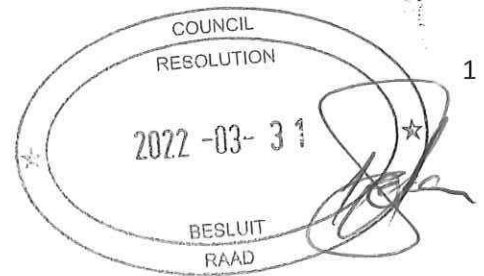


Reference no.: 68550/1
Albertus van Zyl (5198)
COUNCIL: 31 March 2022



19. CITY STRATEGY AND ORGANISATIONAL PERFORMANCE DEPARTMENT
THE CONSOLIDATED AUDITED ANNUAL REPORT FOR THE CITY OF TSHWANE
AND ITS ENTITIES FOR THE END OF THE 2020/21 FINANCIAL YEAR
SUBMITTED IN TERMS OF SECTION 127(3) (b) OF THE MUNICIPAL FINANCE
MANAGEMENT ACT, 56 OF 2003 (MFMA) AND SECTION 46 OF THE MUNICIPAL
SYSTEMS ACT, 32 OF 2000 (MSA)
**(From the Executive Committee: 22 March 2022 and the Mayoral Committee:
23 March 2022)**

1. PURPOSE

The purpose of the report is to:

- table to Council the Consolidated Audited Annual Report of the City of Tshwane and its municipal entities for the period of July 2020 to June 2021, in terms of section 127(3) (b) of the Municipal Finance Management Act, 56 of 2003 (MFMA) and section 46 of the Municipal Systems Act, 32 of 2000 (MSA).

2. STRATEGIC PILLAR

- A City that is open, honest, and responsive.

3. BACKGROUND

The Consolidated Audited Annual Report was developed in line with the provisions of the relevant sections of the Municipal Finance Management Act, 56 of 2003 (MFMA) and the Municipal Systems Act, 32 of 2000 (MSA). Additionally, other legislative prescripts including the National Treasury MFMA Circular 63 which prescribes the format and content for the development of the Annual Report were also considered. Furthermore, the Consolidated Audited Annual Report was developed in accordance with the Process Plan for the development and tabling of the Annual Report approved in the Council meeting held on 29 July 2021.

It is worth noting that in terms of section 127(2) of the MFMA, this report should have been tabled within seven months after the end of the 2020/21 financial year. However, owing to the delays in the finalisation of the audit process and the late sign-off of the final audit report by the Office of the Auditor-General South Africa (AGSA), the tabling of the report was delayed, and Council was informed of the delays through a report tabled in the Council meeting held on the 27 January 2022 as provided for in section 127(3) (a).

Against this background, the the Consolidated Audited Annual Report for the end of the 2020/21 financial year is submitted for tabling in compliance with the provisions of section 127(3) (b) of the Municipal Finance Management Act, 56 of 2003 (MFMA).

4. DISCUSSION

4.1 PROCESS OF TABLING THE CONSOLIDATED AUDITED ANNUAL REPORT

The Consolidated Audited Annual Report was developed in compliance with the various sections of the MSA and MFMA which guide the development of the Annual Performance Report (APR) and Annual Report. The Consolidated Audited Annual Report includes the APR as its integral part as directed in section 46 (2) of the MSA. The APR and the Unaudited Annual Financial Statements (AFS) were tabled at various committees as part of the combined assurance mechanisms adopted by the City. These committees include the Executive Committee (ExCo), the Group Audit and Risk Department for internal auditing purposes and the Audit and Performance Committee (APC) to provide oversight of the financial, performance reporting and audit processes, and to promote the City's compliance to internal controls and compliance with relevant legislation prescripts.

In compliance with section 45 (1) (b) of the MSA, the Acting City Manager of the City of Tshwane submitted the Unaudited Annual Performance Report for the 2020/21 financial year to the Office of the Auditor-General of South Africa (AGSA) for external audit purposes on 31 August 2021. The Unaudited Financial Statements of the City were also submitted to the AGSA as prescribed by section 126(1)(a) of the MFMA. Additionally the development of the Consolidated Audited Annual Report took into consideration the annual performance information and financial information of municipal entities for the financial year under review as directed in section 126 (b) of the MFMA.

4.2 CONTENTS OF THE CONSOLIDATED AUDITED ANNUAL REPORT

The contents of the Consolidated Audited Annual Report were developed in accordance with the guidelines in Circular 63 issued by National Treasury, and are summarized as follows:

- Chapter 1: covers the forewords of the Executive Mayor and the City Manager as well as the report of the Audit and Performance Committee (APC);
- Chapter 2: presents the political and administrative governance information on the structures of Council and its committees;
- Chapter 3: This chapter presents performance details on service delivery. This also includes the performance on the IDP and SDBIP targets contained in component K of this chapter and the municipal entities scorecards are contained in Appendix I (ii) in the Appendices section;
- Chapter 4: presents information on human capital and organisational development. It outlines human resources matters of the municipality for the period under review;
- Chapter 5: presents the financial information in line with the financial statements of the City (to be updated once finalized by the Group Financial Services); C and
- Chapter 6: presents the audit report on the regularity audit conducted by AGSA.

4.3 SUMMARY OF PERFORMANCE RESULTS

4.3.1 PERFORMANCE OF THE SERVICE DELIVERY BUDGET AND IMPLEMENTATION PLAN (SDBIP)

In the approved SDBIP scorecard for the 2020/21 financial year, the City had a total of **102** indicators and targets. Against these targets, the City performed as follows:

- A total of **47** targets were achieved, translating to **46.08%** target achievement;
- A total of **38** targets were not achieved, translating to **37.25%** negative variance;
- A total of **16** indicators did not have targets set as they are just reporting indicators (the phenomenon they measure is reported as-and-when it happens). This translated to **15.68%**; and
- The target of **1** indicator was adjusted to **0** and this translated to **0.98%**. This was as a result of no budget allocated to the construction of taxi ranks programme for the financial year under review.

Furthermore, in the financial year under review, the City recorded underperformance on some of its service delivery targets. Some of the reasons highlighted for underperformance include the following:

- Some of the City's operations were negatively affected by budget constraints, which led to non-achievement of some of the SDBIP targets;
- The inability to capacitate the workforce by filling targeted vacant positions impacted negatively on the performance of the City;
- Various construction projects were negatively affected by the national lockdown implemented to manage the COVID-19 pandemic; and
- Supply chain management delays about awarding contracts had a negative impact on the commencement and completion of projects on which some of the SDBIP targets for the year depended.

4.3.2 Analysis of indicators with targets that were not achieved

In the financial year under review, the City recorded unsatisfactory performance in the following service and performance areas, and these have implications as discussed below:

- The noted underperformance on the provision services related to housing and human settlements (such as providing subsidised housing units, land upgrading and formalising informal settlements) has a serious negative impact on promoting the security of tenure as well as on improving the lives of Tshwane residents;
- The limited number or access to social facilities (community halls and public libraries) hampers socio-economic development in communities;
- Undesirable performance results were recorded in the implementation of planned maintenance on the electrified network (low- and medium-voltage network). Persistent poor maintenance of the infrastructure will, over time, impact negatively on the provision of access to electricity services and will reduce the lifespan of the infrastructure;
- Roads are lifelines to socio-economic development. The undesirable performance on the development of roads infrastructure does not only negatively affect the provision of an effective public transport system, but it also impacts negatively on the transportation of goods and services, and thus impacts negatively on growth and development;

- Undesirable performance results were recorded on roads infrastructure maintenance (grading, resurfacing and resealing roads) and it has a negative impact on promoting effective transport systems (public and private);
- Underperformance on the provision of some of the key basic services (sanitation and water) impacts negatively on the City's efforts to alleviate the plight of informality;
- The City's underperformance on poverty relief interventions, such as the Expanded Public Works Programme (EPWP) and the Community Work Programme (CWP), is a threat to the achievement of the desired human development aspirations; and
- The continuous poor performance on community engagements is a threat to the realisation of participatory governance, which is a critical enabler of the resonance of good governance. It also impacts negatively on the implementation of the necessary checks and balances required in terms of the separation of powers doctrine.

4.3.3 Risk analysis

The inability to meet set targets and deliver on the services that these unachieved targets relate to can trigger the manifestation of the risks presented below:

- Community unrests and work stoppages triggered by the inability to provide life-supporting basic services (water and sanitation);
- Dilapidated electricity infrastructure posing threats to the provision of a predictable supply of sustainable electricity services;
- Recurrent poor service delivery attributed to poor capacitation of the work force (inability to fill open vacancies);
- Inability to meet set growth and development objectives caused by the failure to develop the necessary growth-propelling and supporting infrastructure (roads and electricity, etc);
- Poor revenue generation and limited financial resources to drive service delivery;
- Negative public sentiment;
- Poor participatory governance and poor accountability;
- Environmental degradation caused by poor sanitation services;
- Social and economic exclusion of a significant proportion of residents caused by poor transport services and poor road infrastructure development;
- Poor social cohesion caused by limited social mobility which could be as a result of poor road infrastructure and poor transport services;
- Significant impact of poverty caused by limited participation in poverty relief programmes (EPWP and CWP);
- Failure to improve the lives of the poor and low-income households attributed to poor performance on functions related to housing and human settlements (providing subsidised housing units, and upgrading and formalising informal settlements); and
- Socio-economic development of communities hampered by limited access to social facilities (community halls and public libraries).

The following targets were not achieved at the end of 2020/21 financial year:

Table 1: Targets that were not achieved at the end of 2020/21 financial year

Nr.	Name of Key Performance Indicator (Target)
1.	Number of work opportunities created through EPWP, CWP and other related infrastructure programmes
2.	Number of indigent households supported by the City through its social package per year
3.	Number of community halls per 100 000 population
4.	Number of public libraries per 100 000 population
5.	Number of dwellings provided with connections to the mains electricity by the municipality (EFA)
6.	Percentage of planned maintenance performed on HV Network
7.	Percentage of Wastewater quality compliance according to water use license
8.	Percentage of total water connections metered
9.	Percentage of unaccounted for electricity (energy losses) (annual measure)
10.	Percentage average of annual non-revenue water
11.	Number of subsidized housing units completed by the metro.
12.	Number of informal settlements enumerated and classified (in terms of National Upgrading Support Programme (NUSP) or equivalent classification
13.	Number of new water connections meeting minimum standards installed
14.	Number of informal settlements formalised
15.	Kilometres of roads and storm water constructed to the required standard
16.	Number of households with access to sanitation (new sanitation connections)
17.	Percentage of formal areas provided with weekly waste collection services
18.	Percentage of Air Quality monitoring stations providing adequate data over a reporting year
19.	Percentage of known informal settlements receiving integrated waste handling services
20.	Percentage utilisation rate of community halls
21.	Average number of library visits per library
22.	Percentage of unsurfaced road graded
23.	Percentage of surfaced municipal road lanes which have been resurfaced and resealed
24.	Percentage of planned maintenance performed on MV and LV Network
25.	Percentage of unplanned outages that are restored to supply within industry standard timeframes
26.	Number of full-time firefighters per 1000 population
27.	The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan
28.	Cost coverage
29.	Debt coverage
30.	Percentage of councillors who have declared their financial interests
31.	Number of municipal officials completed training in this quarter
32.	Number of work stoppages occurring in the quarter
33.	Percentage employee satisfaction rating (annual)
34.	Staff vacancy rate
35.	Number of formal minutes meetings between the Mayor, Speaker, Chief Whip and MM held in a quarter to deal with municipal matters
36.	Percentage of wards where at least one councillor- convened community meeting was held
37.	Number of Council portfolio committee meetings held in this quarter
38.	Number of repeat audit findings

4.3.4 FINANCIAL PERFORMANCE

- The City's financial management strategy is articulated in the Financial Sustainability Plan (FSP), the said document thus ensures that the City is financially sustainable and will respond to the City's Growth and Development Strategy, policies, priorities and infrastructure needs;
- Maintaining financial viability of the City of Tshwane is critical to the achievement of service delivery and its economic objectives. The latter is directly impacted by the City's ability to generate sufficient revenues through the sufficient and appropriate implementation of key internal control strategies built in the collection of revenues generated. This aspect is however hampered by consumer's ability to pay for their services due to the prevalence of unemployment and poverty within the municipality's boundaries and the negative effect/impact caused by the covid-19 pandemic season; and
- The City continues to improve efforts to limit non-priority spending and to implement stringent cost-containment measures in terms of the MFMA Circular 82 and the City's cost containment circular.

HIGH-LEVEL OVERVIEW OF THE CITY'S FINANCIAL PERFORMANCE IS AS FOLLOWS:

- For the municipality, the period under review closed with an accounting accumulated surplus (Note 28) of R27.425 billion compared to R26.167 billion at the end of 2020. This increase of R1.258 billion is the result of the surplus from operations (i.e. the difference between the total revenue and the total expenditure) for the year and the transfers to or from reserves. For the group, the period under review closed with an accounting accumulated surplus of R27.585 billion compared to R26.303 billion in 2020;
- The Municipality's actual operating expenditure as a percentage of budget is 98%, resulting in under-expenditure of 2%. Similar operating expenditure results are noted at a group level. Actual net expenditure for the group, as compared to the adjustment budget, represents 98%;
- The collection rate of the group increased from 80.23% in 2020 to 90.71% in 2021 whilst the municipality collection rate increased from 80.23% to 91.06% since 2020. For both the group and the municipality the collection rate is below the norm;
- The cash coverage ratio at a group level decreased from 0.07 in 2019/20 to 0.02 in 2020/21. The ratio is not within the National Treasury norm. The low cash coverage ratio is a result of the low levels in collection of consumer debtors due to the lockdown restrictions imposed on businesses and households;
- The current ratio has decreased from 0, 74:1 in 2019/20 to 0, 68:1 to 2020/21. The current ratio is not within the norm. the implemented credit control policy will further improve the collection rate as well as the cash in the bank and further reduce the debtors' balance;
- For the municipality, the long-term debt (external loans and lease liabilities) decreased from R12.686 billion to R11.728 billion (R957.926 million decrease) during the period under review. Leases decreased from R592.202 million to R330.447 million. For the group, the long-term debt decreased from R12.689 billion to R11.731 billion (R958.570 million decrease);
- The municipality's original approved capital expenditure budget for 2020/2021 amounted to R4. 092 billion which was amended by means of an adjustment

budget approved by Council on 20 September 2020, 25 February 2021, and 24 June 2021 to R3. 860 billion. This which resulted in a decrease of R232 055 000, which is mainly attributed to re-prioritisation of projects and external funding rollovers which were not approved; and

- Actual expenditure incurred during the period 1 July 2020 to 30 June 2021 as indicated in the following table amounts to R3 273 893 388 or 84.0% measured against the adjusted budget. The level of capital spending is determined within prudential limits taking into account debt to revenue ratio, the capital cost to total expenditure and the ability of the City to meet its obligations.

Sources of finance	Actual 2021
	R
External loans (Borrowings)	1 012 069 277
Surplus cash	206 106 581
Public contributions/donations	123 314 256
National/Provincial government transfers and grants	1 932 403 274
TOTAL	3 273 893 388

AUDIT OUTCOME FOR 2020/21 FINANCIAL YEAR

The City of Tshwane received an unqualified audit opinion for the 2020/21 financial year. There was, however, an emphasis of matter paragraphs as well as material findings on compliance with specific matters in key legislation.

Material findings were raised on the following components:

- Financial Statements;
- Expenditure Management;
- Asset Management;
- Consequence Management;
- Procurement and contract management; and
- Strategic planning and performance management.

To ensure an unqualified audit opinion with no findings, these items need to be appropriately addressed and rectified in the current financial year and going forward. The City is currently in the process of finalising the development of the Management Letter Action Plan (MLAP). The latter sets out the audit findings raised by the office of the Auditor General of South Africa and provides with it appropriate action plans to address the root causes of the findings raised. The latter process is reviewed and monitored by the office of the City Manager of which the implementation of such ensures that an unqualified audit opinion with no findings (Clean Audit) can be obtained in the future.

STATUS OF CREDIT RATING-

MOODY'S INVESTORS SERVICES

On 5th October 2021 Moody's updated the City's credit rating, following the rating confirmation of Caa1.za/NP in June 2021.

Moody's revised the outlook from Rating Under Review to Negative, signaling an emerging slight improvement in liquidity when compared to the position in June.

The October update contained the position established in June, in which Moody's maintained the assertion that the City's credit profile reflects fiscal challenges and the continued deterioration in liquidity. Moody's expect the City's operating performance and liquidity to remain weaker than those of its peers which are rated by Moody's. In addition, the credit profile also incorporates the challenges associated with the high infrastructure requirements for basic services. The credit profile also reflects increasing debt, and a large and diversified local, reflecting Tshwane's status as South Africa's administrative capital.

Global Credit Ratings (GCR)

On 9th July 2021 GCR performed a credit rating assessment on the City and assigned a long term rating of CC (za) and C(za) long and short term respectively, with a negative outlook. GCR Ratings are of the view that, the downgrade of City of Tshwane reflects the substantial unfunded liabilities faced by the City, following large, unexpected cash outflows and the reluctance of funders to provide new facilities.

Tshwane's financial performance was severely impacted by a number of factors through FY21. Debtors' collection fell to around 60% in the wake of COVID-19 pandemic and have not recovered sufficiently in subsequent months, placing significant downward pressure on cash flows. Thereafter, the Metro incurred R1.6bn in backdated staff costs that had not been budgeted for in order to resolve a municipal strike. As a result, the Metro is likely to have reported a second consecutive operating deficit in FY21 and cash flows are expected to remain under pressure due to the much higher staff costs going forward.

4.4 PREPARATION FOR THE AUDIT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES (AOPO)

The Council-approved Annual Report process plan sets out the requirements for the submission of reliable performance information for the purpose of compiling the Annual Report. The City's line function departments and entities were assisted accordingly to ensure that relevant information is submitted for the purpose of developing the Annual Report. In addition, the City Strategy and Organisational Performance Department (CSOP) also conducted its own verification of the evidence supporting the results reported against the SDBIP targets as part of the combined assurance mechanisms. Additionally, in the process of consolidating the report, departments were advised on the information gaps and quality issues requiring attention.

5. COMMENTS OF THE STAKEHOLDER DEPARTMENTS

5.1 COMMENTS OF THE CHIEF AUDT EXECUTIVE

Group Audit and risk takes note of the report and is in support of the recommendations therein.

5.2 COMMENTS OF THE CHIEF FINANCIAL OFFICER

Cognizance is taken of the contents of the report and legislative requirement thereof.

The purpose of this report is to table to Council the Consolidated Audited Annual Report of the City of Tshwane and its municipal entities for the period of July 2020 to June 2021, in terms of section 127(3) (b) of the Municipal Finance Management Act, 56 of 2003 (MFMA) and section 46 of the Municipal Systems Act, 32 of 2000 (MSA). It is indicated in the report that upon finalization of the financial information by the Group Financial Services, information pertaining the three financial indicators will be updated accordingly into the Consolidated Audited Annual Report. Furthermore, it is indicated that the City will incur costs for the design, layout, language editing and printing of the consolidated Annual Report.

It should be noted that it is the mandate of every department to exert every effort to ensure budgetary discipline through reprioritization and addressing core functions within the approved MTREF in the applicable financial year.

All expenditure to be incurred must be managed within the limitation of the department's approved MTREF.

5.3 COMMENTS OF THE CHIEF OF EMERGENCY SERVICES

The purpose of this report is to:

- table to Council the Consolidated Audited Annual Report of the City of Tshwane and its municipal entities for the period of July 2020 to June 2021, in terms of section 127(3) (b) of the Municipal Finance Management Act, 56 of 2003 (MFMA) and section 46 of the Municipal Systems Act, 32 of 2000 (MSA).

The Emergency Services Department (ESD) take note of the contents of the report and is in support of the recommendation therein.

5.4 COMMENTS OF THE CHIEF OF POLICE

The purpose of this report is to table to Council the Consolidated Audited Annual Report of the City of Tshwane and its municipal entities for the period of July 2020 to June 2021, in terms of section 127(3) (b) of the Municipal Finance Management Act, 56 of 2003 (MFMA) and section 46 of the Municipal Systems Act, 2000, (Act No. 32 of 2000) (MSA). The Department takes cognizance of the content of the report and further notes the recommendation(s) as set out in the report.

5.5 COMMENTS OF THE CHIEF STAFF

The purpose of this report is to:

- table to Council the Consolidated Audited Annual Report of the City of Tshwane and its municipal entities for the period of July 2020 to June 2021, in terms of section 127(3) (b) of the Municipal Finance Management Act, 56 of 2003 (MFMA) and section 46 of the Municipal Systems Act, 32 of 2000 (MSA).

The Office of the Executive Mayor notes the contents of the report.

5.6 COMMENTS OF THE GROUP HEAD: GROUP LEGAL AND SECRETARIAT SERVICES

The purpose of the report is to:

- table to Council the Consolidated Audited Annual Report of the City of Tshwane and its municipal entities for the period July 2020 to June 2021, in terms of section 127(3)(b) of the Municipal Finance Management Act, 56 of 2003 (MFMA) and section 46 of the Municipal Systems Act, 32 of 2000 (MSA).
In terms of Section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (hereafter referred to as the “MSA”), (1) A municipality must prepare for each financial year a performance report reflecting-
 - a. the performance of the municipality and of each external service provider during that financial year;
 - b. a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and
 - c. measures taken to improve performance.

An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act.

This report is in compliance with section 127 (3)(b) of the Local Government: Municipal Finance Management Act, 2000 (Act No. 56 of 2003) (hereafter referred to as “MFMA”) which stipulates that, If the mayor, for whatever reason, is unable to table in the council the annual report of the municipality, or the annual report of any municipal entity under the municipality's sole or shared control, within seven months after the end of the financial year to which the report relates, the mayor must submit to the council the outstanding annual report or the outstanding components of the annual report as soon as may be possible.

Having taken regard to the aforesaid and with specific reference to the contents of the report, Group Legal and Secretariat Services Department supports the approval of the report and the recommendations subject to compliance with the above-mentioned legislation.

5.7 COMMENTS OF THE GROUP HEAD: CITY STRATEGY AND ORGANISATIONAL PERFORMANCE

The purpose of this report is to:

- table to Council the Consolidated Audited Annual Report of the City of Tshwane and its municipal entities for the period of July 2020 to June 2021, in terms of section 127(3) (b) of the Municipal Finance Management Act, 56 of 2003 (MFMA) and section 46 of the Municipal Systems Act, 32 of 2000 (MSA).

The content of the report is an accurate reflection of reported achievements and challenges of the CSOP Department in 2021/22FY. Therefore, the department takes cognizance of the contents of the report and supports its objectives and recommendations.

5.8 COMMENTS OF THE GROUP HEAD: COMMUNICATIONS, MARKETING AND EVENTS

Comments requested and not received by 20 March 2022 8:56:55 AM.

5.9 COMMENTS OF THE GROUP HEAD: COMMUNITY AND SOCIAL DEVELOPMENT

Comments requested and not received by 20 March 2022 8:56:54 AM.

5.10 COMMENTS OF THE GROUP HEAD: CUSTOMER RELATIONS AND MANAGEMENT

The purpose of this report is to:

- table to Council the Consolidated Audited Annual Report of the City of Tshwane and its municipal entities for the period of July 2020 to June 2021, in terms of section 127(3) (b) of the Municipal Finance Management Act, 56 of 2003 (MFMA) and section 46 of the Municipal Systems Act, 32 of 2000 (MSA).

The Department acknowledges the report compliance with section 52 of the Municipal Financial Management Act, 56 of 2003 (MFMA) and section 46 of the Municipal Systems Act, 32 of 2000 (MSA). The Customer Relations Management attributed positively by achieving the targets set, and therefore supports the report contents and recommendations with basis to improve none achieved KPIs.

5.11 COMMENTS OF THE GROUP HEAD: ECONOMIC DEVELOPMENT AND SPATIAL PLANNING

Comments requested and not received by 20 March 2022 8:56:54 AM.

5.12 COMMENTS OF THE GROUP HEAD: ENVIRONMENT AND AGRICULTURE MANAGEMENT

Comments requested and not received by 20 March 2022 8:56:55 AM.

5.13 COMMENTS OF THE GROUP HEAD: GROUP HUMAN CAPITAL MANAGEMENT

Comments requested and not received by 20 March 2022 8:56:54 AM.

5.14 COMMENTS OF THE GROUP HEAD: GROUP PROPERTY

Comments requested and not received by 20 March 2022 8:56:56 AM.

5.15 COMMENTS OF THE GROUP HEAD: HEALTH

The Health Department takes note of the report and its recommendations both of which are supported by the department.

5.16 COMMENTS OF THE GROUP HEAD: HUMAN SETTLEMENT

Comments requested and not received by 20 March 2022 8:56:54 AM.

5.17 COMMENTS OF THE GROUP HEAD: REGIONAL OPERATIONS AND COORDINATION

The purpose of this report is to:

- table to Council the Consolidated Audited Annual Report of the City of Tshwane and its municipal entities for the period of July 2020 to June 2021, in terms of

section 127(3) (b) of the Municipal Finance Management Act, 56 of 2003 (MFMA) and section 46 of the Municipal Systems Act, 32 of 2000 (MSA).

ROC takes cognizance of the contents of the report. The positive performance on some of the KPIs within ROC is noted. However, on other KPIs targets were not achieved due to various reasons as indicated on the report. In general, COVID 19 had impact on library visits and community halls bookings. Aged infrastructure for water and sanitation, lack of planned maintenance budget on MV LV also had a negative impact on the achievement of these KPIs.

ROC supports the report, its objectives, and recommendations.

5.18 COMMENTS OF THE GROUP HEAD: ROADS AND TRANSPORT

Comments requested and not received by 20 March 2022 8:56:54 AM.

5.19 COMMENTS OF THE GROUP HEAD: SHARED SERVICES

Cognizance is taken of the report the purpose of which is to table to Council the Consolidated Audited Report of the City of Tshwane and its municipal entities for the period of July 2020 to June 2021, in terms of Section 127 (3) (b) of the Municipal Finance Management Act, 56 of 2003 (MFMA) and Section 46 of the Municipal Systems Act, 32 of 2000 (MSA). The Department supports the contents of the report and the recommendations.

5.20 COMMENTS OF THE GROUP HEAD: ENERGY AND ELECTRICITY

Comments requested and not received by 20 March 2022 8:56:56 AM.

5.21 COMMENTS OF THE GROUP HEAD: WATER AND SANITATION

Comments requested and not received by 20 March 2022 8:56:55 AM.

5.22 COMMENTS OF THE OFFICE OF THE CHIEF OPERATING OFFICER

Comments requested and not received by 20 March 2022 8:56:55 AM.

6. IMPLICATIONS

6.1 HUMAN RESOURCES

All human resource matters raised in the Consolidated Audited Annual Report which require attention must be addressed within the limits of the resources of the City.

6.2 FINANCES

Upon finalisation of the financial information by the Group Financial Services, information pertaining the three financial indicators will be updated accordingly into the Consolidated Audited Annual Report. Furthermore, the City will incur costs for the design, layout, language editing and printing of the consolidated Annual Report.

6.3 CONSTITUTIONAL AND LEGAL FACTORS

In developing the Consolidated Audited Annual Report, efforts were made to promote compliance with all the relevant and applicable legislative framework and thus far, compliance has been upheld. Once tabled to Council, the report will be distributed to the legislated stakeholders in terms of Section 127 (5) (b) of the MFMA.

6.4 COMMUNICATION

The Consolidated Audited Annual Report must be made available to all relevant stakeholders as per the directives of the relevant legislation and to the entire stakeholder community. Taking into consideration all the Covid-19 restrictions, the report must also be submitted to national and provincial treasury, and the provincial department responsible for local government in the province.

6.5 PREVIOUS COUNCIL OR MAYORAL COMMITTEE RESOLUTIONS

The Annual Report Process Plan was approved by Council on 29 July 2021. The Consolidated Audited Annual Report was developed in accordance with the timelines and processes set out in the process plan.

7. CONCLUSION

The Consolidated Audited Annual Report presents the performance of the City of Tshwane for the financial year under review. It was developed as per the guidelines of the Circular 63 and the City made efforts to comply with all the legislative requirements. In order to improve performance, the City will implement improvement actions that are tailored to respond adequately to the root causes of underperformance.

The Mayoral Committee on 23 March 2022 resolved to recommend to Council as set out below:

During the Council meeting of 31 March 2022, the Speaker before tabling this report to Council welcomed the following guests invited to the meeting for purposes of guiding Council through the Annual Report for the City of Tshwane for the 2020/2021 Financial year:

Ms M Hefer (Office of the Auditor-General)

Ms S Mvelase (Office of the Auditor-General)

Mr S Dladla (Office of the Auditor-General)

Mr R Cameron-Ellis (Chairperson of the Audit and Performance Committee)

Mr M Sigaba (Department of Cooperative Governance and Traditional Affairs)

When the Speaker put this item for consideration later during the meeting, gave Mr R Cameron-Ellis, the Chairperson of the Audit and Performance Committee of the City of Tshwane and its Municipal entities opportunity to guide Council through the Annual Report.

After his presentation the following Councillors asked clarity seeking questions on the contents of the report:

MS Marishane
AWF Middelberg
MO Mabogwana.

Following responses by Mr Cameron-Ellis on the questions posed, it was resolved as set out below:

ANNEXURES:

- A. Consolidated Audited Annual Report for the 2020/21 financial year
- B. Volume II: City of Tshwane Audited Consolidated Financial Statements 30 June 2021

RESOLVED:

- 1. That Council take cognisance of the tabling of the Consolidated Audited Annual Report.
- 2. That Council refers the report to the Section 79 Oversight Committee: Municipal Public Accounts (MPAC) for further consideration and scrutiny.





**DRAFT CONSOLIDATED
AUDITED ANNUAL REPORT
2020/21 Financial Year**

TABLE OF CONTENTS

CHAPTER 1: FOREWORDS AND EXECUTIVE SUMMARY	1
1.1 Foreword by the Executive Mayor	2
1.2 City Manager's overview	4
1.3 Municipal functions, population and environmental overview	6
1.4 Service delivery overview.....	9
1.5 Financial overview of the City for the 2020/21 financial year	10
1.6 Organisational development overview	13
1.7 Auditor-General report overview	14
1.8 Statutory annual report process	15
1.9 Report of the Audit and Performance Committee from 1 July 2020 to 30 June 2021	17
CHAPTER 2: GOVERNANCE	27
2.1 Political and administrative governance.....	27
2.2 Administrative governance.....	40
2.3 Intergovernmental relations.....	45
2.4 Public accountability and participation	46
2.5 Corporate governance	50
CHAPTER 3: SERVICE DELIVERY PERFORMANCE.....	55
3.1 Basic services	56
3.1.1 Water and sanitation	56
3.1.2 Electricity.....	65
3.1.3 Waste management.....	69
3.1.4 Housing	71
3.2 Roads and transport.....	74
3.2.1 Roads and storm water.....	74
3.2.2 Transport.....	76
3.3 Planning and development.....	79
3.3.1 Planning	80
3.3.2 Local economic development	84
3.4 Community and social services.....	90
3.4.1 Libraries	90
3.4.2 Social development.....	91
3.5 Environmental management	94
3.5.1 Environmental Awareness Programme	95
3.5.2 Cemeteries.....	95
3.5.3 Nature reserves and resorts	96
3.5.4 Air quality management	97
3.6 Health	100
3.6.1 Clinics.....	100

3.6.2	Provision of comprehensive primary healthcare services	103
3.6.3	Environmental health	106
3.7	Security and safety.....	109
3.7.1	Metro police services	109
3.7.2	Fire services.....	111
3.7.3	Emergency medical operations	113
3.7.4	Disaster management.....	115
3.8	Sport and recreation.....	117
3.8.1	Sport.....	117
3.8.2	Arts and culture	117
3.9	Corporate policy offices and other services	121
3.9.1	Information and Communication Technology Division	121
3.9.2	Corporate Fleet Management Division	123
3.9.3	Innovation and Knowledge Management Division.....	124
3.9.4	Group Property	125
3.9.5	Customer Relations Management Department	127
3.9.6	Communication, Marketing and Events	128
3.10	Organisational performance scorecards	129
3.10.1	Summary of performance results.....	130
CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE		163
4.1	Municipal personnel.....	163
4.2	Managing the municipal workforce.....	174
4.3	Capacitating the municipal workforce.....	182
4.4	Managing workforce expenditure	186
CHAPTER 5: FINANCIAL PERFORMANCE		201
Summary of statement of financial position		210
Financial position analysis.....		211
CHAPTER 6: REPORT OF THE AUDITOR-GENERAL		220
APPENDICES		239
Appendix A: Councillors, committee allocation and Council attendance		239
Appendix B: Committees and purpose of committees		249
Appendix C: Third-tier administrative structure		257
Appendix D: Functions of the City or municipal entity.....		259
Appendix E: Ward reporting		260
Appendix F: Ward information.....		261
Appendix G: Recommendations of the Audit and Performance Committee (2020/21 financial year)		290
Appendix H: Long-term contracts and public-private partnerships		294
Appendix I (i): Municipal entity or service provider performance schedule (Housing Company Tshwane)		296

Appendix I (ii): Municipal entity or service provider performance schedule (Tshwane Economic Development Agency)	299
Appendix J: Disclosure of financial interests	300
Appendix K: Revenue collection performance by vote and by source	301
Appendix L: Conditional grants received: Excluding Municipal Infrastructure Grant	303
Appendix M (i): Capital expenditure: New assets programme	304
Appendix M (ii): Capital expenditure: Upgrade/renewal programme	309
Appendix M (iii): Capital expenditure: renewal programme	312
Appendix N: Capital programmes by project (capital projects expenditure)	314
Appendix O: Capital programmes by ward.....	321
Appendix P: Service connection backlogs at schools and clinics	327
Appendix Q: Service backlogs experienced by the community where another sphere of government is responsible for service provision	327
Appendix R: Declaration of loans and grants made by the City of Tshwane	328
Appendix S: National and provincial outcomes for local government	328

LIST OF FIGURES

Figure 1: Governance model of the City of Tshwane	28
Figure 2: City of Tshwane administration team	35
Figure 3: City of Tshwane Council members	39
Figure 4: City Managers in the City of Tshwane from 2016/17 to 2020/21	41
Figure 5: City of Tshwane macro organisational structure	43
Figure 6: Total average water supply per day	57
Figure 7: Completed Temba Purification Plant.....	65
Figure 8: Comparison of five years' electricity distribution losses	66
Figure 9: Comparison of electricity purchased versus sold	67
Figure 10: Some of the landfill sites of the City	71
Figure 11: Wonderboom National Airport in the north-east of Pretoria	78
Figure 12: Entrepreneurs who attended the Ideal Validation Bootcamp.....	85
Figure 13: Mamelodi and Denneboom food vendors upon receiving their certificates	86
Figure 14: The Executive Mayor with attendees of the Africa Day celebration.....	87
Figure 15: Maintenance work carried out at ECD centres.....	94
Figure 16: Clean-up drive campaign	95
Figure 17: The City wins third place in the Greenest Municipality Competition	98
Figure 18: Commemoration of Arbor Week.....	99
Figure 19: Services provided by the City's PHC clinics.....	101
Figure 20: The mobile clinic sponsored by PPC	102
Figure 21: Annual performance with regard to the reduction of HIV and AIDS infections	105
Figure 22: Open day session held at Hercules Clinic, Region 3	107
Figure 23: Operation <i>Abafazi</i>	110

Figure 24: Additional fleet to enhance metro police services	111
Figure 25: Cable theft operations	111
Figure 26: Structural fire attended at the Senabe Lounge in Mamelodi, Region 6 on 24 August 2020	113
Figure 27: Outbuilding fire at Swartkop Air Force Base on 28 September 2020	113
Figure 28: Community members who attended the Emergency Response Team training.....	116
Figure 29: The Hello Community Arts Programme invitation	119
Figure 30: The 2020 Gauteng International Festival logo	120
Figure 31: Immaculate performance by the dancers at the <i>Boikgantso-Ba-Rona</i> Performing Arts Programme	120
Figure 32: Fleet management vehicle procured in the financial year under review	124
Figure 33: The winner receiving an award at the Tshwane Inter-University Innovation Challenge	125
Figure 34: Attendees during the roadshows.....	126
Figure 35: Sick leave days taken.....	180
Figure 36: Strategic framers for the 2020/21 IDP and Budget	204
Figure 37: Consolidated operating results for the 2020/21 financial year	204
Figure 38: Consolidated operating revenue for 2020/21 financial year.....	205
Figure 39: Consolidated operating expenditure for the 2020/21 financial year	206
Figure 40: Funding sources for Property Plant and Equipment for the 2020/21 financial year.....	217

LIST OF TABLES

Table 1: High-level composition of Tshwane.....	6
Table 2: Total population – City of Tshwane, Gauteng and national total, 2007–2017 (number and percentage contribution).....	7
Table 3: Total population – Regions of Tshwane, 2007, 2012 and 2017 (number and percentage)	8
Table 4: Statutory annual report process	15
Table 5: Members qualifications and attendance	18
Table 6: Chairpersons of committees.....	30
Table 7: Members of the Mayoral Committee	31
Table 8: Allocation of Council seats	32
Table 9: Chairpersons of standing committees of Council	33
Table 10: City of Tshwane administration team from 4 March to 31 October 2020	33
Table 11: Section 79 committee meetings held by the team of administrators.....	34
Table 12: Political leadership from 1 November 2020 to date.....	36
Table 13: Section 79 Committees' meetings held	36
Table 14: City's top management.....	41
Table 15: Municipal entities of the City.....	44
Table 16: Regional stakeholder engagement.....	49
Table 17: By-laws introduced during the 2020/21 financial year.....	52
Table 18: City of Tshwane website: Content and currency material	53
Table 19: Use of water by sector	59

Table 20: Provision of water services.....	59
Table 21: Basic services and service levels	60
Table 22: Upgrade of water connections from basic to full services	60
Table 23: Feedback on Blue Drop scores as at 2014	61
Table 24: Sanitation service delivery levels	62
Table 25: Sanitation service achievements since 2006	63
Table 26: Sanitation service policy objectives taken from the IDP.....	63
Table 27: Breakdown of 2020/21 electricity distribution losses.....	67
Table 28: Areas that benefitted from the Public Lighting Programme.....	68
Table 29: Dwellings in Tshwane in 2020/21	69
Table 30: Waste management objectives in accordance with the IDP	70
Table 31: Estimated lifespan of landfill sites	70
Table 32: Households with access to basic services as at 30 June 2021	72
Table 33: Areas where title deeds were distributed in the 2020/21 financial year	72
Table 34: Roads service policy objectives as per the IDP	75
Table 35: Storm water service policy objectives as per the IDP	75
Table 36: Municipal bus service data	77
Table 37: Land use applications received and processed for the 2020/21 financial year.....	81
Table 38: Building control, building plan applications and inspection management	83
Table 39: Local economic development service policy objectives as per the IDP	88
Table 40: Library programmes implemented in the 2020/21 financial year	91
Table 41: Summary of registered indigent households in the 2020/21 financial year.....	92
Table 42: Social development service policy objectives as per the IDP	92
Table 43: Proclaimed nature reserves in Tshwane	96
Table 44: Visitor numbers to the City's nature facilities.....	97
Table 45: Tshwane District PHC facilities per region in the 2020/21 financial year	101
Table 46: Service data for clinics.....	102
Table 47: Clinic policy service objectives as per the IDP	103
Table 48: Sampling results for the 2020/21 financial year	106
Table 49: Metro police objectives in accordance with the IDP	110
Table 50: Fire service data	112
Table 51: Ambulance service data	114
Table 52: Fire service policy objectives in accordance with the IDP.....	114
Table 53: School awareness campaigns.....	115
Table 54: Sport facilities upgraded as at 30 June 2021	117
Table 55: Arts and culture facilities maintained in the 2020/21 financial year	118
Table 56: SDBIP performance scorecard for the 2020/21 financial year	131
Table 57: Employee totals per department	166
Table 58: Permanent positions at organisational level.....	167
Table 59: Employee totals per department	168

Table 60: Permanent positions per gender and racial group at organisational level	169
Table 61: Number of employees with disabilities per occupational level as at 30 June 2021	170
Table 62: Categorisation of occupational levels	170
Table 63: Details of positions filled against positions advertised	172
Table 64: Summary of positions filled versus positions advertised	173
Table 65: Employee turnover and vacancy rate at organisational level over three financial years	173
Table 66: Human resources policies and plans developed in the 2020/21 financial year	175
Table 67: Human resources policies and plans reviewed in the 2020/21 financial year	175
Table 68: Number of injuries reported	177
Table 69: Details of injuries for the 2020/21 financial year	177
Table 70: Injuries at organisational level	178
Table 71: Incident reduction	178
Table 72: Sick leave at organisational level (excluding injury on duty leave days)	179
Table 73: Suspensions at organisational level	181
Table 74: Disciplinary action on cases of financial misconduct	181
Table 75: Active suspensions as at the end of the 2020/21 financial year	182
Table 76: Skills matrix comparison	184
Table 77: Progress on financial competency development	185
Table 78: Summary of expenditure on skills development	186
Table 79: Remuneration expenditure	187
Table 80: Employees whose salaries were increased due to their positions being upgraded	187
Table 81: Employees whose salary levels exceeds the grade determined by the job evaluation process	187
Table 82: Disclosure concerning senior managers	194
Table 83: Disclosure concerning councillors	195
Table 84: GRAP Standards	203
Table 85: Employee remuneration as a percentage of total operating expenditure	206
Table 86: Government grants and subsidies	207
Table 87: Representation of grants and subsidies received in 2020/21	208
Table 88: Financial ratios	209
Table 89: Summary of statement of financial position	210
Table 90: Summary of the City's Financial Position over three Financial Years (2019, 2020 & 2021)	211
Table 91: Gross consumer receivables per customer classification	212
Table 92: Consumer debt per ageing analysis	212
Table 93: Payables from exchange transactions for 2020/21 financial year	213
Table 94: Financial performance for the financial years ended 2019, 2020 and 2021	214
Table 95: Summary of cash flows for the financial years 2019, 2020 and 2021	215
Table 96: Funding sources for capital expenditure	216

CHAPTER 1: FOREWORDS AND EXECUTIVE SUMMARY

This chapter of the annual report presents an overview of the following:

- Foreword by the Executive Mayor
- Executive summary, which also covers the City Manager's overview
- Report of the Audit and Performance Committee (APC)

1.1 FOREWORD BY THE EXECUTIVE MAYOR



The 2020/2021 financial year was significant for the City of Tshwane in that it marks the conclusion of the 5-year political cycle of the previous administration and leads us into the fifth term of local government.

We enter this term with renewed optimism for the future and the will to create a strong financial base for the institution.

The 2020/21 financial year was very difficult for Tshwane as it was characterized by the city being placed under administration unlawfully, several credit rating downgrades in September 2020, low revenue collection rate and the Covid-19 pandemic. As such we had to work hard to correct the financial predicament we found the City in when we took over in November 2020.

We developed a financial sustainability plan to ensure that the financial position of the City recovers. It has not been an easy journey. It required us to refocus and implement numerous cost-containment measures while restricting unnecessary spending in order to stabilize our finances.

Asset management has been critical as we embarked on ensuring that we properly index and track all of the city's assets. This is an area which is very important for the city and one which the Auditor-General has indicated we must improve upon.

High levels of material electricity losses of R1,84 billion were also flagged and remain a core area which we must address. These costs include technical and nontechnical losses owing to technical errors, negligence, tempering and theft of electricity. The same is true for material water losses at R1,17 billion owing to meter estimations, unauthorized consumption and physical loss of water through the distribution network.

These two areas are receiving our undivided attention as they form major contributors to the City's financial distress.

Tshwane is South Africa's Capital City. We boast the largest concentration of higher education institutions and embassies in the country, thriving auto industry and many government sectors, we simply cannot fail. We need to work with diligence and account for the taxpayers' monies.

We will continue to focus our interventions and drive change to realise our economic goals for a liveable city for all.

Our priority remains to realise a financially sound city. Under the current administration, Tshwane will be a financially resilient institution offering improved service delivery to our communities.

Ald. Randall Williams
EXECUTIVE MAYOR OF TSHWANE

1.2 CITY MANAGER'S OVERVIEW



The 2020/21 financial year marked the end of the 2016–2021 Integrated Development Plan (IDP) for the term of Council that started in 2016. This IDP sets out the agenda for the fourth term of democratic and developmental local government for the Tshwane region. Organised under the vision anchored on the pillars of fairness, freedom and opportunity, within the three strategic framers of Stabilisation, revitalisation and delivery. Therefore, as part of rolling out the IDP over the financial years covering the five-year horizon, the 2020/21 Service Delivery and Budget Implementation Plan (SDBIP) was the last plan developed and implemented to respond to the priorities set out in the 2016–2021 IDP.

In the financial year under review, the plans of the City focused mainly on improving access to basic services as an effort geared to realise the fundamental protection of human dignity; good governance; providing, improving and maintaining a consistent and predictable supply of services; driving growth and development (economic and social development); infrastructure development; advancing spatial transformation; promoting safety of residents and making a significant contribution in the achievement of the health outcomes. Notwithstanding the reported achievements, the City's efforts in realising these concrete results in line with the commitments outlined above was confronted by countless challenges.

Some of these challenges include unemployment, poverty, a declining economic base, the devastating effects of the COVID-19 pandemic, and unpredictable migration patterns that increase the demand for services. Operationally, the City also experienced challenges related to the restrictions imposed by the efforts to manage the spread and effects of the coronavirus, which contributed to the observed poor target achievement, supply chain management delays, a decrease in revenue generation, thus placing a significant strain on the finances of the City, vandalism of infrastructure, continuous infrastructure deterioration and cable theft.

The City recognises that to achieve progress in dealing with these challenges, adequate planning, effective resource targeting and effective management of the business of the City is required. In this regard, the City continues to implement measures to address these challenges on an incremental basis. In its resolve for a clean administration, improving the controls environment and focusing on improving operational and management efficiencies continue to be a critical focus of the City. This is evidenced by the dedicated focus on implementing corrective improvements on all audit findings and related matters raised in the last audit cycle, including addressing the root causes of all weaknesses observed. The City will continue to find ways of continuously improving service delivery in order to respond adequately to the needs of Tshwane residents. As part of effective urban management, among other things, the City places a premium on responding to customer queries and striving to resolve service breakages within the set standards (turnaround times and quality).

It gives me the pleasure to present the final annual report of the 2016–2021 term of Council and I am confident that with a competent, professional, committed, and capable administration, as well as visionary political leadership, the City of Tshwane can achieve greater results.

In conclusion, I appreciate the leadership and support given by the Mayoral Committee led by the Executive Mayor, Ald Randall Williams, over the financial year under review. To the senior management and all staff members of the City, despite many challenges and sometimes failures that could have been avoided, your hard work and commitment has not gone unnoticed and is greatly appreciated.

Furthermore, greater appreciation also goes to the Tshwane residents for, among other things, paying their municipal accounts on time and the City acknowledges that the hard economic situation is not easy, and every payment made is well appreciated to ensure improved service delivery.

Ms Mmaseabata Mutlaneng
ACTING CITY MANAGER

1.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

The City of Tshwane is classified as a Category A municipality by the Municipal Demarcation Board in terms of Section 4 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998). The City was established on 5 December 2000 through the integration of various municipalities and councils that had previously served the greater Pretoria regime and surrounding areas. The boundary of the city was further amended on 28 May 2008 through a proclamation in the *Government Gazette* which incorporated the former Metsweding District Municipality, including Nokeng tsa Taemane (Cullinan) and Kungwini (Bronkhorstspuit), into the borders of the City of Tshwane. Tshwane is 6 345 km² in extent and stretches almost 121 km from east to west and 108 km from north to south, making it the third-largest city in the world in terms of land area, after New York and Tokyo/Yokohama. Tshwane also makes up more than 30% of Gauteng, which is 19 055 km² in extent.

As the administrative seat of government and host to a number of embassies, Tshwane has over the years played a significant role in providing affordable industrial sites, various industries, office space, and education and research facilities.

An estimated 90% of all research and development in South Africa is conducted in Tshwane by various institutions such as Armscor, the Medical Research Council, the Council for Scientific and Industrial Research, the Human Sciences Research Council and educational institutions such as the University of South Africa, the University of Pretoria and the Tshwane University of Technology.

The following table provides a high-level overview of the composition of Tshwane:

Table 1: High-level composition of Tshwane

Category	Composition
Major residential areas	Akasia, Atteridgeville, Babelegi, Bronberg, Bronkhorstspuit, Centurion, Crocodile River, Cullinan, Eersterust, Ekangala, Elands River, Ga-Rankuwa, Hammanskraal, Laudium, Mamelodi, Pretoria, Rayton, Refilwe, Rethabiseng, Roodeplaat, Soshanguve, Temba, Winterveld and Zithobeni
Population	3,31 million in (2017) ¹
Area	6 345 km ² : Tshwane is the largest city in Africa and the third-largest in the world based on land area
Operating budget	R35,4 billion (2019/20) ²
Capital budget	R4,2 billion (2019/20) ³
Municipal area GGDP4	R468,18 billion (current prices) ⁵
GGDP per capita	R140 397 (current prices) ⁶
GGDP growth	1,2% (2017) ⁶

¹ IHS Markit Regional eXplorer version 1338

² City of Tshwane Budget 2019/20

³ City of Tshwane Budget 2019/20

⁴ GGDP refers to the gross geographic domestic product

⁵ IHS Markit Regional eXplorer version 1338

Category	Composition
Labour force	Labour force: 1,83 million people 1,22 million employed people 70,35% labour force participation rate
Unemployment	24% (2017) ⁶ (official definition)
Principal languages	English, Sepedi, Afrikaans, Xitsonga and Setswana
Industrial estates	Babelegi, Bronkhorstspuit, Ekandustria, Ga-Rankuwa, Gateway, Hennopspark, Hermanstad, Irene, Kirkney, Klerksoord, Koedoespoort, Lyttelton Manor, Pretoria North, Pretoria West, Rooihuiskraal, Rosslyn, Samcor Park, Silverton, Silvertondale, Sunderland Ridge and Waltloo
Principal economic activities	Principal economic activities are government and community services (30%), finance (25%) and manufacturing (13%). All figures are for 2017. ⁶
Focus sectors	Advanced manufacturing Agri-business (agricultural production and processing) Tourism Research and innovation
Interesting facts about Tshwane	Home to over 135 foreign missions and organisations Highest concentration of medical institutions per square kilometre in South Africa Knowledge, and research and development capital of South Africa 28,4% of Gauteng's gross domestic product (GDP) (2017) ⁶ 10% of the national GDP (2017) ⁶ 53% of transport equipment exported from South Africa originates in Tshwane

DEMOGRAPHICS

Serving the people is one of the main objectives of any municipality and this is no different for the City of Tshwane. In order for the City to deliver effectively on its mandate, there is a need to understand the people served. Thus, this section focuses on the demographic make-up of the city, which includes an analysis of the population of Tshwane. The distribution of the values within a demographic variable and across households are of interest, as are the trends over time.

Population statistics are important when analysing the economy, because the population growth directly and indirectly has an impact on employment and unemployment, as well as other economic indicators such as economic growth and per capita income. Table 2 presents an 11-year trend of population estimations for Tshwane in comparison with Gauteng and the national total.

Table 2: Total population – City of Tshwane, Gauteng and national total, 2007–2017 (number and percentage contribution)

Year	Tshwane	Gauteng	National total	City of Tshwane as a percentage of Gauteng	City of Tshwane as percentage of the national total
2007	2 480 000	10 600 000	48 400 000	23,3%	5,1%
2008	2 560 000	10 900 000	49 100 000	23,5%	5,2%
2009	2 640 000	11 200 000	49 800 000	23,6%	5,3%
2010	2 740 000	11 600 000	50 700 000	23,7%	5,4%
2011	2 830 000	11 900 000	51 500 000	23,8%	5,5%

Year	Tshwane	Gauteng	National total	City of Tshwane as a percentage of Gauteng	City of Tshwane as percentage of the national total
2012	2 920 000	12 300 000	52 400 000	23,9%	5,6%
2013	3 010 000	12 600 000	53 200 000	23,9%	5,7%
2014	3 090 000	12 900 000	54 100 000	24,0%	5,7%
2015	3 160 000	13 200 000	54 900 000	24,0%	5,8%
2016	3 230 000	13 400 000	55 700 000	24,1%	5,8%
2017	3 310 000	13 700 000	56 500 000	24,1%	5,8%
Average annual growth					
2007–2017	2,92%	2,57%	1,56%		

Source: IHS Markit Regional eXplorer version 1338

With an estimated population of 3,31 million, Tshwane housed 5,8% of South Africa's and 24,1% of Gauteng's total population in 2017. Between 2007 and 2017, the population growth rate in Tshwane averaged 2,92% per annum, which is close to double the growth rate of South Africa as a whole (1,56%). Gauteng's average annual growth rate came in just under Tshwane's rate at 2,57% over the same period.

Table 3: Total population – Regions of Tshwane, 2007, 2012 and 2017 (number and percentage)

Region	2007	2012	2017	Average annual growth
Region 1	720 000	818 000	908 000	2,35%
Region 2	306 000	340 000	376 000	2,08%
Region 3	475 000	550 000	610 000	2,54%
Region 4	288 000	387 000	468 000	4,98%
Region 5	72 400	90 200	104 000	3,71%
Region 6	523 000	628 000	715 000	3,18%
Region 7	94 900	109 000	125 000	2,80%
Tshwane	2 478 557	2 921 997	3 306 198	2,92%

THE ECONOMY

The City of Tshwane is the fourth-biggest municipality in South Africa and second-biggest in Gauteng in terms of gross value added (GVA) by region, with a GVA of R313 billion. In 2017, Tshwane contributed 28,4% to the provincial economy. Moreover, Tshwane accounted for 10% of South Africa's economy compared to 15,7% for Johannesburg. Tshwane has emerged as a diversified and vibrant economy with significant community services, finance and transport. Tshwane has a large government sector (community services), reflecting the presence of national and provincial departments and parastatals. The sector recorded a 30,2% contribution to Tshwane's GVA in 2017. The five main sectors in 2017 were community services (30,2%), finance (24,9%), trade (13,1%), manufacturing (11,7%) and transport (11,6%). Overall, the significant sectors of growth in Tshwane include construction, trade, transport and finance, with the green economy and research, innovation and development representing crucial multidimensional and dynamic sectors of growth.

Tshwane is also home to a range of higher-value functions such as corporate headquarters, financial and business services and manufacturing, and high-order public services, such as national departments, universities and major hospitals. To be more specific, Tshwane accommodates more than 30 companies listed on the Johannesburg Stock Exchange (JSE), is home to national government departments and three universities, and hosts 134 foreign embassies and missions and 26 international organisations, giving it the largest concentration of diplomatic and foreign missions in the world after Washington DC in the USA.

With a GDP of R312 billion in 2017 (up from R236 billion in 2007), Tshwane contributed 28,4% to the Gauteng GDP (R1,1 trillion) in 2017, increasing its share of the Gauteng GDP from 26,3% in 2007. Tshwane contributes 10% to the GDP of South Africa, which had a total GDP of R3,12 trillion in 2017 (as measured in nominal or current prices). Its contribution to the national economy was similar in 2007, when it contributed 9% to South Africa's GDP.

1.4 SERVICE DELIVERY OVERVIEW

While the City experienced challenges in the provision of services due to the COVID-19 pandemic, commendable strides were made in maintaining service continuity and extending the provision of services to unserved areas. The City also experienced notable challenges in achieving some of the service delivery targets set for the financial year under review.

In the financial year under review, some of the service delivery achievements and challenges observed include the following:

- The installation of 11 169 new water connections contributed significantly to promoting access to water services as a basic human rights issue. It further contributed to efforts to manage the COVID-19 pandemic, as some of the critical control measures depend on the availability of water to promote hygiene.
- Rudimentary water services were provided to 138 informal settlements and 101 informal settlements were provided with rudimentary sanitation services
- 18 088 m of pipes in the network were installed or upgraded.
- To date, approximately 86% of households in Tshwane have access to piped water inside the dwelling. The other 14% of the households are supplied through street communal standpipes and water tanker services.
- The development of water services infrastructure was continued with the aim of improving access to water services. Some of the infrastructure development projects that the City worked on during the financial year under review included the following:
 - **Klipgat Hospital Reservoir:** The new Klipgat Hospital Reservoir was constructed, and feeders and outflow mains were installed to provide adequate water supply capacity to facilitate backlog eradication in Klipgat and surrounding areas. The project will benefit the community of Ward 22 in Region 1, with 4 700 households directly using the new reservoir.
 - **Iscor Heights bulk pipeline:** The bulk water supply to the Iscor Heights low-level and high-level reservoirs in Region 3 was upgraded. The project is located west of Pretoria within the Thaba Tshwane area. The Iscor Heights reservoirs service more than 1 000 households and industrial organisations.
 - **New Parkmore LL Reservoir associated pipework:** The construction of the new Parkmore LL Reservoir associated pipework in Region 6 with work spanning two wards, namely Ward 50 and Ward 96. The project requires the construction of an additional 10 Ml to meet the increased demand in the water supply for the Parkmore

low-level reservoir service area as well as the installation of the associated pipework. The Parkmore LL system will connect to the Garsfontein system and will service more than 20 000 households. The project is scheduled for completion in Quarter 1 of 2021/22.

- Sanitation services were provided, focusing on installing waterborne sanitation infrastructure, addressing sanitation service backlogs, extending the capacity of waste water treatment works (WWTW), replacing, upgrading and constructing WWTW, and focusing on sewer reticulation.
- Strides were made to reduce the backlog by connecting a massive number of households, totalling 615 908, to sanitation services. This was addressed by providing flush toilets and other toilet provisions, covering 977 281 households.
- 3 264 land development applications were finalised (approved, rejected or not approved).
- 1 378 new households were connected to the mains electricity supply (applications-driven connections).
- 5 349 households were electrified by the implementing the Electricity for All Programme (EFA).
- The following areas benefited from the 2020/21 electrification programme:
 - Soshanguve Ext 7, Region 1
 - Mahube Valley Ext 15, Region 6
 - Itereleng and Olievenhoutbosch Ext 27, Region 4 (informal settlement)
 - Nellmapius Ext 22 and Mamelodi Phomolong, Region 6
 - Atteridgeville Ext 19, Region 3
- A total 2 616 title deeds were handed over to the targeted beneficiaries.
- 41 informal settlements underwent the process of upgrading through participatory planning.
- 101 informal settlements were provided with access to rudimentary sanitation services.

In order to achieve sustainable economic growth, the City made the following progress over the financial year under review:

- 1 156 small, medium and micro enterprises (SMMEs) were supported by means of various business support initiatives.
- Investment to the value of R1,933 billion was attracted.
- 217 co-operatives were supported (business skills training and technical skills training were provided to agricultural co-operatives).
- R111 114 260 was generated by means of outdoor advertising and building control activities.
- R760 177 was collected by means of business (formal and informal) licences and permits.

1.5 FINANCIAL OVERVIEW OF THE CITY FOR THE 2020/21 FINANCIAL YEAR

The City's financial management strategy is articulated in the Financial Sustainability Plan (FSP), the said document thus ensures that the City is financially sustainable and will respond to the City's Growth and Development Strategy, policies, priorities and infrastructure needs.

Maintaining financial viability of the City of Tshwane is critical to the achievement of service delivery and its economic objectives. The latter is directly impacted by the City's ability to generate sufficient revenues through the sufficient and appropriate implementation of key internal control

strategies built in the collection of revenues generated. This aspect is however hampered by consumer's ability to pay for their services due to the prevalence of unemployment and poverty within the municipality's boundaries and the negative effect/impact caused by the covid-19 pandemic season.

The City continues to improve efforts to limit non-priority spending and to implement stringent cost-containment measures in terms of the MFMA Circular 82 and the City's cost containment circular.

HIGH-LEVEL OVERVIEW OF THE CITY'S FINANCIAL PERFORMANCE IS AS FOLLOWS:

- For the municipality, the period under review closed with an accounting accumulated surplus (Note 28) of R27.425 billion compared to R26.167 billion at the end of 2020. This increase of R1.258 billion is the result of the surplus from operations (i.e. the difference between the total revenue and the total expenditure) for the year and the transfers to or from reserves. For the group, the period under review closed with an accounting accumulated surplus of R27.585 billion compared to R26.303 billion in 2020.
- The Municipality's actual operating expenditure as a percentage of budget is 98%, resulting in under-expenditure of 2%. Similar operating expenditure results are noted at a group level. Actual net expenditure for the group, as compared to the adjustment budget, represents 98%.
- The collection rate of the group increased from 80.23% in 2020 to 90.71% in 2021 whilst the municipality collection rate increased from 80.23% to 91.06% since 2020. For both the group and the municipality the collection rate is below the norm.
- The cash coverage ratio at a group level decreased from 0.07 in 2019/20 to 0.02 in 2020/21. The ratio is not within the National Treasury norm. The low cash coverage ratio is a result of the low levels in collection of consumer debtors due to the lockdown restrictions imposed on businesses and households
- The current ratio has decreased from 0, 74:1 in 2019/20 to 0, 68:1 to 2020/21. The current ratio is not within the norm. the implemented credit control policy will further improve the collection rate as well as the cash in the bank and further reduce the debtors' balance.
- For the municipality, the long-term debt (external loans and lease liabilities) decreased from R12.686 billion to R11.728 billion (R957.926 million decrease) during the period under review. Leases decreased from R592.202 million to R330.447 million. For the group, the long-term debt decreased from R12.689 billion to R11.731 billion (R958.570 million decrease).
- The municipality's original approved capital expenditure budget for 2020/2021 amounted to R4. 092 billion which was amended by means of an adjustment budget approved by Council on 20 September 2020, 25 February 2021 and 24 June 2021 to R3. 860 billion. This which

resulted in a decrease of R232 055 000, which is mainly attributed to re-prioritisation of projects and external funding rollovers which were not approved.

- Actual expenditure incurred during the period 1 July 2020 to 30 June 2021 as indicated in the following table amounts to R3 273 893 388 or 84.0% measured against the adjusted budget. The level of capital spending is determined within prudential limits taking into account debt to revenue ratio, the capital cost to total expenditure and the ability of the City to meet its obligations.

Sources of finance	Actual 2021
	R
External loans (Borrowings)	1 012 069 277
Surplus cash	206 106 581
Public contributions/donations	123 314 256
National/Provincial government transfers and grants	1 932 403 274
TOTAL	3 273 893 388

AUDIT OUTCOME FOR 2020/21 FINANCIAL YEAR

The City of Tshwane received an unqualified audit opinion for the 2020/21 financial year. There was, however, an emphasis of matter paragraphs as well as material findings on compliance with specific matters in key legislation.

Material findings were raised on the following components;

- Financial Statements
- Expenditure Management;
- Asset Management;
- Consequence Management
- Procurement and contract management
- Strategic planning and performance management.

In order to ensure an unqualified audit opinion with no findings, these items need to be appropriately addressed and rectified in the current financial year and going forward. The City is currently in the process of finalising the development of the Management Letter Action Plan (MLAP). The latter sets out the audit findings raised by the office of the Auditor General of South Africa and provides with it appropriate action plans to address the root causes of the findings raised. The latter process is reviewed and monitored by the office of the City Manager of which the implementation of such ensures that an unqualified audit opinion with no findings (Clean Audit) can be obtained in the future.

STATUS OF CREDIT RATING-

MOODY'S INVESTOR SERVICES (PTY) LTD

On 5th October 2021 Moody's updated the City's credit rating, following the rating confirmation of Caa1.za/NP in June 2021.

Moody's revised the outlook from Rating Under Review to Negative, signalling an emerging slight improvement in liquidity when compared to the position in June.

The October update contained the position established in June, in which Moody's maintained the assertion that the City's credit profile reflects fiscal challenges and the continued deterioration in liquidity. Moody's expect the City's operating performance and liquidity to remain weaker than those of its peers which are rated by Moody's. In addition, the credit profile also incorporates the challenges associated with the high infrastructure requirements for basic services. The credit profile also reflects increasing debt, and a large and diversified local, reflecting Tshwane's status as South Africa's administrative capital.

GLOBAL CREDIT RATINGS

On 9th July 2021 GCR performed a credit rating assessment on the City and assigned a long term rating of CC(za) and C(za) long and short term respectively, with a negative outlook. GCR Ratings are of the view that, the downgrade of City of Tshwane reflects the substantial unfunded liabilities faced by the City, following large unexpected cash outflows and the reluctance of funders to provide new facilities.

Tshwane's financial performance was severely impacted by a number of factors through FY21. Debtors' collection fell to around 60% in the wake of COVID-19 pandemic and have not recovered sufficiently in subsequent months, placing significant downward pressure on cash flows. Thereafter, the Metro incurred R1.6bn in backdated staff costs that had not been budgeted for in order to resolve a municipal strike. As a result, the Metro is likely to have reported a second consecutive operating deficit in FY21 and cash flows are expected to remain under pressure due to the much higher staff costs going forward

1.6 ORGANISATIONAL DEVELOPMENT OVERVIEW

The need to promote organisational adaptation, and to maintain and improve organisational efficiencies during a period of uncertainty, especially the uncertainty driven by the COVID-19 pandemic, proved to be a difficult task. The ability of the City of Tshwane to maintain business continuity at the peak of a pandemic was tested significantly. Having to deal with the threat to human lives and continue to provide the services required to sustain lives became a serious challenge. Successes in riding out the storm depended entirely on the effective management of the workforce. This called for innovative approaches to managing the workforce and work processes in order to reduce the devastating effects of the pandemic.

Despite many challenges, the City recorded commendable progress in some of the human capital development and management areas of performance. Among others, these include

leveraging the use of technology to promote business continuity while promoting decongestion of the workplace for effective management of the COVID-19 pandemic, developing a draft policy on off-site working arrangements, continuing with the implementation of skills development programmes, implementing the wellness programme and reviewing some of the critical policies in order to ensure that they remain relevant.

1.7 AUDITOR-GENERAL REPORT OVERVIEW

The overall audit opinion received by the City of Tshwane over the 2020/21 financial year' audit is unqualified. The audit raised significant difficulties in obtaining information requested for audit purposes. There were also emphasis of matters paragraphs that raised issues relating to:

- Disclosure on the impact of covid 19
- Restatement of corresponding figures
- Material uncertainties
- Material impairments
- Material losses- electricity losses
- Material losses-water losses

On the audit of the annual performance report, there were material findings made on the reliability and usefulness of the performance information reported. Other matters raised relate to the non-achievement of planned targets and the non-inclusion of all the new set of rationalised indicators in the SDBIP scorecard of the city as per the MFMA Circular 88 of 2019.

With regards to the audit of compliance with legislation, material findings were made on the following areas:

- Annual financial statements
- Revenue management
- Asset management
- Expenditure management
- Procurement and contract management
- Consequence management
- Strategic planning and performance management

Furthermore, the audit made findings on internal control deficiencies and material irregularities. With regards to the status of previously reported material irregularities, the audit made findings that relate to inadequate systems of internal controls to safeguard the asserts.

It its efforts to improve the management of its business for proper accountability and to improve on the audit outcomes, the city needs to dedicate a lot of effort in implementing properly tailored improvement actions and internal controls that will effectively address all the root causes of all the findings made.

1.8 STATUTORY ANNUAL REPORT PROCESS

The following table presents the activities related to the statutory annual report process for the financial year under review.

Table 4: Statutory annual report process

Number	Activity	Time frame
1	Distributing departmental and entities' annual report templates as per National Treasury Circular 63	Third week of June 2021
2	Approving the annual report process plan by the Executive Committee and the Mayoral Committee	Approved by Council on 29 July 2021
3	Finalising the Quarter 4 SDBIP performance report for the previous financial year for approval by the Executive Committee	July 2021
4	Tabling the draft Quarter 4 performance report at the APC and the Mayoral Committee	July 2021
5	Tabling the unaudited Quarter 4 report to Council	End of July 2021
6	Receiving the signed declaration of final results and supporting information from departments regarding all corporate SDBIP key performance indicators (KPIs) (such would be results subsequent to the internal audit process)	August 2021
7	Tabling the unaudited annual performance report, entities' annual performance reports and annual financial statements at the Executive Committee and APC	August 2021 (before submission to the AGSA)
7	Signing off and submitting the legislated unaudited annual performance report and financial statements to the AGSA for auditing	31 August 2021
8	Submitting the unaudited annual performance report and the annual financial statements to the AGSA	31 August 2021
9	Receiving the management letter from the AGSA	February 2022
10	Incorporating the responses from the AGSA report into the consolidated audited annual report	February 2022
11	AGSA's report considered by the APC	March 2022
12	APC considers the consolidated audited annual report	March 2022
13	Mayoral Committee considers the consolidated audited annual report of the City	March 2022
14	Tabling the consolidated audited annual report at Council	31 March 2022
15	Submitting the Council resolutions on the tabled annual report to the following: • AGSA • National Treasury and provincial treasury internal process to support Section 127(5)(a) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA) • Department of Cooperative Governance and Traditional Affairs • Gauteng Department of Local Government and Housing	Within five days after Council adoption
16	Placing newspaper notices and website notices seeking public comments on the consolidated audited annual report	April 2022
17	Inviting public comments on the consolidated audited annual report (the process will be dictated by the lockdown regulations at the time)	April 2022
18	Tabling public hearings and Council's oversight report on the consolidated audited annual report at Council (the process will be dictated by the lockdown regulations at the time)	May 2022

Number	Activity	Time frame
19	Submitting the oversight report on the annual report to the following: • AGSA • National Treasury and provincial treasury internal process to support Section 127(5)(a) of the MFMA • Department of Cooperative Governance and Traditional Affairs • Gauteng Department of Local Government and Housing	April 2022: Within five days after Council adoption
21	Placing newspaper notices and distributing Council resolutions on the oversight report on the consolidated annual report to stakeholders as per the MFMA	Within five days after Council adoption
22	Submitting the consolidated annual report and oversight report on the annual report to the provincial legislature	Within seven days of Council adopting the oversight report
23	Coordinating and managing the process for printing the 2020/21 consolidated audited annual report and distributing the report (City Strategy and Organisational Performance Department)	April to July 2022

1.9 REPORT OF THE AUDIT AND PERFORMANCE COMMITTEE FROM 1 JULY 2020 TO 30 JUNE 2021

INTRODUCTION

The Audit and Performance Committee of the City of Tshwane and its Municipal Entities (APC) presents its annual report for the year ended 30 June 2021 under sections 166(2) and (3) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA) and section 94(7)(f) of the Companies Act, 2008 (Act 71 of 2008), read with the MFMA Circular 65, dated 23 November 2012, and the applicable Council resolutions.

The APC provides oversight assurance for the City of Tshwane (the City) and its entities, namely Tshwane Economic Development Agency (SOC) Limited (TEDA) and Housing Company Tshwane NPC (HCT).

LEGISLATIVE ROLES AND RESPONSIBILITIES

The APC is constituted in terms of sections 166(1) and (2) as well as section 166(6) (b) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA) and section 94(7) of the Companies Act, 2008 (Act 71 of 2008), read with the applicable Treasury Regulations.

It is an independent advisory body that advises the Council, the political office bearers, the accounting officer and the management and staff of the municipality, or the board of directors, the accounting officer, and the management staff of the municipal entities, on matters relating to the following:

- Internal control
- Internal audit
- Risk management
- Accounting policies
- Adequacy, reliability and accuracy of financial reporting, records, and information
- Performance management
- Performance evaluation
- Effective governance and oversight
- Compliance with the MFMA, the Division of Revenue Act, 2016 (Act. 3 of 2016) and any other applicable legislation
- Financial management
- Issues raised by the Auditor-General South Africa (AGSA) in the audit report
- Investigations into the financial affairs of the City and its entities
- Any other matter referred to it by the City or its entities

The APC makes recommendations to the accounting officers, but the accounting officers retain responsibility for implementing such recommendations.

Member qualifications and meeting attendance

The member qualifications and meeting attendance by APC members during the reporting period were as follows:

MEMBER QUALIFICATIONS AND MEETING ATTENDANCE

The member qualifications and meeting attendance by APC members during the reporting period were as follows:

Table 5: Members qualifications and attendance

Member	Qualifications	Appointment date	Membership Status	Scheduled	Attended
Mr RE Cameron-Ellis	BCom (Hons) Accounting, CTA, CA(SA), CFE, Registered Auditor	25 August 2017	Chairperson	21	21
Ms P Mzizi	BCompt (Hons) Accounting, CTA, CA(SA), BCom (Hons) in Transport Economics	25 August 2017	Member	21	17
Ms T Njozela	MBA, BCompt (Hons), B Com, CIA, CRMA, CCSA	25 August 2017	Member	21	21
Mr Z Fihlani	CA (SA),	07 May 2020	Member	21	17
Ms V du Preez	BA, B Com, MBL – UNISA CIA (Certified Internal Auditor)	07 May 2020	Member	21	21

The APC followed a structured approach to its meetings, with four scheduled meetings dealing with the City, four dealing with the Entities and City Performance, four with forensic and ethics issues and dedicated sessions to approve financial statements and resolve emerging issues.

TERMS OF REFERENCE (APC CHARTER)

The APC has formal terms of reference (the APC Charter), which Council approved on 29 October 2015 with revisions approved by Council on 29 November 2018. During the year ended 30 June 2020, the APC executed its duties under the 2018 Charter. The Charter was reviewed in 2020 and was approved by Council on 27 May 2021.

IN-YEAR MONITORING AND QUARTERLY REPORTS

The APC reported on its activities, observations, concerns and recommendations to the Mayoral Committee, the Administrators, and the Municipal Public Accounts Committee (MPAC) quarterly.

COUNCIL RESOLUTIONS AND REQUESTS

There are no APC-related Council and/or APC-related MPAC resolutions that are not addressed.

EFFECTIVENESS OF INTERNAL CONTROLS

The systems of internal control are the legislated responsibility of the accounting officers and senior executive management as required by the MFMA, the MFMA regulations, the Municipal Systems Act, the Companies Act, and the principles of the King IV Report on Corporate Governance read in conjunction with the National Treasury Audit and Risk Frameworks, MFMA Circular 65 and the International Standards for the Professional Practice of Internal Auditing.

The APC receives reports from first, second and third level providers of control assurance which include reports from Group Audit and Risk (GAR) and the Auditor General South Africa (AGSA).

There are still persistent control deficiencies which the AGSA has raised over the years. These include weakness in controls relating to the preparation of financial statements, asset management, expenditure management, procurement and contract management, and information systems and technology.

As noted in prior years, the control environment in the city continues to deteriorate. To this extent, in early 2020, the APC recommended urgent management intervention to correct the situation. This included recommending the development of conscious and varied strategies and continued focus on properly functioning internal controls at all levels of management. This recommendation has not yet been effectively implemented; however, some aspects are now starting to receive attention. The 2020/ 2021 year had more stability at a leadership level, which has allowed some focus on changing the control environment. The change in control culture will be a difficult, long-term task that will require commitment from the Accounting Officer and proper buy-in from the Executive management to successfully implement.

The APC remains concerned about the following control and performance issues raised by both the AGSA and Internal Audit, often repeatedly, which need to be addressed head-on:

Culture: The organizational culture of the city is not geared towards accountability and performance which resulted in several findings by both internal audit and the AGSA.

Leadership: Effective leadership, at all governing structures of the City, is an issue that the AGSA has raised in its report for several years. Each of the Governance bodies providing assurance need to create the strategies discussed above to solve the dilemma of a weak control environment. The fundamental principles of economy, effectiveness and efficiency and proper financial control need to be addressed at every level.

Human resource management: Human resource management has been of concern for the last four years. Human resource management includes leadership, culture, accountability, and strategies to manage performance. Processes to monitor work at home, productivity, and performance under Covid19 were inadequate and are still weak. Reporting on human resource matters remains poor and sporadic. It is a significant vulnerability in the control structures. These matters have begun to receive attention but will only be able to effectively change the control environment if they are driven at senior management and Mayoral Committee level.

Performance management: There is functioning system to monitor and report on overall performance. This is, however, still lacks capacity and willingness to address non-performance.

Consequence management: The City has neither the appetite nor the ability to implement consistent and timely consequence management. Despite numerous forensic reports detailing impropriety and mismanagement and recommending disciplinary action, very few disciplinary actions have taken place. The City is still unable to discipline Financial Misconduct because of the lack of Section 79 delegations. Little progress has been made in the recovery of irregular, fruitless and expenditure identified by forensic investigations over the past three years.

Procurement systems: The process to revamp the supply chain management function which commenced in 2019 has not yet born any fruit. The control deficiencies identified by the assurance providers within this function has impacted negatively on service delivery. There is a constant pattern in the forensic reports issued of override and abuse of the procurement processes and documentation is often not able to be sourced.

Revenue collection: Revenue collection and debt management remain severe challenges within the City resulting in poor financial sustainability of the City and further constraints on service delivery. There has been significant impairment of the consumer debtors' balance. Recoveries can be made if innovative approaches to debt management are adopted. Both Internal Audit and the AGSA have reported that the internal control system for consumer debtors and revenue was not effective as required by section 64(2)(f) of the MFMA.

Material non-technical electricity losses and water losses: Material non-technical electricity losses amounted to R1, 17 billion (2019-20: R1, 11 billion) and were due to administrative and technical errors, negligence, theft of electricity, illegal tampering with meters and connections which form part of illegal consumption and faulty meters. Material water losses of R1, 17 billion (2019-20: R988, 88 million) were incurred, which represents 34.60% (2019-20: 29.81%) of total water purchased. Technical losses amounted to R933, 91 million (2019-20: R791, 11 million) and was due to the physical loss of water through the water distribution network. Non-technical losses amounted to R233, 48 million (2019-20: R197, 78 million) and were due to meter inaccuracies, meter estimations, non-metering of water and unauthorised consumption.

Whilst there are strategies to reduce both electricity and water losses, they are not making the impact required by the IDP. Significant funding is needed to ensure that these strategies result in sustainable annual savings and reduce the losses to acceptable level.

Responses to audit findings: The APC is concerned that, while the accounting officer and senior management have a process to address audit findings, adherence to the process on items such as procurement, contract management and financial reporting as many repeat findings were raised by the AGSA. The City failed to properly analyse the control weaknesses identified by internal and external audits and to implement appropriate follow-up actions that address the root causes of prior-year audit findings.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

QUALITY OF ANNUAL FINANCIAL STATEMENTS

The City received an unqualified report on its 30 June 2021 Annual Financial Statements per the Auditor-General's audit report. The City presented financial statements for audit within the required period. These were adjusted because of the AGSA's audit process, and the resulting financial statements present fairly, in all material respects, the results and financial position of the City of Tshwane Metropolitan Municipality as at 30 June 2021. The audit revealed that there is room for improvement in the City's processes of preparing the financial statements.

KEY AUDIT MATTERS

The APC notes significant difficulties encountered by the AGSA in obtaining information required for audit purposes. This indicates serious breakdowns in controls which if not properly addressed could trigger future audit qualifications. The delays are a repeat matter and highlight persistent disfunction in the control culture of the City.

MATERIAL IRREGULARITIES

As per the Public Audit Act and the Material Irregularities Regulations, the AGSA has a responsibility to report material irregularities (MIs) identified during the audit.

The two MI's identified in the prior year have still not been fully resolved. In the current year, the AGSA identified six further material irregularities. The City's responses to two of these were not sufficient, resulting in specific recommendations from the AGSA on how they can be resolved. The AGSA has warned that further material irregularities are in the process of being reported.

The MI's highlight significant shortcomings in the City's Internal Controls and in its ability to respond quickly and appropriately to system failures and malfeasance. A more streamlined and effective manner of dealing with systematic failures needs to be developed.

FINANCIAL SUSTAINABILITY

The COVID19 lockdown fundamentally changed the payment patterns of certain consumers. It also highlighted inefficiencies in the City's revenue and expenditure management. The APC has recommended that significant structural changes will need to be made to overcome these difficulties. The City adopted a voluntary financial recovery plan in May 2021 and has subsequently put additional controls in place to manage liquidity and to curb excess

expenditure. Never-the-less, the deteriorating liquidity position and the credit rating downgrade indicate that still further work will be necessary to change the City's financial status.

COMPLIANCE WITH LAWS AND REGULATIONS

Several matters were reported to the APC that indicated material non-compliance with laws and applicable legislation. The AGSA raised issues regarding the ineffectiveness of internal controls relating to revenue management and asset management, as required by Sections 64(2) (f) and 63(2) (c) of the MFMA.

Control deficiencies relating to expenditure management resulted in the conclusion that reasonable steps were not taken to prevent the following:

- Unauthorised expenditure amounting to R566 041 443 as disclosed in note 56 to the financial statements, in contravention of section 62(1) (d) of the MFMA,
- Fruitless and wasteful expenditure amounting to R221 559 102 as disclosed in note 57 to the financial statements, in contravention of section 62(1) (d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure of R171 985 234, was incurred due to the gratuitous use of an intermediaries to facilitate back-to-back purchase of land.
- Irregular expenditure amounting to R2 702 803 907 as disclosed in note 58 to the financial statements, as required by section 62(1) (d) of the MFMA. Most of the disclosed irregular expenditure was caused by non-compliance with SCM regulation 36 amounts to R815 700 306. Irregular expenditure amounting to R593 210 608 was incurred on hiring of vehicles, plant, equipment, and machinery.

Significant interventions are required in the SCM function, specifically regarding the people, systems, and structures of acquisition management to ensure compliance with SCM regulations and policies. The failure to limit UIFW emphasises the importance of the City enforcing a zero-tolerance approach towards UIFW by applying appropriate consequence management.

EVALUATION OF PERFORMANCE INFORMATION

The organisational performance information reports again highlighted performance risk issues and their impact on the City's ability to achieve set objectives and key performance indicators (KPIs). These reports include the need to ensure that KPI definitions are comprehensive and relevant to ensure the City effectively measures, monitors, reports and proactively addresses performance gaps.

The AGSA raised material findings on the usefulness and reliability of performance information. This is due to poorly documented system descriptions, which affect the measurability of the key performance indicators as well as poor review and monitoring of reported evidence which negatively impacts the credibility and reliability of reported performance results. The AGSA has also raised concerns about the ability of the City to

achieve its set targets. Service delivery departments that have consistently been unable to achieve set targets include:

- Human Settlements
- Utility Services (Water)
- Roads and Transport.
- Economic Development and Spatial Planning

MFMA CIRCULAR 88

There was a significant increase in the number of performance indicators reported on due to the introduction of MFMA Circular 88 of 2019.

The integration of these indicators into the City's performance management systems has been difficult and has required ongoing consultation with Treasury to develop and standardise operating procedure and processes. It is important that these indicators should be properly integrated into the City's daily functioning.

PERFORMANCE ON CAPITAL PROJECTS

In the 2020/2021 financial year the City was implementing 276 projects, with a capital budget of R 3.6 billion. Of these, a total of 153 (57%) projects had their targeted milestones delayed. This is a serious concern and has a negative impact on service delivery and the achievement of the IDP targets. More effort is still required to ensure consistent performance against set targets, including the quarterly tracking of annual targets.

RISK MANAGEMENT AND GOVERNANCE

In terms of section 166(1) (2) (a) (ii) of the MFMA the APC must report on matters relating to risk management.

The accounting officers of the City and its entities have the legislated responsibility to establish and maintain effective, efficient, and transparent systems of risk management per section 62 of the MFMA.

Risk management maturity within the City is improving, and risk management structures are operational. The City has for the first time set its risk appetite. This has highlighted those responses to critical risks are inadequate.

The Committee has noted improvements in the business continuity processes that the City has implemented during the Covid19 pandemic. Critical departments focusing on service delivery updated their business continuity for pandemic conditions.

ICT GOVERNANCE

The APC noted the progress recorded by the City and its entities in the implementation and management of the Corporate Governance Information and Communication Technology Framework.

The APC noted the delays in implementing the complex Municipal Standard Chart of Accounts (mSCOA)-compliant information systems which might eventually lead to withholding of grant funding.

IT Controls and IT governance are high risk for the City, particularly given the increased complexity of cyber-attacks. The level of reporting is improving but is still not of a suitable standard for an entity of the size, complexity, and public importance of the City of Tshwane. The AGSA has raised ongoing concerns about the quality of ICT controls.

INVESTIGATION OF FRAUD, CORRUPTION AND OTHER NON-COMPLIANCE

The APC received updates on cases registered by GAR from the different sources as described below:

- The ethics and fraud hotline and other hotlines;
- Whistle-blower reports;
- Allegations reported through various structures (e.g. APC, MAYCO, MPAC, EXCO etc.);
- Reports from the AGSA and other functionary departments of the City and its entities; and
- Reports from fraud detection and internal audit reviews.

The APC received various reports summarising the results of investigations into Unauthorised, Irregular, Fruitless and Wasteful expenditure (UIFW). These investigations under the Municipal Public Accounts Committee (MPAC) auspices are conducted as guided by section 32 of the MFMA. The purpose of these investigations is to advise Council on the statutory requirements to recover UIFW amounts or if declared unrecoverable, the amount to be written off (condoned). This is in addition to other statutory requirements such as instituting disciplinary action, registering cases for criminal action and other consequence management action available to the municipality. The APC understands that there has been only minimal progress in implementing the disciplinary actions and recovering funds arising from these reports.

MUNICIPAL ENTITIES

TSHWANE ECONOMIC DEVELOPMENT AGENCY (SOC) LIMITED

The APC has received and reviewed internal audit reports relating to internal controls, transversal issues and Information Communication and Technology (ICT) governance and controls, as per the approved annual audit work plan. Based on the reports, the APC was

satisfied with TEDA's internal controls except for the following process areas, which management has since addressed:

- Project Management Review (Own and City projects)
- Implementation of Trade and Investment strategy
- Supply Chain Management (Procure to pay)
- mSCOA Implementation, Governance and Compliance
- ICT - Review of Bring Your Own Devices
- ICT - General Control Review

The following key business issues remain and require both the shareholder and entity's management to address:

- Review and finalisation of the Service Level Agreement (SDA) between the City and TEDA to align with the mandate
- Managing the entity's tax costs.
- Managing the effectiveness of the migration of tourism staff from CoT to TEDA

The APC also notes that the entity has performed well despite the challenges the Covid19 pandemic has brought. The entity has been able to take advantage of the opportunities that Covid19 has presented.

HOUSING COMPANY TSHWANE NPC

The APC has received and reviewed internal audit reports relating to internal controls, transversal issues, and ICT governance as per the approved annual work plan /or coverage plan. Based on the reports, the APC was concerned with internal control implementation in the following process areas:

- Status of records review:
 - Revenue Management
 - Credit & Debt Management
- Supply Chain Management (procure to pay) and special quotation review:
- mSCOA Implementation, Governance and Compliance
- ICT - Review of Bring Your Own Devices.

The leadership capacity at HCT has improved significantly, resulting in a stable forward-looking organisation.

INTERNAL AUDIT FUNCTION

Each municipality and municipal entity must have an internal audit unit, in terms of section 165 of the MFMA, which advises the accounting officer and reports functionally to the APC.

The Internal Audit section had planned to reduce its reliance on external consultants and increase internal capacity. The liquidity constraints of the City, however, meant that new appointments were delayed, resulting in less capacity for both Audit and Forensic Services than is ideal. The Chief Audit Executive was absent, and an Acting Chief Audit Executive had to be appointed.

Despite the above, the APC is satisfied that the Internal Audit section within the Group Audit and Risk Department has adequately discharged its functions and responsibilities during the 2020/21 financial year.

AUDITOR-GENERAL OF SOUTH AFRICA (AGSA)

The APC met regularly with the AGSA to ensure that there are no challenges or unresolved issues and that risks and issues that have come to the APC's attention, including subsequent events, have been communicated to the AGSA.

Based on the processes followed and assurances received from the AGSA, nothing has come to the attention of the APC about any matter that has an impact on the independence of the external auditors.

The APC notes the opinion of the Auditor-General South Africa on the group annual financial statements and agrees that the audited group annual financial statements and the report of the Auditor-General South Africa be accepted.

CONCLUSION

The Audit and Performance Committee thanks the Municipal Council, the Municipal Public Accounts Committee, the Mayoral Committee, Boards of Directors of Entities, Accounting Officers, Chief Financial Officers, the Chief Audit Executive, the Auditor-General South Africa and all levels of Management and Staff for their cooperation and support during the 2020/21 financial year.

RE Cameron-Ellis

CHAIRPERSON: AUDIT AND PERFORMANCE COMMITTEE

17 March 2022

CHAPTER 2: GOVERNANCE

INTRODUCTION TO GOVERNANCE

The City of Tshwane recognises that good governance is a critical enabler of effective service delivery. This recognition has translated efforts in doing the right thing in the right way in a timely, participatory, inclusive, open and accountable manner. Council affairs are directed and managed through cooperation and collaboration supported by continued dedication to a system of checks and balances. The City also places a premium on implementing proper systems, processes, a strong control environment and effective community engagements guided by the governance model adopted.

The governance model adopted and implemented by the City of Tshwane strives to promote an effective political-administrative interface in order to promote impactful service delivery. Leadership plays a critical role in implementing the model of governance adopted. Building from this background, this chapter outlines all matters of governance in the City of Tshwane over the financial year under review. This chapter covers the following topics:

- Political and administrative governance mechanisms
- Intergovernmental relations
- Public accountability and participation
- Corporate governance including risk, compliance and audit

2.1 POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION

The effective functioning of properly organised arrangements for interactive governance, which promotes co-consultation, co-deliberation, co-design and co-delivery among the critical stakeholders in the governance of the City of Tshwane, is the hallmark for co-creating and co-producing outcomes that are of interest to Tshwane residents. This can be achieved when a rule-bound, legislative-informed and aligned political-administrative interface that promotes a strong institutional context that is necessary for a clean administration drives the management of the business of the municipality. Against this background, this section presents the political and administrative governance structures that form part of the institutional arrangements of the City of Tshwane that are intended to broaden participatory governance and promote transparency, responsiveness and accountability in managing the business of the City.

POLITICAL GOVERNANCE

The governance model adopted by the City recognises Council (political leadership) as the highest decision-making body, as dictated by the Municipal Structures Act, 1998. In addition, Council uses its established oversight committees to execute oversight functions that are intended to promote good governance.

CITY OF TSHWANE GOVERNANCE MODEL

The operationalisation of the governance model adopted by Council is anchored on legislated institutional arrangements and structures, which consist of the Legislature, the Office of the Speaker, the Office of the Chief Whip and the Section 79 portfolio and standing committees. The executive branch consists of the Executive Mayor, Members of the Mayoral Committee (MMCs) and the administration, led by the City Manager. The interface and interactions between these structures function in such a way that promotes a strong institutional context, which is necessary for a clean administration.

The governance model adopted by the City is implemented in such a way that sustainable value creation is pursued through the application of effective stewardship in directing and controlling the City's business. Good leadership checks and balances, transparency and accountability are the apex drivers of the efforts to entrench good governance in the City of Tshwane.

The following diagram presents the City's governance arrangements:

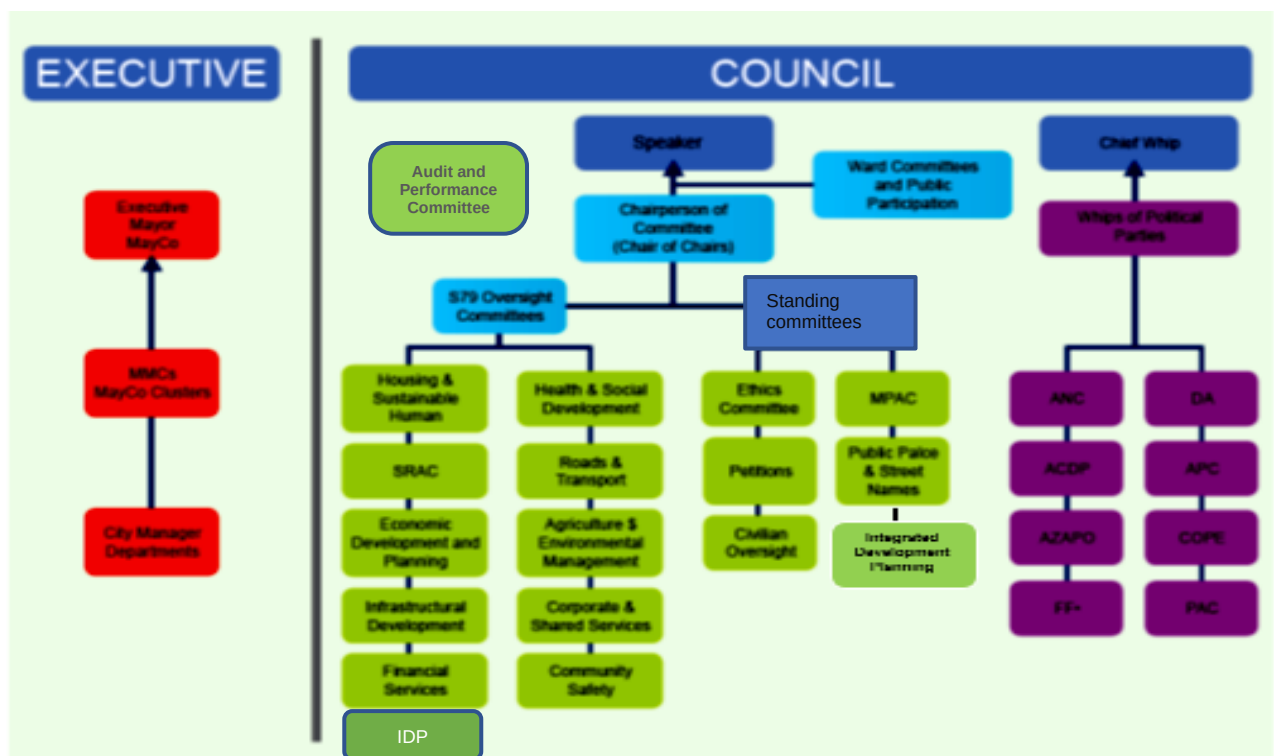


Figure 1: Governance model of the City of Tshwane

LEGISLATURE

The legislature is made up of Council, the Speaker of Council, the Chief Whip and two sets of Council committees, namely Section 79 portfolio committees and standing committees.

COUNCIL

Council is made up of 214 elected Councillors, of which 107 are ward councillors and the remainder are proportional representative councillors. The roles, functions and responsibilities that must be played and pursued by the City of Tshwane Council are legislated in Section 19 of the Municipal Structures Act, 1998, read with Section 4 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) and Section 152 of the Constitution of the Republic of South Africa, 1996.

The key functions of Council are as follows:

- Make policies and by-laws that are informed by and seek to satisfy community needs with regard to the matters that it has the right to administer.
- Ensure the implementation of national, provincial and local legislation and policies by supplying appropriate resources and authority to the administration.
- Establish suitable control and reporting systems and procedures for monitoring and evaluating policy implementation in order to give account to the community with regard thereto.
- Ensure that the municipality meets its executive obligations, discharges its developmental duties and realises the constitutional objects of local government as elaborated in legislation.
- Enforce the codes of conduct for employees and councillors.
- Cooperate with other spheres of government, organs of state within those spheres and municipalities.
- Build and promote good relations with the private sector, non-governmental and community organisations and other local organisations.

OFFICE OF THE CHIEF WHIP

The Chief Whip of Council is one of the political principals elected by Council in terms of the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The role of the Chief Whip of Council covers both the political and administrative domains of Council, with an emphasis on political matters.

The main functions of the Chief Whip are to –

- ensure proper representation of political parties in the various committees;
- maintain sound relations with the various political parties represented in Council; and
- attend to disputes between political parties and build consensus.

The Chief Whip of Council works with a committee, the Multiparty Whippery, which consists of the whips of the various political parties represented in Council. The roles and responsibilities of the Multiparty Whippery include the following:

- Ensure that the meetings of Council and those of Council committees quorate
- Promote and maintain positive party-to-party relations
- Ensure that councillors attend Council and committee meetings
- Represent their parties on the Programming Committee

- Ensure that party members are familiar with the Standing Rules and Orders of Council
- Organise the work of councillors in party caucuses
- Nominate speakers for debates
- Assess the performance of councillors
- Decide the party allocation of councillors to committees
- Facilitate and coordinate inspections *in loco* regarding study groups

OVERSIGHT COMMITTEES

The oversight committees assist Council to exercise its oversight role. As part of supporting the core business of Council and its commitment to the separation of powers, 11 Section 79 oversight committees were established and adopted by Council. The Section 79 oversight committees are chaired by councillors who are designated full-time councillors and their chairpersons are elected by Council.

The following are the Section 79 oversight committees:

- Community and Social Development Services
- Community Safety
- Corporate and Shared Services
- Economic Development and Spatial Planning
- Environment and Agriculture Management
- Finance
- Health
- Housing and Human Settlement
- Integrated Development Planning
- Services Infrastructure
- Transport

The responsibilities of the above-mentioned committees are as follows:

- Scrutinise reports referred to them by Council and emanating from the Executive Mayor and/or the Mayoral Committee, and advise Council accordingly
- Oversee the performance of the executive branch and departments on behalf of Council
- Provide an advisory legislative role

The following councillors are chairpersons of the Section 79 oversight committees of the City:

Table 6: Chairpersons of committees

Name	Committee
C Bilson	Community and Social Development Services
MA Makhafula	Community Safety
ZC Khumalo	Corporate and Shared Services
S Wilkinson	Economic Development and Spatial Planning
ME Kruger-Muller	Environment and Agriculture Management

Name	Committee
P Sutton	Finance
GC Pretorius	Health
S Motsaneng	Housing and Human Settlement
Prof CJ Napier	Integrated Development Planning
D Kisoonduth	Services Infrastructure
E Linde	Transport

POLITICAL LEADERSHIP OF THE CITY

The Mayoral Committee and more specifically the Executive Mayor, in accordance with his delegated powers, is obliged in terms of legislation to report to Council, through the Speaker (the custodian of Council), on all matters not delegated to him for consideration by Council, and to submit to Council those resolutions passed by him in terms of delegated powers for cognisance.

EXECUTIVE MAYOR AND THE MAYORAL COMMITTEE

The Executive Mayor is the head of the executive arm of the City, assisted by the Mayoral Committee. The Executive Mayor is at the centre of the system of governance because executive powers are vested in him by Council in order to manage the daily affairs of the City of Tshwane and to implement the political mandate to improve the socio-economic conditions of Tshwane residents. In terms of the Municipal Structures Act, 1998, the Executive Mayor must appoint a Mayoral Committee from the elected councillors to assist him in executing the mandate of the municipality. The Executive Mayor may delegate specific responsibilities and powers to the MMCs.

The table below presents the City's Mayoral Committee from November 2020 to June 2021:

Table 7: Members of the Mayoral Committee

Member	Portfolio
Thabisile Vilakazi	Community and Social Development Services
Karen Meyer	Community Safety
Bruce Lee	Economic Development and Spatial Planning
Dana Wannenburg	Environment and Agriculture Management
Mare-Lise Fourie	Finance
Sakkie du Plooy	Health
Mpho Mehlaphe-Zimu	Human Settlements
Sylvester Phokoje	Human Capital Management and Shared Services
Dikeledi Selowa	Roads and Transport
Phillip Nel	Utility Services and Regional Operations and Coordination

The table below presents a summary of Council seat allocation confirmed at the end of the 2020/21 financial year.

Table 8: Allocation of Council seats

Number	Party	Ward seats	Proportional representative seats	Total seats
1.	DA	39	54	93
2.	ANC	68	21	89
3.	EFF	-	25	25
4.	FF Plus	-	4	4
5.	ACDP	-	1	1
6.	COPE	-	1	1
7.	PAC	-	1	1
Total seats		107	107	214

SPEAKER OF COUNCIL

The Speaker of Council performs the duties and exercises the powers delegated and specified in Section 160(1)(b) of the Constitution and Section 36 of the Municipal Structures Act, 1998. The person elected as the chairperson of Council is designated the Speaker. The Speaker is the head of the legislative arm of Council and is responsible for ensuring that Council committees (Section 79 committees) are established and function effectively and efficiently.

In the main, the responsibilities of the Speaker include the following:

- Preside at meetings of Council
- Perform the duties and exercise the powers delegated to the Speaker in terms of Section 59 of the Municipal Systems Act, 2000
- Ensure that Council meets at least once a month
- Maintain order during meetings
- Ensure that Council meetings are conducted in accordance with the rules and orders of Council

CHIEF WHIP OF COUNCIL

The Office of the Chief Whip of Council is established in terms of *Government Gazette* 23964, dated 18 October 2002, as approved by the Minister of Provincial Local Government, and was further condoned by the then MEC for Local Government as a Section 12 notice. The Chief Whip plays a pivotal role in the overall system of governance by ensuring and sustaining cohesiveness within the governing party and maintaining relationships with other political parties. Cllr Christo van den Heever was the Chief Whip in the reporting year.

The responsibilities of the Chief Whip include the following:

- Ensure that the meetings of Council and those of Council committees quorate
- Promote and maintain positive party-to-party relations
- Ensure that councillors attend Council and committee meetings and represent their parties in the Programming Committee
- Ensure that party members are familiar with the Standing Rules and Orders of Council

- Organise the work of councillors in party caucuses
- Nominate speakers for debates
- Assess the performance of councillors
- Decide the party allocation of councillors to committees
- Facilitate and coordinate inspections *in loco* regarding study groups

STANDING COMMITTEES

Standing committees are permanent committees established to assist with Council-related matters. These committees are delegated with some decision-making powers and are required to submit reports to Council. Among others, these include the Municipal Public Accounts Committee (MPAC). The main role of the MPAC is to exercise oversight over the executive functionaries of Council and to ensure that good governance and accountability is maintained by the municipality. All standing committees are chaired by councillors, except for the APC, which is chaired by an independent person, in line with the requirements of the MFMA. The following councillors were chairpersons of standing committees in the City from November 2020 to June 2021:

Table 9: Chairpersons of standing committees of Council

Committee	Chairperson
Municipal Public Accounts	LA Erasmus
Civilian Oversight	JJ Coetsee
Petitions	S Nkwane
Rules and Ethics	J du Plooy
Local Geographical Names	BHJ Erasmus

CITY OF TSHWANE UNDER ADMINISTRATION

While the City uses the governance model and its institutional arrangements as presented above, on 4 March 2020, the City was placed under administration by the Gauteng MEC for Human Settlements, Urban Planning, and Cooperative Governance and Traditional Affairs. This resolution led to the dissolution of Council until October 2020. The dissolution of Council resulted in the appointment of a team of ten administrators with the intention of ensuring business continuity in the City. In addition, the appointed administration team was tasked with developing and implementing a turnaround strategy with systems and controls in place to guide service delivery and financial management in the City.

The table below presents the City of Tshwane administration team for the seven-month period from 4 March to 31 October 2020.

Table 10: City of Tshwane administration team from 4 March to 31 October 2020

Name	Portfolio
Mpho Nawa	Lead Administrator
Mavela Dlamini	Acting City Manager (resigned 7 July 2020)
Mmaseabata Mutlaneng	Acting City Manager (7 July 2020 to date)
Lesedi Mere	Administrator

Name	Portfolio
Lefadi Makibinyane	Administrator
Rianda Kruger	Administrator
Lebogang Mahaye	Administrator
Gilbert Martins	Administrator
Thuli Mashanda	Administrator
Shiva Makotoko	Administrator

Following the disbandment of Council, the Section 79 portfolio committees of Council automatically ceased to function. The team of administrators appointed some of its members to the MPAC, which convened meetings as indicated in the table below.

Table 11: Section 79 committee meetings held by the team of administrators

Name of the standing committee	Date of the meetings held
Section 79 Standing Committee: MPAC	1 July 2020
Section 79 Standing Committee: MPAC	22 July 2020
Section 79 Standing Committee: MPAC	19 August 2020
Section 79 Standing Committee: MPAC	16 September 2020
Section 79 Standing Committee: MPAC	14 October 2020

The figure below represents the City of Tshwane's administration team from 4 March to 31 October 2020. It must be noted that some members of the administration team had resigned by October 2020.



Figure 2: City of Tshwane administration team

REINSTATEMENT OF COUNCIL

The City of Tshwane Council was reinstated following a judgement by the Supreme Court of Appeal that was released on 27 October 2020. Following this judgement that

set aside the dissolution of Council by the Gauteng Provincial Government, Randal Williams was elected as the new Executive Mayor of Tshwane on 30 October 2020.

The table below presents the City of Tshwane's political leadership after the reinstatement of Council.

Table 12: Political leadership from 1 November 2020 to date

Name	Portfolio
Cllr Randal Williams	Executive Mayor
Cllr Katlego Mathebe	Speaker
Cllr Christo van den Heever	Chief Whip
Cllr Mpho Mehlahe-Zimu	Human Settlements
Cllr Sylvester Phokoje	Human Capital Management and Shared Services
Cllr Thabisile Vilakazi	Community and Social Development Services
Alderman Karen Meyer	Community Safety
Cllr Sakkie du Plooy	Health
Cllr Mare-Lise Fourie	Finance
Cllr Phillip Nel	Utility Services and Regional Operations and Coordination
Cllr Dikeledi Selowa	Roads and Transport
Cllr Dana Wannenbourg	Environment and Agriculture Management
Cllr Bruce Lee	Economic Development and Spatial Planning

Following the termination of the City's appointed administrators in October 2020, the Section 79 portfolio committees appointed by Council resumed their functions in November 2020 to the end of the financial year under review. The committees convened meetings as indicated in the table below.

Table 13: Section 79 Committees' meetings held

Names of the Section 79 Standing and Oversight Committees	Dates of the meetings held
Section 79 Oversight Committee: Environmental Management	4 March 2021 8 April 2021 6 May 2021 3 June 2021
Section 79 Oversight Committee: Corporate and Shared Services	7 January 2021 18 February 2021 18 March 2021 8 April 2021 6 May 2021 3 June 2021
Section 79 Standing Committee: Local Geographical Names	8 January 2021 5 February 2021 5 March 2021 9 April 2021 7 May 2021 4 June 2021
Section 79 Standing Committee: Public Accounts	8 January 2021 5 February 2021 5 March 2021 9 April 2021

Names of the Section 79 Standing and Oversight Committees	Dates of the meetings held
	7 May 2021 4 June 2021 11 June 2021
Section 79 Oversight Committee: Utility Services	12 January 2021 9 March 2021 13 April 2021 11 May 2021 8 June 2021
Section 79 Oversight Committee: Roads and Transport	21 January 2021 9 February 2021 9 March 2021 13 April 2021 11 May 2021 8 June 2021
Section 79 Oversight Committee: Housing and Human Settlements	9 February 2021 9 March 2021
Section 79 Oversight Committee: Economic Development and Spatial Planning	14 January 2021 11 March 2021 14 April 2021 10 June 2021
Section 79 Oversight Committee: Group Financial Services	11 February 2021 14 April 2021 13 May 2021 29 June 2021
Section 79 Standing Committee: Rules and Ethics	22 January 2021 12 February 2021 12 March 2021 14 May 2021 11 June 2021
Section 79 Standing Committee: Civilian Oversight	19 January 2021 16 February 2021 16 March 2021 20 April 2021 18 May 2021 15 June 2021
Section 79 Oversight Committee: Health	19 January 2021 16 February 2021 16 March 2021 20 April 2021 18 May 2021
Section 79 Oversight Committee: Community and Social Development Services	16 February 2021 16 March 2021 18 May 2021 15 June 2021
Section 79 Oversight Committee: Community Safety	19 January 2021 16 February 2021 16 March 2021 20 April 2021 18 May 2021 15 June 2021
Section 79 Oversight Committee: Integrated Development Services	19 January 2021 16 February 2021

Names of the Section 79 Standing and Oversight Committees	Dates of the meetings held
	16 March 2021 20 April 2021 18 May 2021 15 June 2021
Section 79 Standing Committee: Petitions	18 February 2021 18 March 2021 21 May 2021 17 June 2021

The figure below shows the City of Tshwane's political leadership that was reinstated in November 2021.

POLITICAL LEADERSHIP



Cllr Katlego Mathebe
Speaker



Cllr Randall Williams
Executive Mayor



Cllr Christo van den Heever
Chief Whip

Members of the Mayoral Committee



Cllr Mpho Mehlahe-Zimu
Human Settlements



Cllr Sylvester Phokoje
Human Capital Management and Shared
Services



Cllr Thabisile Vilakazi
Community and Social
Development Services



Alderman Karen Meyer
Community Safety



Cllr Sakkie du Plooy
Health



Cllr Mare-Lise Fourie
Finance



Cllr Phillip Nel
Utility Services and Regional Operations
and Coordination



Cllr Dikeledi Selowa
Roads and Transport



Cllr Dana Wannenburg
Environment and Agriculture
Management



Cllr Bruce Lee
Economic Development and
Spatial Planning



www.tshwane.gov.za



Figure 3: City of Tshwane Council members

AUDIT AND PERFORMANCE COMMITTEE

The APC is recognised as a standing committee and performs an internal oversight role. The roles and functions of the APC are outlined in Section 166(2)(a) of the MFMA.

The APC's role is to advise Council, political office-bearers, management staff and the accounting officer of the City by exercising the following:

- Evaluating the performance of the City against its goals and objectives as set out in its planning documents (IDP and SDBIP)
- Ensuring financial controls and internal audits, and evaluating the performance of municipal entities
- Ensuring adequacy, reliability and accuracy of the City's financial reporting, records and information
- Ensuring that the issues raised by the AGSA in the audit report are addressed to avoid negative audit outcomes in future
- Further scrutinising the accounting policies of the City
- Ensuring that the City complies with relevant acts and any other applicable legislation

Furthermore, Regulation 14(1)(c) of the Municipal Planning and Performance Management Regulations, 2001 requires a municipality's internal auditors to continuously audit the performance measurements of the municipality and submit quarterly reports on their audits to the municipal manager (City Manager) and the APC.

2.2 ADMINISTRATIVE GOVERNANCE

Section 55 of the Municipal Systems Act, 2000 defines the City Manager as the administrative head of a municipality. After the 2016 local government elections, the political leadership reviewed the institutional arrangements in the City. The purpose was to restructure the organisation to enable it to respond to and deliver on the priorities of the current term of Council. The following were the framers on which the institutional review was based:

- To ensure that the organisation or administration is stable during the transitional period while ensuring that there is as little disruption as possible and that all services continue to be rendered
- To revitalise the institution including its people, systems and structures in order to better respond to the needs of service delivery recipients
- To ensure that services are delivered in a more efficient, effective and economic way

The City Manager manages the financial affairs and service delivery of the City by ensuring the implementation of the IDP and SDBIP, and monitoring the implementation progress of these plans. The diagram below presents a trace of the incumbent city managers (full time and in acting capacity) for the City of Tshwane following the approval of the macro structure in 2016 until the end of June 2021.

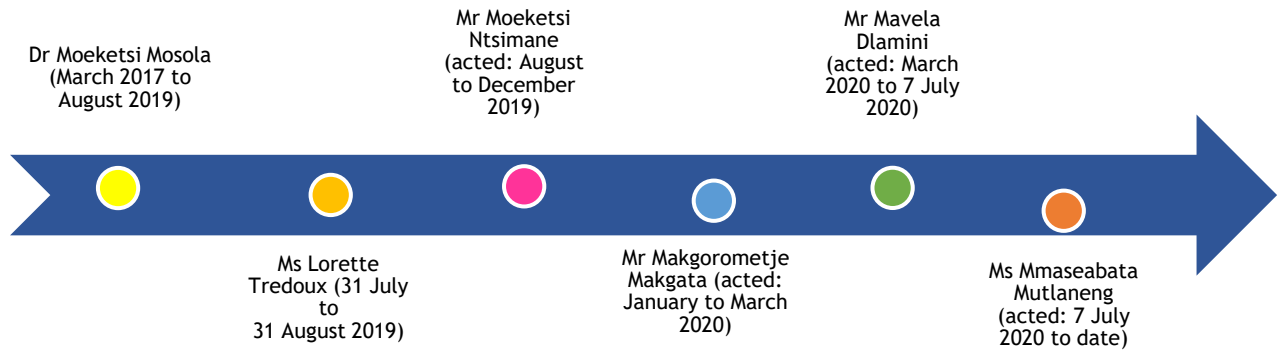


Figure 4: City Managers in the City of Tshwane from 2016/17 to 2020/21

The following table lists the City's top management over the financial year under review:

Table 14: City's top management

Position	Name
Acting City Manager	Mr Mavela Dlamini (March to July 2020)
Acting City Manager	Mmaseabata Mutlaneng (7 July 2020 to date)
City Manager's Specialist Offices	
Group Head: Office of the City Manager	Mr Msizi Myeza
Chief of Staff: Office of the Executive Mayor	Ms Nasiphi H Moya (resigned May 2020) Mr Tlou Phineas Tefu (acting from June 2020 to date)
Chief Audit Executive	Mr Phillip Moeketsi Ntsimane
Group Head: Communication, Marketing and Events	Mr Hilgard Matthews
Group Head: City Strategy and Organisational Performance	Ms Nosipho Hlatshwayo
Chief Financial Officer	Mr Umar Banda
Chief of Police: Tshwane Metro Police Department	Ms Johanna Nkomo
Chief of Emergency Services	Mr Previn D Govender
Governance and Support Officer	Ms Lorette Tredoux
Group Head: Group Human Capital Management	Mr Gerald Shingange
Group Head: Shared Services	Mr Musa Kumalo
Group Head: Economic Development and Spatial Planning	Mr Makgorometje Makgata
Group Head: Group Legal and Secretariat Services	Adv Marna Kock
Group Head: Group Property	Ms Verusha Morgan
Group Head: Office of the Speaker	Mr Tiyyiselani Babane
Group Head: Office of the Chief Whip	Ms Nasiphi H Moya
Chief Operations Officer	Mr James Murphy
Group Head: Customer Relations Management	Ms Thandi Radebe
Group Head: Health	Mr Koena J Nkoko
Group Head: Utility Services	Mr Stephens Notoane
Group Head: Roads and Transport	Mr Pheko Letlonkane

Position	Name
Group Head: Environment and Agriculture Management	Mr Abel Malaka
Group Head: Community and Social Development Services	Mr Tich Mekhoe
Group Head: Human Settlements	Ms Nonto Memela
Group Head: Regional Operations and Coordination	Mr Cali Phanyane
Regional Head: Region 1	Mr Phillemon Mathane
Regional Head: Region 2	Mr Godfrey Mnguni
Regional Head: Region 3	Ms Leah Poto (acting)
Regional Head: Region 4	Mr Tebello Masehe
Regional Head: Region 5	Ms Nomsa Mabasa
Regional Head: Region 6	Mr Sello Chipu
Regional Head: Region 7	Mr Robert Maswanganyi

The following diagram presents the City's macro organisational structure.

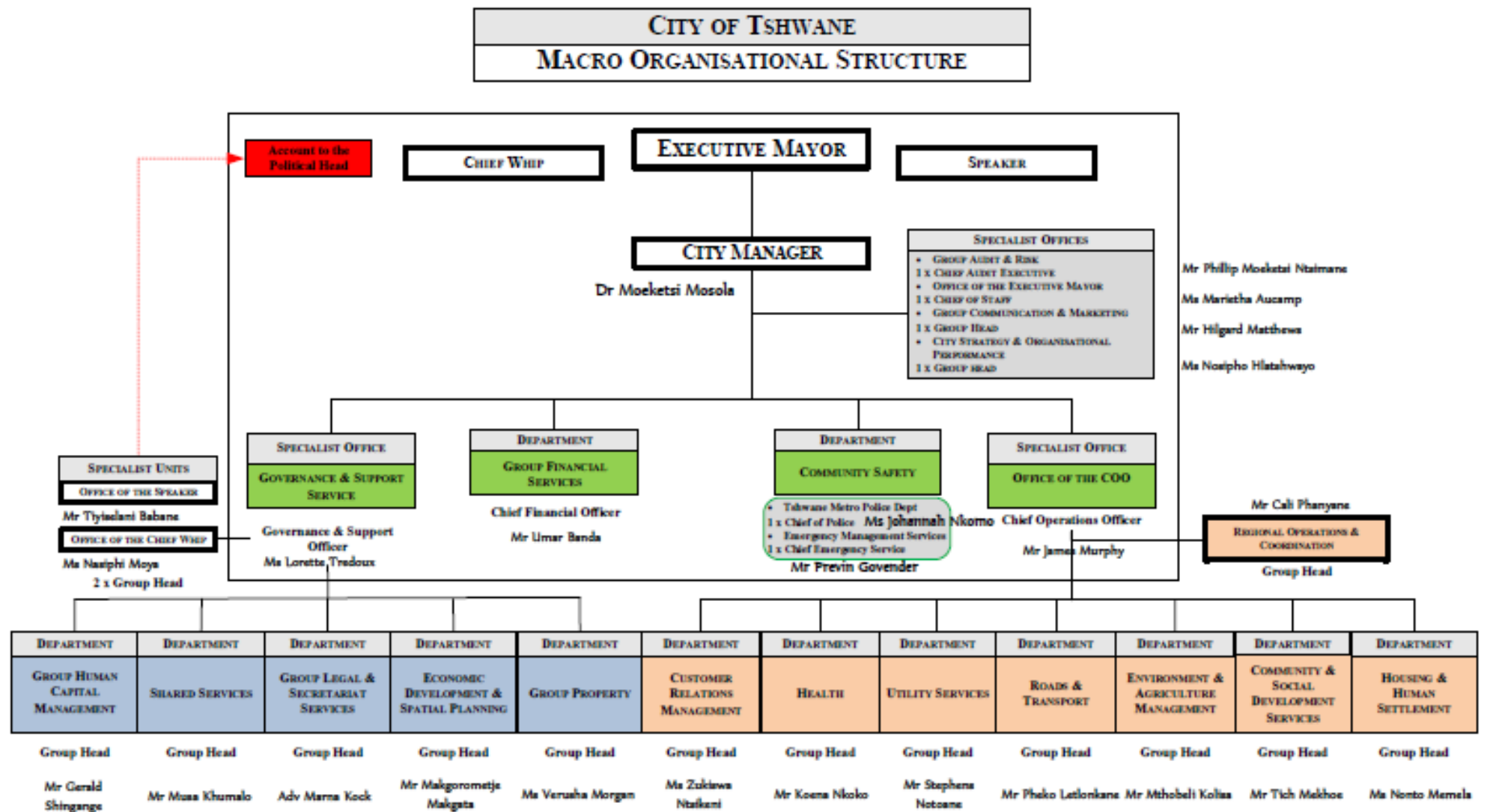


Figure 5: City of Tshwane macro organisational structure

SHAREHOLDER OPERATIONS UNIT

The Shareholder Operations Unit is responsible for providing support, monitoring and overseeing the affairs, practices, activities, behaviour and conduct of City-owned entities to ensure that the business of these entities is conducted in a manner that is in accordance with commercial legislation and other prescribed or agreed conventions governing the existence and operation of entities. The entities of the City of Tshwane are structured as separate legal entities and are each headed by a board of directors.

The unit assists the City and its entities to comply with applicable legislation by providing regular advice and reports on compliance and recommending remedial action where required. The unit regulates the functions of the entities and coordinates these with prevailing political imperatives, while ensuring alignment with departmental SDBIPs.

MUNICIPAL ENTITIES

The City established two municipal entities to perform some of its responsibilities. Although they are separate legal entities, municipal entities are managed through shareholder arrangements and service delivery agreements developed in line with the growth and development objectives set by the City. The following table lists the City's municipal entities and their chief executive officers:

Table 15: Municipal entities of the City

Municipal entity	Chief Executive Officer
Housing Company Tshwane (HCT)	Ms Lufuno Mudau
Tshwane Economic Development Agency (TEDA)	Mr Solly Mogaladi

REGIONAL SERVICES

The City's regional services model and regional structures are integral parts of its rationale to bring services closer to the people and to transform regions into superb places to live and work, while capitalising on each region's uniqueness to create strong, resilient and prosperous areas. The regionalisation of service delivery entails the decentralisation of certain operational and maintenance functions led by the Chief Operations Officer. While functions such as strategic planning and the implementation of capital projects remain the responsibility of City departments, maintenance, repairs, information desks, etc are the direct and daily responsibility of the following functions in the regions:

- Roads and storm water maintenance
- Street names, regulatory and directional signs, road markings and traffic islands
- Cemeteries
- Park, libraries, community halls and swimming pools (free standing)
- Sport fields and facilities
- Electricity
- Water and sanitation

2.3 INTERGOVERNMENTAL RELATIONS

Since Tshwane is the administrative capital of South Africa, the City of Tshwane has unique international obligations and responsibilities. The Office of the Executive Mayor provides administrative support to the Executive Mayor of Tshwane in executing his intergovernmental and international relations functions. Key support functions include research and the establishment of administrative partnerships that enable cooperation and collaboration, for example signing city-to-city cooperation agreements, hosting international conferences and engaging with the diplomatic community.

The Office of the Executive Mayor has facilitated the following Memorandums of Understanding (MoUs):

- MoU with the South African National Energy Development Institute to form a partnership to receive technical support for energy efficiency projects and alternative energy projects, and to establish a cool surfaces programme. No projects have been developed as yet as the MoU has only recently been signed.
- MoU with Santam to form a partnership to collaborate on the reduction of climate and disaster risks in Tshwane as a way of future-proofing the city to make it safer and more resilient. The Mayoral Committee approved the MoU in May 2021 and it is awaiting signature from the acting City Manager before the work plan can be finalised.
- The City's international membership of the World Smart Sustainable Cities Organization (WeGO). WeGO launched its new flagship programme, Smart City Driver, to help cities design solution packages and connect with partners around the world capable of supporting cities to address their urban challenges through the designed solution packages.
- Strategic Sector Collaboration Cities Programme between the City of Tshwane and the City of Aarhus, 2021–2024.
- MoU between the City of Tshwane and the African Heads of Diplomatic Missions Block.

The Strategic Relations Coordination Division is one of the divisions of the City Strategy and Organisational Performance Department and its main function is to provide and promote strategic management of the City's relations with various domestic and international partners. Strategic partnerships between the City and knowledge institutions are aimed at knowledge sharing and cooperation, particularly in areas that will drive the City towards the realisation of its long-term vision.

The Mayoral Committee approved the formalisation of relations with the following organisations:

- United Nations Development Programme
- Barloworld
- Standard Bank
- Gauteng Department of Economic Development and Gauteng Department of Agriculture and Rural Development (GDARD)

The City's achievements in the area of collaboration with external partnerships in the 2020/21 financial year include leveraging more than R14 million, which was committed by external partners to support the City's strategic objectives and activities, such as the following:

- Township development supported by Nedbank.
- Training of City officials supported by the City of Aarhus, Denmark and Santam. The Santam training focused on capacitating City officials on disaster management, while the training offered and sponsored by Denmark was on vision, decision-making and leadership.
- Training of young entrepreneurs from all regions of Tshwane through intensive innovation and business development boot camps, which culminated in three winners who received prize money from Standard Bank to further invest in their business.
- Support for the City's Tswelopele initiative sponsored by Coca Cola.
- Promoting innovation for service delivery initiatives in Tshwane-based universities supported by Inter-University Innovation Challenge partners: Eskom, French Embassy, Human Sciences Research Council, The Innovation Hub, Technology Innovation Agency, TuksNovation, University of South Africa and Tshwane University of Technology.
- Donations to support vulnerable communities in the fight against COVID-19 received from SABS, Sasol, Standard Bank, South African Local Government Association and United Nations Development Programme.
- Training of personnel who manage shelters for the homeless provided by the University of Pretoria.

NATIONAL INTERGOVERNMENTAL STRUCTURES

The City is represented at the Roads Coordinating Body, which is a national committee under the auspice of the Department of Transport that aims to develop and deploy the Road Infrastructure Strategic Framework for South Africa. This committee comprises all provincial road authorities, metropolitan municipalities and key national departments, including the National Treasury and the Department of Public Works. It addresses the planning, development and maintenance of roads through appropriate standards, information systems and human resources. The structure also comprises a number of subcommittees in which the City is also represented.

PROVINCIAL INTERGOVERNMENTAL STRUCTURES

In the financial year under review, the City partnered with the Gauteng Provincial Legislature on citizen responsibility campaigns. The purpose of these campaigns is to raise awareness of citizens' rights and responsibilities in relation to the Constitution and Bill of Rights. They also raise awareness on the mechanisms of local government.

2.4 PUBLIC ACCOUNTABILITY AND PARTICIPATION

Public participation is critical to municipal governance. The expression of public participation enables communication and interaction between the municipality and the community. Through public participation, members of the community and stakeholders are given an opportunity to inform the municipality of their development needs. The Office of the Speaker mobilises the community to ensure effective public participation.

In the financial year under review, consultations were facilitated regarding the following, among others:

- The reviewing and drafting of by-laws

- Public comments on the IDP and the Medium-term Revenue and Expenditure Framework (MTREF)

WARD COMMITTEES

The Office of the Speaker plays a critical role in training all ward committees in identified core skills as part of the drive to capacitate ward committees for improved participation, and to play a meaningful role as a bridge between Council and the community. The functionality and effectiveness of the ward committee system are determined by the outcomes of the IDP. The process to re-establish ward committees within the City of Tshwane is currently underway. No training took place during the 2020/21 financial year.

PETITIONS RAISED BY THE COMMUNITY

The Office of the Speaker facilitates responses to petitions raised by the community on behalf of the City. The turnaround time to resolve petitions is 90 days, however, most petitions are resolved within 60 days. The petitions are registered and referred to the Office of the Speaker for consideration and comment. Interdepartmental meetings are convened with petitioners for clarity purposes and to request more information. The Office of the Speaker visits the petitioners to get clarity on the petitions and to perform site inspections. The petitioners are invited to the deliberations of the Petitions Committee and given the opportunity to discuss the matter before resolutions are taken. The resolutions are disclosed to petitioners and forwarded to the relevant departments for implementation. The Office of the Speaker monitors the implementation of the resolutions with petitioners.

PARTICIPATION OF TRADITIONAL LEADERS IN ACCORDANCE WITH LEGISLATION

Section 81 of the Municipal Structures Act, 1998 stipulates the following:

- (1) *Traditional Authorities that traditionally observe the system of customary law in the area of municipality may participate through their leaders identified in terms of subsection (2), in the proceedings of the council of that municipality, and those traditional leaders must be allowed to attend and participate in any meeting of the council.*
- (2)(a) *The MEC for Local Government in the Province, in accordance with Schedule 6 and by notice in the Provincial Gazette, must identify the traditional leaders who in terms of subsection (1) may participate in the proceedings of the municipal council.*

In terms of the *Provincial Gazette Extraordinary*, 4 February 2013, the Gauteng MEC for Local Government identified the following two traditional leaders who may participate in the proceedings of the City of Tshwane Council:

- Kgosi Kgomotso Cornelius Kekana, Amandebele-Ba-Lebele Community (Majaneng, Hammanskraal)
- Ikosi Mkhambi Petrus Mahlangu, Amandebele Ndzundza Sokhulumu Community (Sokhulumu)

In light of this proclamation (Annexure B), the City of Tshwane is only required to formalise relations, provide support and incur expenses for any activity, event or programme that affects the two above-mentioned senior traditional leaders. In terms of the Traditional

Leadership and Governance Framework Act, 2003 (Act 41 of 2003), the role of traditional authorities relevant to the municipality includes the following, among others:

- Supporting municipalities in the identification of community needs
- Facilitating the involvement of the traditional community in the development or amendment of the IDP of a municipality in whose area the community resides
- Recommending, after consultation with the relevant local and provincial houses of traditional leaders, appropriate interventions to the government that will contribute to development and service delivery within the area of jurisdiction of the traditional council
- Participating in the development of policy and legislation at local level
- Participating in the development of programmes of municipalities and of the provincial and national spheres of government
- Promoting the ideals of cooperative governance, integrated development planning, sustainable development and service delivery
- Alerting any relevant municipality to any hazard or calamity that threatens the area of jurisdiction of the traditional council in question or the well-being of people living in such area of jurisdiction, and contributing to disaster management in general

IDP PARTICIPATION AND ALIGNMENT

One of the City's commitments is to promote public participation and consultation based on constitutional and legal obligations, including the governance model. To bring effect to this, the City has and will continue to promote participatory engagements with communities in all its processes, including the development of the IDP. Public participation is being done as a compliance exercise and as an honest engagement with communities in order for the City to outline all programmes that will be implemented within the five-year cycle of the IDP, which is informed by the priorities of the community. It also gives community members a clear understanding of the processes that have been put in place by the City. In compliance with the legislative requirements, the City has developed the IDP and MTREF Process Plan, which was approved by Council on 20 August 2020, spelling out the process that will be followed during stakeholder engagement.

The City was faced with a challenge when President Cyril Ramaphosa declared a national state of disaster, which limits the number of people to 100 for indoor gatherings in large venues and 250 for outdoor venues under the Level 1 COVID-19 restrictions. This posed a challenge to the City's method of public consultation, such as town hall public meetings, as is the custom in Tshwane. The limit on movement and gatherings poses an opportunity for the City to fully use the capacity it has developed, in particular with regard to the establishment of the E-Participation Subsection within the Office of the Speaker, as approved in the 2017 organisational structure.

Due to the COVID-19 pandemic, a new approach had to be developed for public participation. Council approved the outreach concept on community and stakeholder consultation on 28 January 2021. The purpose of the report was to inform Council of processes that will be followed to roll out public participation and to highlight challenges that we may face if we follow normal contact meetings.

The tabling of the draft IDP and budget at Council must be done 90 days before the start of the new financial year (by the end of March 2021) as per MFMA regulations. Upon approval, the draft IDP and budget must be communicated to stakeholders to enable them to submit

inputs and comments within a legislated 21 days after the day of approval. Engagement with communities and stakeholders for comments and inputs on the draft IDP and budget is done in terms of Sections 22 and 23 of the MFMA and Chapter 4, Section 21 of the Municipal Systems Act, 2000. The consultations included virtual meetings for wards that had access to equipment where communities were able to participate and raise issues in terms of the IDP. There were also contact meetings that took place at various community halls in all seven regions.

Public participation tools that were used for public consultations included the following:

Website

The City placed the draft IDP and budget documents on its official website (www.tshwane.gov.za) for communities to have access to the reports in order to read these and provide comments.

Newspaper notices

Notices were published in three local newspapers (*Sowetan*, *Pretoria News* and *Beeld*) to inform residents about the reports being available on the City of Tshwane website for them to view and provide comments.

Email

The City used its database information of all stakeholders and community members from the Council and the Committee Secretariat Services Division in the Office of the Speaker to email the draft IDP and budget documents for comments and inputs.

Facebook and Twitter

The Office of the Speaker initiated a process with Communication, Marketing and Events to use the official City of Tshwane Twitter and Facebook accounts in order to share the link of the draft IDP and budget documents. This was done to request all stakeholders and community members to provide inputs and comments.

Radio advertisements

Communication, Marketing and Events arranged local radio interviews where MMCs were able to engage with listeners on the content of the IDP and which projects would be implemented in their regions. The schedule of radio interviews is included in the following table.

Table 16: Regional stakeholder engagement

Radio station	Listenership	Areas	Languages	Region	Date and time of interview	MMC allocated
Pheli FM (Atteridgeville)	37 000	Attlyn, Mazakhele area, Oustad, Saulsville, Matebeleleteng, Pretoria West and Mamelodi	English, Sepedi, Setswana and isiZulu	3	26 April 2021 from 18:00 to 19:00	Cllr Dikeledi Selowa

Radio station	Listenership	Areas	Languages	Region	Date and time of interview	MMC allocated
Kangala FM (Bronkhorstsp ruit)	82 000	Bronkhorstsp ruit, Refilwe, Rayton, Cullinan and Mamelodi	English and isiNdebele	5 and 7	26 April 2021 from 18:00 to 20:00	Cllr Mpho Mehlape-Zimu
Mams FM (Mamelodi)	25 000	Mahube, Nellmapius, Pretoria East, Sunnyside, Stanza Bopape and Eersterust	Xitsonga, isiNdebele, Setswana, English and Mamelodi Lingo	6	21 April 2021 from 19:00 to 20:00	Cllr Dikeledi Selowa
Soshanguve FM	48 000	Rosslyn, Ga-Rankuwa, Mamelodi, Hammanskraal and Atteridgeville	Setswana, isiZulu and English	1	23 April 2021 from 15:30 to 16:30	Cllr Thabisile Vilakazi
Moretele FM	103 000	Hammanskraal, Temba and Mabopane	Sepedi, Xitsonga, Setswana and English	2	26 April 2021 from 19:00 to 20:00	Cllr Thabisile Vilakazi
Power FM	103 000	Gauteng	English	All	21 April 2021 from 11:05 to 11:30	Cllr Mare-Lise Fourie

2.5 CORPORATE GOVERNANCE

RISK MANAGEMENT

The City's Enterprise Risk Management Division is responsible for the systematic process of coordinating the identification, monitoring, analysis and reporting of, and responding to, risks. The reports of the division are submitted to the various oversight committees in line with the approved Risk Management Policy to ensure that the oversight committees provide effective and efficient risk advisory services regarding the risk management systems. As per the approved internal audit charter, the purpose of the City's Enterprise Risk Management Division is to assess the City's network of risk management and control, including governance

ANTI-CORRUPTION AND FRAUD

The City's Ethics Management and Forensic Services Division is responsible for the investigation, monitoring and implementation of anti-fraud and anti-corruption strategies. The division conducted training and outreach programmes that targeted internal and external stakeholders. The status of fraud and corruption prevention interventions concluded during the financial year under review is as follows:

- 171 ethics, fraud and corruption training, education and awareness programmes were implemented between 1 July 2020 and 30 June 2021.
- 30 of the interventions were targeted at employees of the City of Tshwane and of its entities and service providers.
- 475 employees were reached.
- 141 of these interventions were done in all regions of Tshwane, targeting specific wards and reaching 16 183 community members.

- In terms of the SDBIP business plan targets for the period under review, there was a target of 48 outreach and training programmes. With 171 training interventions achieved, the target was reached.

OVERVIEW OF SUPPLY CHAIN MANAGEMENT

As part of its resolve for a clean, accountable and financially sound municipality, with the highest standards of financial prudence, the City developed and implemented a Financial Sustainability Plan. One of the critical areas of focus identified in the City's Financial Sustainability Plan is to "effect ongoing improvements in supply chain management". In response to this priority, the City committed to a number of reforms. Among others, these reforms include improving the performance of the bid committees, developing and implementing effective procurement plans, and improving demand planning, acquisition, logistics, contract management and risk management in the supply chain management value chain. Other interventions included promoting adherence to the City's policies and set procedures.

In its efforts to improve supply chain management over the financial year under review, the City implemented its turnaround strategy (supply chain management intervention) in terms of the following aspects:

- People and restructuring
 - The Divisional Head: Logistics and Performance Management post was advertised and shortlisted, but interviews have not yet been conducted.
- Processes
 - Analysis of as is business processes and the development of to be business processes started in December 2018 and were completed in the 2020/21 financial year. These processes will be fully implemented with effect from July 2021.
 - The implementation of a centralised warehouse was approved by Council. This is one of the intervention measures to centralise order decisions and processes to optimise stock management, control operating costs and improve service delivery.
- Systems
 - Automation of the entire value chain of the Supply Chain Management Division.
 - A service provider was appointed to assist with upgrading e-Procurement, and provide service support and maintenance of all modules.

BY-LAWS

Section 11(3)(m) of the Municipal Systems Act, 2000 provides municipal councils with the legislative authority to pass and implement by-laws. All the by-laws are approved by Council, subjected to a public participation process where the public and focused stakeholder groups are invited through a publication advertisement in two of the local newspapers and the *Provincial Gazette*. The rationale behind public participation is for the public to render comments and to ensure effective engagement on City business. The Council approves the by-law which, in turn, is followed by promulgation in the *Provincial Gazette* before implementation.

The following table provides information on by-laws developed and revised by the City in the 2020/21 financial year:

Table 17: By-laws introduced during the 2020/21 financial year

Newly developed	Revised	Public participation conducted prior to adoption of by-laws (Yes/No)	Dates of public participation	By-laws gazetted* (Yes/No)	Date of publication
	Rules and Orders	WIP	19 July 2019	No	Final Report: Still awaited
	Budget and Section 75A Tariffs		N/A	Promulgated: TARIFFS-2021-2022-LAN627, PROV GAZ 201, Vol. 27 of 23 JUNE 2021 (See Page 221 to 458)	23 June 2021
	Property Rates By-law and Policy	Yes	Completed	Promulgated: 2021-2022-LAN627, PROV GAZ 201, Vol. 27 of 23 JUNE 2021 (See Page 221 to 458)	23 June 2021
	Property Rates Schedule	Yes	Completed	Promulgated: 2021-2022-LAN627, PROV GAZ 201, Vol. 27 of 23 JUNE 2021 (See Page 221 to 458)	23 June 2021
	Street Trading / Informal Trading	Yes	Completed	No	To be promulgated during August 2021
	Outdoor Advertising By-law	Yes	Completed	Awaiting final Council resolution	To be promulgated during August 2021
	Ward Committee	Yes	Still engaging with senior counsel on amending the draft as per her input (Advocates Sorayah Hassim SC and Mphahlele SC)	No Awaiting final Council resolution	Not yet published
	Internal Municipal Service Districts Section 85 By-law (Replacing City Improvement District By-law)	Yes	Completed	Promulgated: LAN 564, PG 191, Vol.27 of 9 JUN 2021	9 June 2021
	Air Quality	Yes	Done: Awaiting final Council resolution for promulgation	Report being considered by the Mayoral Committee in July or August 2021	Still in process

Newly developed	Revised	Public participation conducted prior to adoption of by-laws (Yes/No)	Dates of public participation	By-laws gazetted* (Yes/No)	Date of publication
	Cemeteries and Crematorium	Done	Done	Promulgated: LAN 1545, Prov Gaz.250, Vol 26 p 94	9 June 2021

WEBSITE

The content that was published on the City's website, in accordance with Section 75 of the MFMA, is summarised below.

Table 18: City of Tshwane website: Content and currency material

Documents published on the website	Yes/No	Publishing date
Current annual and adjustment budgets and all budget-related documents	Yes	2 March 2021
All current budget-related policies	Not all	22 June 2021
The previous annual report (Year -1)	Yes	27 March 2020
The annual report (Year 0) published or to be published	Yes	4 June 2021
All current performance agreements required in terms of Section 57(1)(b) of the Municipal Systems Act, 2000 (Year 0) and resulting scorecards	Yes	4 August 2020
All service delivery agreements (Year 0)	No	
All long-term borrowing contracts (Year 0)	No	
All supply chain management contracts above a prescribed value for Year 0	No	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of Section 14(2) or (4) during Year 1	No	
Contracts agreed in Year 0 to which Subsection (1) of Section 33 applies, subject to Subsection (3) of that section	No	
Public-private partnership agreements referred to in Section 120 made in Year 0	No	
All quarterly reports tabled at Council in terms of Section 52 (d) during Year 0	Yes	11 May 2021
Note: Section 75 of the MFMA sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments. T2.10.1		

PUBLIC SATISFACTION ON MUNICIPAL SERVICES

Based on a City of Tshwane Mayoral Committee resolution taken on 19 August 2009, Customer Satisfaction Surveys must be conducted bi-annually. Consequently, the Customer Relations Management Department conducted household, business and embassy satisfaction surveys in 2009, 2011, 2013, 2015, 2018 and 2021. The 2021 survey was conducted using web-based self-service and computer-aided telephone interviews in May and June 2021 due to the COVID-19 lockdown. The primary purpose of the 2021 Customer Satisfaction Survey was to measure the satisfaction of households, businesses, embassies and consulates with the municipal services provided by the City of Tshwane. The survey measured satisfaction with –

- core municipal and community services;
- public safety and by-law enforcement;
- billing and payment services; and
- customer care services.

The supplementary purpose of the study was to gather customers' views regarding –

- challenges (households) and constraints (businesses);
- involvement in consultative and participatory processes of the City;
- awareness of corruption within City of Tshwane structures; and
- confidence in varied abilities of the City.

Alongside these goals, the study aimed to prioritise customers' future focus areas for the City of Tshwane. Supplementary aims of the business survey in particular were to determine the level of businesses' vulnerability with the intention to highlight major challenges affecting optimal business functioning within Tshwane.

This top-line finding report presents the outcomes of the 2021 City of Tshwane Customer Satisfaction Survey. The report presents the descriptive analyses of the household and business surveys conducted among 3 877 households, 878 businesses and 25 embassies and consulates. Supplementary to the quantitative customer surveys, the report also provides thematic analyses of the qualitative research findings. The richness of the research findings was also complemented with observational research in the form of illustrative images of service areas across all regions, which served to further confirm the outcomes emerging from the quantitative and qualitative research. Besides an overall mediocre municipal service delivery performance, a lack of confidence in the City of Tshwane leadership, corruption, safety after dark (and in the inner city) and pertinent business constraints (contributing to high levels of business vulnerability) are all pertinent research outcomes forthcoming from the 2021 Customer Satisfaction Survey.

These critical areas need to be prioritised to enhance service delivery and standards, to improve customer confidence, trust and social cohesion and to stimulate economic growth and employment – all in support of the advancement of the strategies and priorities of the City of Tshwane as outlined in the City 2030 vision document. This nuance exclaims the importance of sharing the outcomes of the study with all relevant internal stakeholders involved with the service delivery improvement and annual performance planning of the City with the view of disseminating the outcomes of the 2021 Customer Satisfaction Survey to enhance short-, medium- and long-term planning. It is important that such planning be accompanied by a dedicated action implementation plan and regular monitoring of improvement plans and strategies before again measuring the customer satisfaction levels for the City in 2023.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

INTRODUCTION

The 2020/21 financial year marked the end of the 2016–2021 IDP for the term of Council that started in 2016. This IDP sets out the agenda for the fourth term of democratic and developmental local government for the Tshwane region. Organised under the vision anchored on the pillars of fairness, freedom and opportunity, and articulated as *Tshwane: A prosperous capital through fairness, freedom and opportunity*, the agenda for the term of office identified three strategic framers: **Stabilisation, revitalisation and delivery**. Therefore, as part of rolling out the IDP over the financial years covering the five-year horizon, the 2020/21 SDBIP was the last plan developed and implemented to respond to the priorities set out in the 2016–2021 IDP. This report is a reflection on the progress made by the City in implementing the commitments set for the 2020/21 financial year in line with the priorities in the IDP.

Over the financial year under review, the City's efforts were geared towards providing consistent, predictable and sustainable services, especially basic services (water, electricity and sanitation), and promoting growth and development in the Tshwane region. This was to be achieved by focusing on –

- providing a consistent supply of basic services, including rudimentary services in informal settlements;
- providing a range of comprehensive social services through the indigent support programme;
- upgrading and developing informal settlements;
- promoting safe, reliable and affordable public transport;
- building safer communities;
- attracting investment and promoting economic growth by enhancing local economic development;
- continuously providing support to SMMEs and co-operatives; and
- developing infrastructure.

Recognising the role of participatory governance in promoting effective service delivery, the City placed a premium on broadening public participation and community consultations in managing the affairs of the municipality. As a result, planning and reporting was extended to the residents of Tshwane despite the restrictions and limitations posed by the COVID-19 pandemic.

Against this background, this chapter presents the results achieved and the challenges experienced in the implementation of the SDBIP against the priorities and targets set to be achieved over the financial year under review. It is, however, undeniable that for 2020/21, the City recorded undesirable underperformance against the targets set. Some of the notable underperformance is attributed to the ongoing lockdown restrictions implemented as part of the government's approach to managing the COVID-19 pandemic.

3.1 BASIC SERVICES

INTRODUCTION TO BASIC SERVICES

Over the financial year under review, the provision of basic services served multiple purposes. As an intervention to respond to one of the objectives of the National Development Plan 2030, which relates to the elimination of poverty and reducing inequality, the provision of basic services was targeted at improving the livelihoods of residents of the Tshwane region, especially the marginalised. Also, the City provided basic services to Tshwane residents as an expression of its commitment to promoting basic human rights and the dignity of residents, especially the poor and marginalised. While the City did not achieve all the targets it set for itself, significant strides were made in ensuring that a predictable and consistent supply of quality basic services was provided. Broadening access to basic services and maintaining the provision of services in areas that already had access was the key driver of service provision.

This section of the annual report presents the progress and challenges relating to the provision of basic services. The focus is mainly on the following services:

- Water and sanitation
- Electricity, including contributions by Eskom
- Waste management
- Housing, including contributions by HCT

3.1.1 WATER AND SANITATION

INTRODUCTION TO WATER AND SANITATION

The City's recognition of the provision of adequate water and sanitation services as a basic human right drove its dedication and resolve for service improvement. In its efforts to promote access to water and sanitation and to improve the quality of services, the City committed to a broad range of deliverables over the financial year under review. These include –

- reducing water losses;
- increasing water treatment capacity;
- stabilising WWTW and water purification plants;
- upgrading, repairing and maintaining infrastructure; and
- augmenting reservoir capacity for new developments.

WATER PROVISION

In the financial year under review, the City's efforts focused mainly on broadening access to water services. This is viewed within the context of recognising access to water services as a basic human rights matter. Addressing access to water services necessitates the development and maintenance of the supporting infrastructure. In response to this, the City builds reservoirs and undertakes infrastructure maintenance in the form of upgrading and replacing worn-out pipes in the network, refurbishing water purification plants and installing water meters. The provision of rudimentary water services to people residing in informal settlements is also one of the approaches used by the City to promote access to water

services. The City also invested a significant amount of resources and efforts in the management of water losses to reduce unaccounted for water by a reasonable margin.

Against this background that outlines the focus of the City, the following represents some of the highlights on the progress made over the financial year under review:

- 11 169 new water connections were effected.
- Rudimentary water services were provided to 138 informal settlements.
- 18 088 m of pipes were upgraded and installed on the network.
- To date, approximately 86% of households in Tshwane have access to piped water inside the dwelling. The other 14% of households are supplied through street communal standpipes and water tanker services.
- A 34,6% reduction of non-revenue water was achieved.
- The City is also an exporter of bulk water outside its area of jurisdiction, covering areas like Johannesburg (2,7 Mℓ per day), Moretele LM (6,9 Mℓ per day), Madibeng LM (30,2 Mℓ per day) and Thembisile LM (12,3 Mℓ per day). The total bulk water exports are 52 Mℓ per day (5,1% of bulk inputs).
- The net average volume supplied in Tshwane was 1 013 Mℓ per day during the 2020/21 financial year.

These efforts contributed significantly in promoting access to water services as well as improving the predictability of supply, and will also play a critical role in ensuring a sustainable supply of good quality water services.

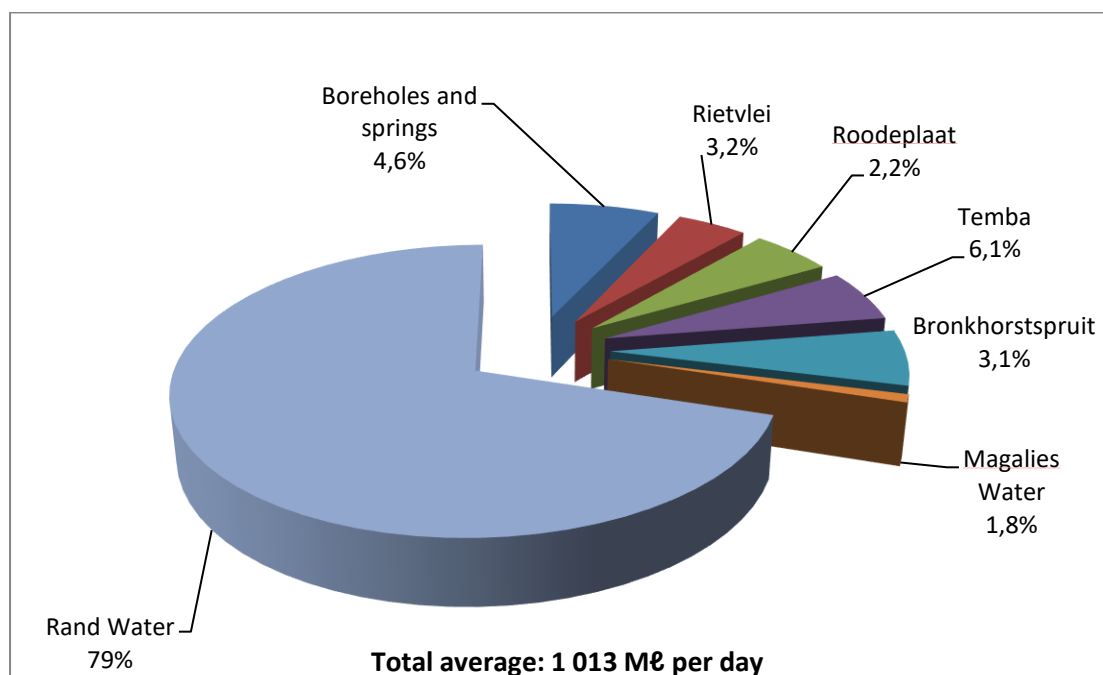


Figure 6: Total average water supply per day

NEW CONNECTIONS AND BACKLOG ADDRESSED

Providing access to water services is one of the critical service delivery priorities of the City. As it is an apex priority, the City invests significant amount of resources to achieve this imperative. Over the financial year under review, the City's efforts resulted in the installation of 11 169 new water connections. This contributed significantly in reducing the backlog and

promoting access to water services as a basic human rights issue. It further contributed to efforts in managing the coronavirus as some of the critical control measures depend on the availability of water to promote hygiene.

PROVISION OF WATER SUPPLY TO MEET GROWING DEMAND

The provision of water supply to meet growing demand is categorised as the process of upgrading, constructing and renewing water infrastructure. This takes into consideration lengthening network and supply pipelines, replacing worn-out network pipes, upgrading and supplying bulk water pipelines, and refurbishing and upgrading water treatment plants and reservoir extensions.

In the financial year under review, the following infrastructure development initiatives were implemented:

- **Klipgat Hospital Reservoir:** The new Klipgat Hospital Reservoir was constructed, and feeders and outflow mains were installed to provide adequate water supply capacity to facilitate backlog eradication in Klipgat and surrounding areas. The current water supply is not sufficient for the current demand and for the new developments that have been planned in and around Klipgat. The overall progress to date is 94%. The project will benefit the community of Ward 22 in Region 1, with 4 700 households directly using the new reservoir.
- **Iscor Heights Bulk Pipeline:** The bulk water supply to the Iscor Heights low-level and high-level reservoirs in Region 3 was upgraded. The project is located west of Pretoria within the Thaba Tshwane area. The Iscor Heights reservoirs service more than 1 000 households and industrial organisations.
- **New Parkmore LL Reservoir associated pipework:** The construction of the new Parkmore LL Reservoir associated pipework in Region 6 with work spanning two wards, namely Ward 50 and Ward 96. The project requires the construction of an additional 10 Ml to meet the increased demand in the water supply for the Parkmore low-level reservoir service area as well as the installation of the associated pipework. The Parkmore LL system will connect to the Garsfontein system and will service more than 20 000 households. The project is scheduled for completion in Quarter 1 of 2021/22.

REDUCTION OF UNACCOUNTED FOR WATER (NON-REVENUE WATER)

Non-revenue water, and more especially water loss, is a global phenomenon and no water supply and distribution system is completely leak free. The latest 12-month running average for non-revenue water in the City of Tshwane is 34,6% (118 709 140 kℓ per annum). Apparent losses make up 23 676 664 kℓ per annum and physical losses make up 94 706 656 kℓ per annum. Approximately 79% of the City's system input volume is sourced from Rand Water at a current purchase cost of approximately R10,14. The remaining 21% is sourced from own and local sources at approximately 50% of the cost of water provided by Rand Water.

The primary factors contributing to water losses are categorised as follows:

- Ageing infrastructure leading to leaks and bursts
- Non-reporting of water leaks by customers
- Failing to repair reported water leaks timeously

- High system pressures in some areas
- Water theft and illegal water connections
- Non-replacement or delayed replacement of old and defective water meters due to financial constraints

The City has put in place the following actions to reduce water losses:

- Improving response times to repair leaks (active and passive) to reduce wastage
- Metering: Installing water meters at unmetered houses, conducting meter audits to improve information on the billing system and replacing old and/or damaged meters to increase the accuracy of meter readings
- Installing pressure management systems to reduce high pressures and leakages
- Replacing pipe networks in areas with worn-out network pipes
- Addressing illegal connections
- Implementing tight water supply restrictions on non-paying customers

The table below provides information relating to the use of water by each sector.

Table 19: Use of water by sector

	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2020/21	0	0	47 888 635 m ³	199 770 739 m ³	118 709 140 m ³
T 3.1.2					

The table below provides statistical information regarding the provision of water services since 2006.

Table 20: Provision of water services

Indicator or service	Five-year plan (2006–2011)		Five-year plan (2011–2016)		Five-year plan (2016–2021)		Current 2020/21	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
New water meter connections (consumer applications)	21 000	18 571	9 560	10 300	26 700	17 846	5 500	11 169
Water backlog (number)	23 578	25 761	8 000	–	–	–		
New water infrastructure (meter, bulk and network)	142 816 m	246 317 m	31 898 m	30 576 m	4 000 m	23 089 m	2 650 m	2 692 m
Water infrastructure upgraded (meter, bulk and network)	857 917 m	813 688 m	21 400 m	17 394,6 m	57 400 m	68 019 m	18 500 m	22 890 m

The table below presents statistical information regarding water service delivery levels over the 2020/21 financial year.

Table 21: Basic services and service levels

Description	2019/20	2020/21
	Actual households	Actual households
Water (above minimum level)		
Piped water inside dwelling	669 643	671 479
Piped water inside yard (but not in dwelling)		
Using public tap (within 200 m from dwelling)	69 595	70 979
Other water supply (within 200 m)		
<i>Minimum service level and above subtotal</i>	739 238	742 458
<i>Minimum service level and above percentage</i>		
Water (below minimum level)		
Using public tap (more than 200 m from dwelling)	4 582	4 582
Other water supply (more than 200 m from dwelling)	210 576	216 100
No water supply		
<i>Below minimum service level subtotal</i>	215 158	220 682
<i>Below minimum service level percentage</i>		
Total number of households*	954 396	963 140
<i>*To include informal settlements</i>		T 3.1.3

The table below presents statistical information regarding the upgrading of water connections from basic to full services.

Table 22: Upgrade of water connections from basic to full services

KPI	Five-year programme target (2006–2011)	Five-year achievement (2006–2011)	Five-year programme target (2011–2016)	Achievement to date (2011–2015)	Achievement to date (2016–2021)
Number of full-service metered connections installed (backlogs)	Five-year target: 23 578 2006/07: 1 816 2007/08: 5 624 2008/09: 12 293 2009/10: 3 155 2010/11: 690	Achieved: 25 761 2006/07: 942 2007/08: 11 168 2008/09: 6 794 2009/10: 6 857 2010/11: 0	Five-year target: 15 312 2011/12: 787 2012/13: 180 (967) 2013/14: 6 905 2014/15: 6 040 2015/16: 1 400	Achieved: 1 319 2011/12: 787 2012/13: 325 2013/14: 14 292 2014/15: 9 358 2015/16: 4 502	Achieved: 2016/17: 5 516 2017/18: 5 644 2018/19: 6 048 2019/20: 2 826 2020/21: 11 169

The following table presents statistical information on the water service policy objectives taken from the IDP for the 2020/21 financial year:

Strategic pillars	Outline service targets	Year –1		Year 0		Year 1	Year 2	Year 3
		Target	Actual	Target	Actual	Target		
		2019/20	2019/20	2020/21	2020/21	2021/22	2022/23	2023/24
Service objective								
Strategic Pillar 3: A City that delivers excellent	Number of households in formal areas with access to water (new	10 000	2 826	5 000	7 405	5 500	6 000	-

Strategic pillars	Outline service targets	Year –1		Year 0		Year 1	Year 2	Year 3
		Target	Actual	Target	Actual	Target		
		2019/20	2019/20	2020/21	2020/21	2021/22	2022/23	2023/24
services and protects the environment	metered connections)							
	Number of informal settlements with access to rudimentary water services	134	182	98	138	98	98	-
T3.1.6								

BLUE DROP SCORES

The City ensures compliance with drinking water quality standards, as stipulated by the South African National Standards (SANS) 241:2006 specification for drinking water. The scores are received from the Department of Water and Sanitation. It must be noted that no scores have been presented to the City for a number of years, including the financial year under review. The table below estimates comparative information on the Blue Drop Assessment scores for the City in the previous financial years.

Table 23: Feedback on Blue Drop scores as at 2014

Performance area	Tshwane Central and South (Rietvlei)	Nokeng	Tshwane North (Roodeplaat)	Temba	CBD (Findley)	Bronkhorst spruit	Bronkhorst baai	Summer Place
2010 Blue Drop score	96,36%	61,25%	96,36%	96,36%	96,36%	41,25%	19,5%	Not assessed
2011 Blue Drop score	97,22%	83,01%	95,48%	82,35%	92,22%	81,24%	66,99%	Not assessed
2012 Blue Drop score	99,20%	90,75%	96,88%	93,5%	97,02%	95,33%	78,07%	66,33%
2013 Blue Drop (estimate)	99,50%	95%	97%	97%	98%	97%	95%	80%
2014 Blue Drop score	97,56%	-	97,22%	88,97%	96,04%	96,08%	90,67%	95,57%
2015 Blue Drop score	No score	-	No score	No score	No score	No score	No score	No score
2016 Blue Drop score	No score	0	No score	No score	No score	No score	No score	No score
2020 Blue Drop score	Suspended		No score, suspended					
System design capacity (Ml per day)	40	14	60	60	40	54	1	1
Operational capacity (percentage in terms of design)	92,5%	69%	75%	92%	94%	93%	100%	91%

Performance area	Tshwane Central and South (Rietvlei)	Nokeng	Tshwane North (Roodeplaat)	Temba	CBD (Findley)	Bronkhorst spruit	Bronkhorst baai	Summer Place
Population served	1 193 194	63 595	643 860	500 875	5 000	121 228	2 000	500
Water safety planning	97%	84%	97%	97%	97%	97%	90%	84%
Treatment process management	100%	93%	100%	100%	75%	85%	51%	36%
Drinking water quality compliance	100%	100%	100%	86%	100%	100%	62%	18%
Microbiological compliance	99,9%	97,2%	99,2%	98,6%	99,9%	99,9%	94,3%	87,5%
Chemical compliance	99,9%	99,9%	99,9%	99,9%	99,9%	99,9%	99,1%	95,1%

SANITATION PROVISION

The provision of adequate sanitation services is one of the key priorities for the current term of Council. The provision of sanitation in the City is articulated through, among others, installing waterborne sanitation infrastructure, addressing sanitation service backlogs, extending the capacity of WWTW, replacing, upgrading and constructing WWTW, and focusing on sewer reticulation. To date, the City has reduced the backlog by a massive count of households totalling 615 908, which was addressed through the provision of flush toilets and other toilet provisions covering 977 281 households.

The table below summarises sanitation service delivery levels for the 2020/21 financial year:

Table 24: Sanitation service delivery levels

*Households				
Description	2019/20		2020/21	
	Target	Actual	Target	Actual
	Outcome	Outcome	Outcome	Actual
	No.	No.	No.	No.
Sanitation and sewerage (above minimum level)		-	-	
Flush toilet (connected to sewerage)		597 768		615 908
Flush toilet (with septic tank)		-	-	
Chemical toilet		-	-	
Pit toilet (ventilated)		13 126		14 219
Other toilet provisions (above minimum service level)		0		
<i>Minimum service level and above subtotal</i>		610 894		630 127
<i>Minimum service level and above percentage</i>		-	-	
Sanitation and sewerage (below minimum level)	-	-	-	
Bucket toilet	-	-	-	
Other toilet provisions (below minimum service level)	-	-	-	

*Households				
Description	2019/20		2020/21	
	Target	Actual	Target	Actual
	Outcome	Outcome	Outcome	Actual
	No.	No.	No.	No.
No toilet provisions	-	-	-	
<i>Below minimum service level subtotal</i>	-	343 501	-	332 935
<i>Below minimum service level percentage</i>	-	-	-	
Total households	-	954 395	-	963 062
*Total number of households including informal settlements				T 3.2.3

The table below summarises achievements in sanitation provision:

Table 25: Sanitation service achievements since 2006

Five-year plan (2006–2011)	Five-year achievement (2006–2011)	Three-year programme target (2011–2014)	Three-year achievement (2011–2014)	Three-year achievement (2017–2021)
Target: 159 720 2006/07: 21 943 2007/08: 67 284 2008/09: 31 160 2009/10: 10 533 2010/11: 28 800	Achieved: 140 029 2006/07: 26 892 2007/08: 54 022 2008/09: 21 711 2009/10: 3 794 2010/11: 33 610	Target: 74 769 2011/12: 38 809 2012/13: 33 938 2013/14: 2 022	Achieved: 82 397 2011/12: 44 393 2012/13: 34 464 2013/14: 10 047 2015/16: 0	Total achieved to date: 3 050 2016/17: 1 586 2017/18: 982 2018/19: 429 2019/20: 53 2020/21: 1 636

The following table presents statistical information on the sanitation service policy objectives taken from the IDP for the 2020/21 financial year.

Table 26: Sanitation service policy objectives taken from the IDP

Table 20: Sanitation service policy objectives taken from the IDP								
Strategic pillars	Outline service targets	Year -1		Year 0		Year 1	Year 2	Year 3
		Target	Actual	Target	Actual	Target		
		2019/20	2019/20	2020/21	2020/21	2021/22	2022/23	2023/24
Service objective								
Strategic Pillar 3: A City that delivers excellent services and protects the environment	Number of households with access to sanitation (new sanitation service)	570	53	350	1 636	1 801	701	-
	Number of informal settlements with access to basic sanitation services	67	82	92	101	87	87	-
T3.2.6								

Responding to the sanitation backlogs is dependent on a number of factors which, among others, include full service water supply, existence of formalised plans, bulk infrastructure, the availability of sewer reticulation and, most importantly, funding.

Some of the projects that are currently being implemented include the following:

- **Saulsville Pump Station upgrade:** The reconstruction of Saulsville Pump Station has been completed and capitalised in the period under review. The pump station was constructed considering high-level security needs to safeguard the infrastructure. The pump station services the community of Region 3, reaching an estimated 900 households.
- **Rooiwal WWTW upgrade:** The progress recorded to date includes upgrading the inlet works at Rooiwal North Plant, upgrading the biological reactors' mixing and aeration system, upgrading the anaerobic digester at Rooiwal East Plant, upgrading the anaerobic digesters at Rooiwal West Plant and upgrading the top sludge dewatering facility. The anticipated project completion date is 2 October 2022.
- **Baviaanspoort and Sunderland Ridge WWTW refurbishment:** This WWTW is operating above its hydraulic design capacity. The available works capacity is 40 Mℓ per day and the actual treated water is about 60 Mℓ per day average dry weather flow. An upgrade project to reinstate an additional 16 Mℓ per day of treatment capacity on Module 2 to lessen the effects of the overload is due for completion. Progress to date on the project is 96% of the civil works, 96% of sealing a biological reactor and completing electrical works, and 99% of fencing. The anticipated date for completion is Quarter 2 of the 2021/22 financial year.
- **Klipgat WWTW refurbishment:** Situated in Region 1 next to the Tolwane River, Klipgat WWTW services several wards to the south of Ga-Rankuwa and Mabopane, and parts of Winterveld and Soshanguve. The scope of the project includes constructing civil works, replacing civil engineering structures related to treatment works, repairing and rehabilitating building structures on the premises as required, and replacing mechanical, electrical and electronic works. The anticipated project completion date is 2 October 2022.

NEW BULK INFRASTRUCTURE AND UPGRADES

- **Construction of new Doornkloof 15 Mℓ Reservoir:** The construction is completed and the reservoir services the communities of Ward 79 in Region 6. The new reservoir is located next to the existing 10Mℓ reservoir and has upgraded the storage capacity to 25Mℓ, which will be sufficient to sustain new developments in the Irene area.
- **Extension of Annlin Reservoir:** The 20Mℓ extension of Annlin Reservoir was completed and capitalised in 2019. The reservoir is situated in Ward 50 and serves 20 000 households in Wonderboom, Annlin and parts of Pretoria North. The project was initiated as a result of extensive developments and future planned developments in the Wonderboom AH and Annlin areas north of Sefako Makgatho Drive. The water supply to this area was inadequate to accommodate the increased water demand.
- **Upgrade of Temba Water Purification Plant:** The upgraded 60 Mℓ per day Temba Water Treatment Plant was completed at the end of June 2021. The plant provides potable water to the communities of Temba, Kudube, Stinkwater and New Eersterus within the Tshwane boundary, as well as some southern portions of Moretele Local Municipality. The plant

serves in excess of 95 000 households. The benefitting wards are Ward 8, 14, 49, 73, 74, 75, 76 and 95. The ozone dosing plant was constructed at the existing plant and the raw water pump station was upgraded.



Figure 7: Completed Temba Purification Plant

3.1.2 ELECTRICITY

INTRODUCTION TO ELECTRICITY

The provision of affordable, predictable and sustainable access to electricity to all households within the Tshwane region remains a key priority of the City. The demand for electricity continues to increase at a high rate, which creates serious challenges for the plans of the City. This increasing demand is exacerbated by countless illegal land invasions which contribute to the drastic increase in the number of households, especially in informal settlements. In response to this high demand for electricity, the City strives to improve the electricity network and connect households to the main electricity supply. The repair, refurbishment, upgrading and maintenance of electricity infrastructure is one of the critical focus areas of the City.

ACCESS TO ELECTRICITY

In the financial year under review, the City prioritised the provision of electricity to areas without access, focusing specifically on low-cost housing through the implementation of the Electricity for All programme.

NEW CONNECTIONS

The New Connections Programme provides up to 11 kV electricity supply to all consumers in the Tshwane area. This involves managing, planning and processing all electrical supplies, and speedily and accurately compiling a quotation in accordance with the applicable tariff document, conditions of supply, by-laws and safety standards. The entire project is application driven, based on consumer needs, and 1 378 new households were connected.

ELECTRICITY FOR ALL

The Electricity for All Programme prioritises areas where there is no access to electricity, with a specific focus on low-cost housing, formalised areas and informal settlements, to ensure

that these areas are electrified. The programme contributes significantly to reducing the backlog on access to electricity by advancing the provision of new electricity connections to houses which are not formally connected to the grid. It supports the provision of basic services in the form of electricity connections to households that were without electricity. Over the 2020/21 financial year, the City electrified 5 455 households through the implementation of the Electricity for All Programme.

The following areas benefited from the 2020/21 electrification programme:

- Soshanguve Ext 7, Region 1
- Mahube Valley Ext 15, Region 6
- Itereleng, Olievenhoutbosch Ext 27, Region 4 (informal settlement)
- Nellmapius Ext 22, Mamelodi Phomolong, Region 6
- Atteridgeville Ext 19, Region 3

REDUCTION OF UNACCOUNTED FOR ELECTRICITY

Electricity distribution losses comprise non-revenue losses (street lights and own use), technical losses and non-technical losses, which is the difference between electricity purchased and electricity sold. Over the period under review, the City recorded 21,67% of electricity distribution losses. Figure 8 below provides an analysis of the electricity distribution losses over the IDP period (2016–2021). The losses have been averaging around 20% with the exception of the losses recorded in the 2018/19 financial year. The increase from the 2019/20 financial year to date was mainly driven by the impact of the COVID-19 lockdown.

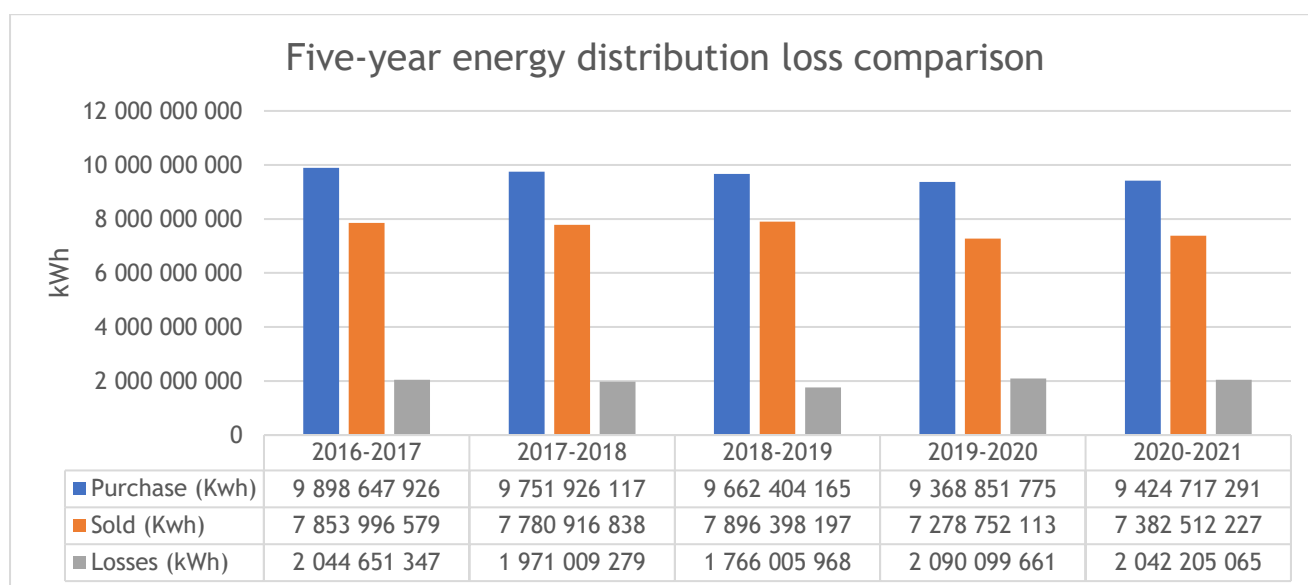


Figure 8: Comparison of five years' electricity distribution losses

Technical losses are as a result of electricity losses experienced when electricity is being distributed from the source of generation through the transmission and distribution network to the final consumer. The wires (copper or aluminium) being used to distribute electricity have a certain resistance that resists the throughput of current. As a result, a certain portion of electricity is lost due to distribution and is categorised as technical losses. The National Energy Regulator of South Africa's acceptable figure for networks like Tshwane's is estimated to be 7% (659 730 210 kWh) of the total distribution losses. However, the national utilities benchmark accepts (expects) technical losses to be between 3% and 6%.

Non-technical losses recorded over the period under review is 12,24% (1 153 181 479 kWh), which is 2,24% above the MFMA Circular 71(2)(B)(1) benchmark of 7% to 10%. The main drivers for the non-performance of non-technical losses are related to administrative and technical errors, high estimates, negligence, electricity theft, tampering with meters and illegal connections.

Non-revenue losses (street lights and own use) accounted for 2,43% (229 293 375 kWh) of the total distribution losses. The observations on the energy sales as indicated in Figure 9 recorded a decline in sales in Quarter 4 of the 2020/21 financial year, mainly for the months of May and June 2021, and coupled with the accounts adjustment completed for low seasons.

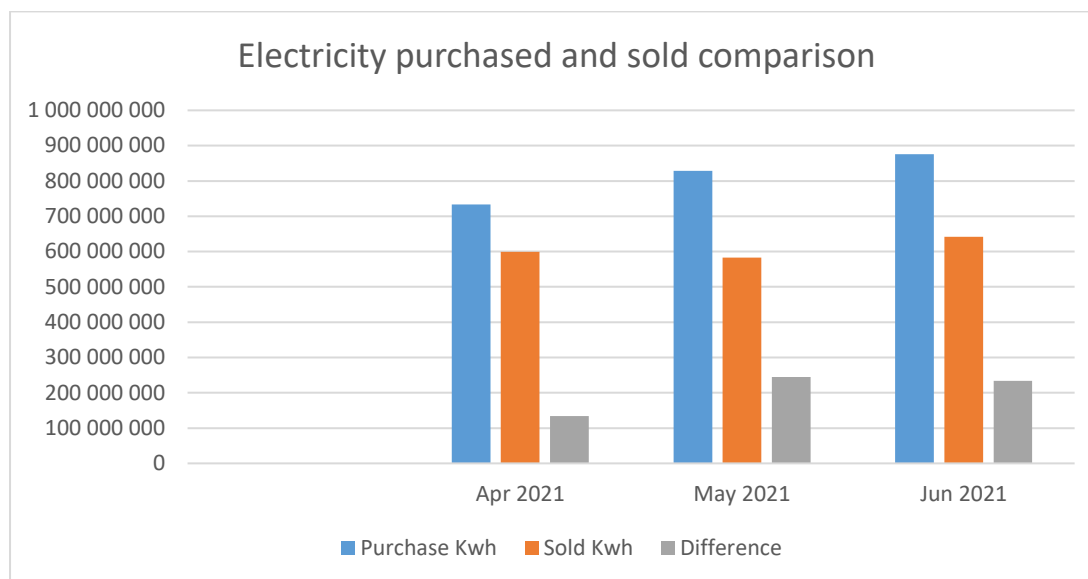


Figure 9: Comparison of electricity purchased versus sold

The table below provides the annual breakdown of electricity distribution losses into various components:

Table 27: Breakdown of 2020/21 electricity distribution losses

	Percentage of total distribution losses	kWh	Eskom tariff	Rand value	Percentage
Total loss (kWh)		2 042 205 065			21,67%
Electricity sold		7 382 512 227			78,33%
Electricity purchased		9 424 717 292			100%
Technical losses	7%	659 730 210	1,0145	R669 296 298	32%
Non-technical losses	12,24%	1 153 181 479	1,0145	R1 169 902 611	56%
Street lights and internal use	2,43%	229 293 375	1,0145	R232 618 129	11%
Total loss	21,67%	2 042 205 065	1,0145	R2 071 817 038	100%

PUBLIC LIGHTING

Public lighting is a critical indicator of electricity service delivery. The provision of street lights and high-mast lights is a critical necessity and basic need that plays a critical role in improving visibility for communities, motorists and pedestrians at night. Public lighting is achieved through the installation of street lights, lamp posts, street lamps and high-mast lights which

are raised sources of light on the edge of a road or walkway. Depending on where the street is, the infrastructure is either connected through underground or overhead network wiring.

2 025 new street lights and 17 new high-mast lights were installed and energised throughout Tshwane. The table below presents a summary of areas that benefited from the Public Lighting Programme:

Table 28: Areas that benefitted from the Public Lighting Programme

Area	Project name	Ward	Region
Soshanguve Block WW	764 WW High Mast	89	1
Ga-Rankuwa	Ga-Rankuwa Zone 7 Scissor Mast	32	1
Soshanguve Ext 11	Sosh Ext 11 High Mast	39	1
Soshanguve Block FF	1320 FF Soshanguve High Mast	94	1
Hammanskraal	Suurman SU 60 High Mast	76	2
Hammanskraal	Mopani/Soutpan Road	98	2

BULK ELECTRICITY INFRASTRUCTURE

The following multi-year bulk electricity infrastructure projects were implemented in the 2020/21 financial year to keep up with load demands.

Multi-year projects being implemented to address backlogs

Soshanguve 132/11 kV Substation
Upgrade the substation from 20 MVA to 80MVA

Status: The project is 75% complete
Completed the construction of the new substation building, which includes the installation, testing and commissioning of the 11 kV switchgear panels.

Expected completion and handover to the City before end of April 2022.

Bronkhorstspuit 132/11 kV Substation
Upgrade the substation from 20 MVA to 80MVA

Status: Finalising the outdoor yard of 33 kV high-voltage equipment, 132 kV control panels and protection panels, and manufacturing all 11 kV switchgear panels.

Expected completion and handover to the City by June 2022.

3.1.3 WASTE MANAGEMENT

INTRODUCTION TO WASTE MANAGEMENT

Integrated waste management driven by a vision of environmental sustainability promotes a clean, liveable and healthy environment that supports development. The City's waste management approach promotes the proper disposal of waste to avoid and prevent contamination and other environmental hazards. Effective management of waste in the City entails the management of waste from the source, consistent collection of refuse, effective disposal and proper landfilling of waste. Promoting compliance of landfills with licencing requirements is also at the apex of the City's commitments relating to waste management.

The high-level activities undertaken as part of waste management in the City include waste management planning, routine waste collection and disposal, promoting waste minimisation, waste recycling and reuse, eradicating illegal dumping, and promoting and enforcing compliance of waste disposal facilities.

ERADICATING ILLEGAL DUMPING

Over the financial year under review, the City made significant strides in the eradication of illegal dumping. 671 illegal dumping hotspots were identified across the seven regions, with the majority found in Regions 1, 2, 3 and 6, and a massive illegal dumping clean-up drive was implemented. Of the 671 illegal dumping hotspots, 80% were on City-owned properties and 20% were on privately owned properties. Over the 2020/21 financial year, the City allocated a sum of R96 600 000 towards a strategy aimed at addressing this challenge, and the following mitigation measures were approved and adopted:

- Identifying and/or confirming illegal dumping sites eligible for removal
- Implementing rehabilitation measures at hotspots
- Allocating equipment per region for intense clean-ups of dumped waste
- Disposing of waste from the dumping site at the nearest City landfill site

WASTE COLLECTION

The City provides refuse collection services to 2 338 formally registered and proclaimed areas and 145 informal settlements at least once a week. Furthermore, weekly waste removal services are provided to business customers using green 240 l and 1 000 l capacity bins. Additionally, bulk waste removal and on-site waste management services are also provided through bulk containers (skips) and 20 m³ containers for residential households, industries, hospitals, garden waste sites and corporate buildings on a daily or weekly basis, including *ad hoc* services.

As at the end of the financial year under review, which also marks the end of term of Council (2016–2021), there were 921 162 main dwellings and 7 821 flats or multi-dwellings in Tshwane. The details are presented in the table below:

Table 29: Dwellings in Tshwane in 2020/21

Region	Main dwellings	Multi-dwellings
Region 1	262 240	497
Region 2	114 295	112

Region	Main dwellings	Multi-dwellings
Region 3	147 583	2 709
Region 4	117 583	753
Region 5	51 823	78
Region 6	193 367	2 178
Region 7	34 271	494
Total	921 162	7 821

The following table presents statistical information regarding waste management objectives as per the IDP for the 2020/21 financial year:

Table 30: Waste management objectives in accordance with the IDP

Strategic pillars	Outline service targets	Year -1		Year 0		Year 1	Year 2	Year 3
		Target	Actual	Target	Actual	Target		
		2019/20	2019/20	2020/21	2020/21	2021/22	2022/23	2023/24
Service objective								
Strategic Pillar 3: A City that delivers excellent services and protects the environment	Percentage of formal areas provided with weekly waste collection services	100%	100%	100%	93,04%	100%	100%	100%
T3.21.3								

WASTE DISPOSAL

There are 12 landfill sites in Tshwane. However, only four of the 12 landfill sites are operational. These four are the Soshanguve, Ga-Rankuwa, Hatherley and Bronkhorstspuit Landfill Sites. The closure of the other eight sites exerts pressure on the four operational sites, which will ultimately affect their lifespans. Landfill sites are managed according to the minimum requirements for waste disposal by landfill as published by the then Department of Forestry, Fisheries and Environment, the landfill site permit and the National Environmental Management: Waste Act, 2008 (Act 59 of 2008). All landfill sites operated by the City are fully licenced and permitted, and serve as the infrastructure that supports service delivery. Therefore, it is important to have the sites operational in support of waste management services.

Table 31: Estimated lifespan of landfill sites

Landfill site	Estimated lifespan (years)	Comments
Ga-Rankuwa	13 years	The expected lifespan is dependent on the disposal rate and waste minimisation initiatives to be introduced. The Waste Management Services Division is preparing to extend the landfill site height to accommodate additional waste and extend its life. This is subject to approval by the Department of Water and Sanitation as well as the GDARD.
Hatherley	12 years	The expected lifespan is dependent on the disposal rate and waste minimisation initiatives to be introduced.
Bronkhorstspuit	6 years	The expected lifespan is dependent on the disposal rate and waste minimisation initiatives to be introduced.

Landfill site	Estimated lifespan (years)	Comments
Soshanguve	13 years	The expected lifespan is dependent on the disposal rate and waste minimisation initiatives to be introduced.



Figure 10: Some of the landfill sites of the City

3.1.4 HOUSING

INTRODUCTION TO HOUSING

The right to adequate housing is an important basic human right, which is recognised in the Constitution and international human rights instruments. The City of Tshwane recognises this constitutional imperative. In support of this the City implements programmes that are targeted at improving access to housing and extending efforts broadly to address the security of tenure. The efforts of the City in the provision of housing play a critical role in ensuring that people live in safe places, and it plays a significant role in ensuring that people's dignity is promoted through housing provision.

In its efforts to provide adequate housing to Tshwane residents, the City engages in human settlements planning and provision, housing administration and infrastructure development to support integrated human settlements development. In collaboration and partnership with the Gauteng Provincial Government, the City constructs houses, undertakes to allocate and transfer houses to qualifying beneficiaries and facilitates affordable City-owned rental stock (accommodation) as per the prescripts of the Housing Act, 1997 (Act 107 of 1997).

Additionally, the provision of housing does not only translate to giving residents shelter, but also gives effect to ensure access to other basic services, such as water, sanitation, electricity and refuse removal, which all are essential for the well-being of residents and to restore their dignity. In the financial year under review, the City made bold commitments to address housing backlogs, formalise ever-increasing informal settlements and issue title deeds to qualifying beneficiaries.

Additionally, to fulfil its housing and human settlements objectives, the City is also supported by its entity HCT, which manages the City's rental housing stock. Some of the service delivery achievements accounted for in this report also take into consideration the contributions made by this entity.

LOW-COST HOUSING

Tshwane continues to attract migrants and this increases the demand for low-cost housing. This leads to other social issues such as homelessness, increased demand for other basic services and an increase in informal settlements. Although the targeted 623 low-cost units for implementation in the 2020/21 financial year could not be realised, the City facilitated 340 affordable rental units through the support of HCT. The non-achievement of the low-cost housing target is attributed to the effects of the ongoing lockdown instituted by the government as a mechanism to manage the spread of the COVID-19 pandemic.

HOUSEHOLDS WITH ACCESS TO BASIC SERVICES

The City of Tshwane remains committed to promoting constitutional imperatives relating to the realisation of basic human rights. In the financial year under review, in addition to the upgrading of informal settlements, the City achieved the results presented in the table below:

Table 32: Households with access to basic services as at 30 June 2021

Year end	Number of informal settlements provided with water	Households in informal settlements	Percentage of households in informal settlements
2019/20	138	258 321	100%
2020/21	101	180 221	100%
T 3.5.2			

SERVICE DELIVERY PERFORMANCE

In the financial year under review, the following results and milestones were achieved:

- 138 informal settlements were provided with access to rudimentary water services
- 41 informal settlements underwent the process of upgrading through participatory planning
- 101 informal settlements were provided with access to rudimentary sanitation services

In addition to addressing the low-cost housing challenge, the City put in place plans to implement different housing programmes to accommodate a large percentage of new growth. These include constructing top structures, implementing bulk infrastructure services and internal services reticulation, and constructing roads and storm water across the seven regions of Tshwane.

PROPERTY REGISTRATIONS AND TITLE DEEDS

Providing security of tenure to Tshwane's residents is one of the City's critical deliverables. Upon allocation of low-cost houses, conveyancers are appointed to facilitate the registration process. They are provided with lists of beneficiaries in order to prepare and lodge applications with the Deeds Office to register the properties (title deeds). Over the financial year under review, 2 616 title deeds were issued to targeted beneficiaries and distributed as follows:

Table 33: Areas where title deeds were distributed in the 2020/21 financial year

Area	Number of title deed issued	Region
Ga-Rankuwa	196	1

Area	Number of title deed issued	Region
Mabopane and Winterveld	67	1
Soshanguve	1 994	1
Hammanskraal	48	2
New Eersterus	92	2
Olievenhoutbosch	107	4
Mamelodi	65	6
Nellmapius	47	6
TOTAL	2 616	

The City also had a backlog of 9 788 uncollected title deeds, which is attributed to illegal sales and occupations, unresolved estates (lack of executor to dissolve estate), untraceable beneficiaries and informal family substitutions. Additionally, given the COVID-19 lockdown restrictions, various events were kept to a minimum with small numbers to be accommodated during the process of issuing title deeds.

HOUSING COMPANY TSHWANE

HCT is a municipal entity of the City of Tshwane, which has been mandated to focus on specialist areas relating to property management for the City of Tshwane. As per the guidance of the Housing Act, 1997, the City established the entity to be a vehicle used to develop and manage social housing and other forms of institutional housing in and around Tshwane. Therefore, the mandate of the HCT includes the following:

- Developing and managing affordable rental housing opportunities close to employment nodes, transport nodes, social amenities and related public services for households earning between R3 500 and R7 500 per month (as revised by the Department of Human Settlements from time to time)
- Providing rental housing accommodation for people who do not qualify for subsidies and are unable to participate in the formal, non-subsidised housing market
- Providing property management and turnaround services for low- to medium-density social or rental accommodation
- Managing all rental stock owned by the City

In the financial year under review, HCT recorded the following progress against its commitments set for the financial year:

- Achieved 95% occupancy rate for buildings under HCT management on behalf of the City.
- Increased the rate of billed units from 90% to 99,97% in the Silwerkroon, Oosmoot (Villieria), Capital Park, BeterWag (Claremont 50), and Danville S & D and Danville Flats, which significantly boosted revenue generated through rental stock.
- Constructed 340 new social housing units through the implementation of the Townlands project.
- Resolved 100% of maintenance complaints within the set turnaround time.
- Spent more than 94,61% of its allocated budget of R124 868 129 towards the support and development of black economic empowerment companies and SMMEs.

3.2 ROADS AND TRANSPORT

INTRODUCTION TO ROAD AND TRANSPORT

The rapidly evolving markets for labour, capital, goods and services require the roads and transport infrastructure to respond accordingly. In Tshwane, this trend creates a serious demand for a solid road infrastructure and an effective transport system. This becomes exceptionally critical for achieving an efficient and equitable urban system. In Tshwane there is a growing realisation that improving road infrastructure and promoting an effective transport system is a precondition for various economic and social benefits. Solid road infrastructure contributes to operating an effective transport system. An effective transport system and efficient transport services (transport connectivity in particular) removes geographic barriers, supports core economic activities and enhances the productive capacity of the economy. All this creates more economic opportunities for residents.

Recognising all the benefits presented above, the City places a premium focus on developing roads and transport infrastructure, as well as ensuring that it operates an effective public transport system. In the financial year under review, the City committed to constructing roads, maintaining existing roads and storm water networks, promoting an integrated roads and transport system, and operating a safe, reliable and affordable public transport system in line with its Integrated Rapid Public Transport Network (IRPTN) plan.

3.2.1 ROADS AND STORM WATER

The construction and maintenance of roads and storm water infrastructure is one of the City's priorities. In the 2020/21 financial year, the City committed to concrete deliverables which included the construction of new roads and storm water drains, adding to the existing networks. The focus was also on the maintenance of the existing roads and storm water network, including street verge maintenance, and storm water system and culverts cleaning and rehabilitation.

Notwithstanding some of the challenges experienced, which are attributed to multiple factors that include the restrictions emanating from the management of the COVID-19 pandemic, the City made commendable progress. Among other results achieved, the following is highlighted:

- Constructed 23,403 km of roads to the required standard
- Constructed 22,017 km of required municipal storm water drainage network
- Constructed 2,181 km of Tshwane Rapid Transit (TRT) bus lanes

Other critical milestones recorded with regard to the improvement of traffic include the following:

- Considerable progress made with regard to the process of finalising physical road closures and security access control as part of road traffic engineering across the seven regions in Tshwane.
- Partnered with the Gauteng Department of Roads and Transport with regard to the revision of the detail designs for the rehabilitation and upgrading of Solomon Mahlangu Drive to include non-motorised transport (NMT) infrastructure through the C40 Cities

Financing Facility. The project resumed in the 2019/20 financial year and was allocated R285 million. The project is expected to be completed at the end of August 2021.

- Hosted the NMT Indaba conference and virtual workshops from 18 September to 18 October 2020. The objectives of the NMT Indaba were the following:
 - To raise awareness and strengthen the importance of considering walking and cycling instead of being dependent on cars as the primary mode of transport
 - To promote sustainable mobility in African cities whereby communities are afforded an opportunity to raise matters related to road safety

The table below presents statistical information regarding the roads service policy objectives taken from the IDP for the 2020/21 financial year.

Table 34: Roads service policy objectives as per the IDP

Strategic pillars	Outline service targets	Year -1		Year 0		Year 1	Year 2	Year 3
		Target	Actual	Target	Actual	Target	Target	Target
		2019/20	2019/20	2020/21	2020/21	2021/22	2022/23	2023/24
Service objective								
Strategic Pillar 3: A City that delivers excellent services and protects the environment	Kilometres of roads provided to the required standard (km)	30 km	10,8 km	20 km	23,403 km	-	-	-
	Kilometres of completed TRT bus lanes constructed	80% overall completion of the Capital Park Bridges and bus rapid transit (BRT) lane	50% overall completion of the Capital Park Bridges and BRT lane	0,9 km	2,181 km	-	-	-
T3.7.6								

The table below presents statistical information regarding the storm water service policy objectives taken from the IDP for the 2020/21 financial year.

Table 35: Storm water service policy objectives as per the IDP

Table 3.9.5: Storm Water Service Policy Objectives as per the 12.								
Strategic pillars	Outline service targets	Year -1		Year 0		Year 1	Year 2	Year 3
		Target	Actual	Target	Actual	Target		
		2019/20	2019/20	2020/21	2020/21	2021/22	2022/23	2023/24
Service objective								
A City that delivers excellent services and protects the environment	Kilometres of required municipal storm water drainage network constructed	30 km	8,37 km	15 km	22,017 km	-	-	-
T3.9.5								

3.2.2 TRANSPORT

INTRODUCTION TO TRANSPORT

The provision of safe, reliable and affordable public transport is a critical priority of the City. This is evidenced by large investments made in public transport improvement interventions, which are focused on infrastructure development and improving the efficiencies in operating public transport. On the input side of operating an effective transport system, the City builds public transport taxi ranks and other related infrastructure. Operationally, the City manages its bus fleet, operates buses (Tshwane Bus Services (TBS) and A Re Yeng), provides licencing services and administers the entire transport system.

PERFORMANCE OF THE TSHWANE RAPID TRANSIT PROGRAMME

The TRT Programme is one component of the IRPTN, which represents public transport services that are rapid, with designated lanes built in such a way that they are faster than other forms of public transport. TRT integrates with other modes of transport, such as TBS and the Gautrain, where commuters transfer from one mode to another across Tshwane.

Additionally, the IRPTN takes into consideration the fact that there are many areas in the city that currently do not have access to TRT services, especially in the townships where many commuters are still reliant on other forms of public transport. For an effective and efficient transport system to support the entire transport network of Tshwane, the long-term planning for the TRT network aims to cover some parts of the city to ensure that residents have access to more reliable, efficient and affordable transport choices.

To date, some of the notable milestones achieved towards improving access to this mode of transport include the following:

- TRT makes use of a universally accessible bus fleet and stations, operating with approximately 114 buses. To date, 12 stations have been built on Line 1A and Line 2A across the Pretoria CBD.
- Communities that mainly benefit from the TRT transport network are those of Region 2 and 3. The TRT long-term plan includes extending the network to other regions of Tshwane.
- TRT contributes significantly towards environmental sustainability in Tshwane with the use of compressed natural gas buses, which are regarded as the cleanest in burning transportation fuel with no evaporative emissions, and Euro IV diesel engine buses with Adblue that reduces emissions.
- TRT further alleviates traffic congestion and pollution within Tshwane by adhering to the continuous preventative and corrective maintenance of the urban traffic control systems along its routes and around the Pretoria CBD.
- TRT contributes significantly to the improvement of the quality of life of Tshwane residents by affording them an opportunity to travel in and around the city daily, with set intervals and by using Connector cards that are EMV based for TBS and A Re Yeng.

TSHWANE BUS SERVICES

The TBS is a specialised unit of the City's transport component, which was established in 1907. TBS serves to meet the transportation needs of Tshwane residents by providing access

to affordable transportation. Providing a consistent, reliable and affordable service to commuters is the focus of TBS.

TBS has three depots and these are C de Wet, Jan Niemand Park and Pretoria North. The TBS fleet comprises 254 buses and operates on 278 routes radiating from the Pretoria CBD with an average route length of 14 km. The weekday services are provided over 14 hours, with the first service at 04:45 and the last service at 18:40. During weekends, the service runs over a period of eight hours on Saturdays. The morning peak headways range between 5 minutes to 30 minutes. The operations are within a radius of a maximum of 24 km from the Pretoria CBD, which include 185 school routes, 95 normal routes and two contracted routes, with 2 212 planned trips per day and 234 shifts.

The table below presents the municipal bus service data for the 2020/21 financial year:

Table 36: Municipal bus service data

	Details	2020/21	
		Estimate	Actual
1	Passenger journeys	3 600 000	1 595 259
2	Seats available for all journeys	14 000 000	6 860 000
3	Average unused bus capacity for all journeys	0%	0%
4	Size of bus fleet at year end	254	254
5	Average number of buses off the road at any one time	86	125
6	Proportion of the fleet off the road at any one time	34%	49%
7	Number of bus journeys scheduled	168 per weekday	129 per weekday
8	Number of journeys cancelled	7 per weekday	7 per weekday
9	Proportion of journeys cancelled	4%	5,4%
		T,3,8,2	

CITY OF TSHWANE LICENCING SERVICES

In line with the provisions of the National Road Traffic Act, 1996 (Act 96 of 1996) and other legislative prescripts related to driving standards, driving licences and vehicle roadworthiness, all motor vehicles which are operated on South Africa's public roads must be registered and licenced. As a result, the Licencing Services Division serves as an agency responsible for the administration of driving and vehicle licences, and carries out vehicle testing services. In the financial year under review, this agency served the residents of Tshwane by providing the following:

- Renewal of professional driving permits to the taxi industry, commuter business fraternity and aspirant drivers seeking driving job opportunities.
- Periodic provision of driving licences card renewal to ordinary residents.
- Provision of registration and licencing of motor vehicles services to residents, automotive industries, fleet companies and business in Tshwane.
- A specialised facility for the diplomatic fraternity and bulk facility for fleet companies, the banking sector, commercial automotive dealerships and government departments.

Licencing services are rendered at offices across the seven regions of Tshwane, with easy access to residents, and are fully operational from Monday to Friday, 08:00 to 15:00.

Extended hours are provided during the school holidays and festive season activities. The Roads and Transport Department has also embarked on rolling out of more satellite offices.

TSHWANE AIRPORT SERVICES

Wonderboom National Airport, like all other airports in the country and globally, plays a critical role in the tourism industry with massive contributions to economic development by providing airline services, moving passengers and transporting cargo. The City owns and manages all operations at Wonderboom National Airport that is situated in the north of Pretoria in Region 2. Wonderboom National Airport remains a world-class training ground for pilots, including some of the world's greatest pilots.

Owing to the COVID-19 outbreak which restricted airline travel, Wonderboom National Airport recorded a decline in revenue collection over the financial year under review due to less airline movements and non-aeronautical activities not being effective. This ultimately necessitated the City to explore other strategic initiatives to stabilise the airport's operations. It is worth noting that in February 2021, Wonderboom National Airport entered into an MoU with Airports Company South Africa to obtain expert aviation assistance with efforts to stabilise airport operations and developmental initiatives.



Figure 11: Wonderboom National Airport in the north-east of Pretoria

OTHER TRANSPORT DEVELOPMENT INITIATIVES

In the financial year under review, the following four public transport facilities were refurbished:

- Belle Ombre Bus Rank, cnr Kgosi Mampuru and Boom Street, Marabastad, Region 3
- Lyttelton Taxi Rank, Station Road, Lyttelton Manor, Region 4

- Centurion Taxi Rank, cnr Hendrik Verwoerd Drive and Gordon Hood Avenue, Centurion, Region 4

COMMENTS ON THE PERFORMANCE OF TRANSPORT OVERALL

The 2020/21 financial year presented many challenges. Among others, these included the ravaging COVID-19 outbreak which impacted immensely on the construction activities of many projects that contributed to the realisation of some of the transport and road targets. Notwithstanding these challenges, in its quest to promote accessibility to services, the City operates a licencing agency which also ensures that a specialised facility exists for the diplomatic fraternity and a bulk facility for fleet companies, the banking sector, commercial automotive dealerships and government departments. The Licencing Services Division achieved 100% of its revenue collection targets, which translates to R171 431 977 injected into the City's fiscus for the financial year under review. Additionally, the commendable milestones achieved towards improving access to TRT and the continuous, reliable, consistent services provided by TBS undoubtedly position these modes of transport to be the transport of choice for Tshwane residents.

3.3 PLANNING AND DEVELOPMENT

INTRODUCTION TO PLANNING AND DEVELOPMENT

The City's Spatial Development Framework (SDF) provides clear guidelines and principles for planning and economic development. The SDF further places more emphasis on spatial distribution and local economic development, which are essential to transform the urban built environment, enhancing economic growth and job creation. Furthermore, the spatial planning and development of the City is guided and implemented through the prescripts of the National Building Regulations and Building Standards Act, 1977 (Act 103 of 1977) and the Spatial Planning and Land Use Management Act, 2014 (Act 16 of 2014), with specific focus on densifying the city and creating an economically sustainable environment.

In addition to the above legislative framework, the City revised its Metropolitan Spatial Development Framework (MSDF) during the financial year under review during a period where bleak economic performance was recorded nationally. Some of the economic challenges recorded during that period can be attributed to the country's fiscal constraints, credit rating downgrades, rising unemployment and retrenchments in large companies owing to the repercussions of the COVID-19 outbreak. The stated constraints necessitated the City to implement strategies and interventions that would enhance economic development and restore investment in Tshwane.

Over the financial year under review, the City's planning and economic development objectives, as committed to in the IDP, were geared towards the following priorities:

- Attracting investment and encouraging growth in Tshwane
- Revitalising and supporting Tshwane's entrepreneurs and SMMEs
- Empowering individuals to take advantage of business and investment opportunities
- Ensuring infrastructure-led growth to catalyse and revitalise the existing nodal economies
- Encouraging tourism and recreation
- Reviewing the MSDF to redress the municipality's spatial forms by redirecting and encouraging growth in investment nodes

3.3.1 PLANNING

INTRODUCTION TO PLANNING

The City's MSDF encourages integrated spatial planning which focuses on promoting the development of investment nodes and densification along corridors and residential developments within areas endowed with economic activity while supporting social facilities and enhancing the quality of the built environment. In line with the City of Tshwane spatial vision, "To become a spatially efficient capital city that is liveable, sustainable, competitive and resilient", the City continues to deliver on its spatial planning objectives as guided by the following principles:

- Continue developing regulatory frameworks with efforts to integrate land use and other sectoral planning
- Creating a dynamic and an attractive urban environment where people can live, work and engage in recreation
- Continue managing spatial development within the Tshwane region in order to ensure optimal land use
- Continue providing services to the communities of Tshwane by assessing and approving building plans, and resolving queries related to street names and outdoor advertising
- Implementing strategic interventions to optimise resources and to improve turnaround times of building plan applications to meet the specified target of finalising land development applications
- Facilitating and promoting trade and investment in and around Tshwane

In the financial year under review, the City identified a number of precinct plans to be developed and reviewed in areas that needed urban regeneration and to address other spatial planning interventions. The following precinct plans were identified to be developed and are to be completed in the 2021/22 financial year:

- Hatfield Precinct Plan
- Pretoria West Industrial Precinct Plan
- Fresh Produce Market Precinct Plan
- Wonderboom Airport Precinct Plan
- Pyramid South Precinct Plan
- Groenkloof Nature Reserve
- Rosslyn Precinct Plan (Akasia Boom Precinct Plan)
- Sokhulum Precinct Plan
- Clydesdale and Centurion Precinct Plans

The precinct plans listed above will serve as spatial planning instruments that will guide spatial economic growth opportunities in the city, unlocking some of the socio-economic challenges and assisting in developing liveable, vibrant community spaces.

LAND USE MANAGEMENT AND TOPONYMY

The formulation, submission and approval of land use applications is regulated using various sets of prescripts drawn from the relevant legislative framework. Land use management in the City promotes legislative compliance by ensuring that applications are submitted in terms of the correct legislation with the correct documents, and are processed smoothly and

expeditiously. Additionally, the City manages and maintains the Town-planning Scheme and information pertaining to land use rights, which is regarded as a critical component of the property valuation system. Consequently, any change pertaining to land use must be preceded by an appropriate application and approval consideration.

In the financial year under review, 5 205 land development applications were received and processed. Furthermore, the City finalised (approved, rejected or not approved) 3 264 land development applications.

The table below presents the statistical information of land use applications received during the 2020/21 financial year.

Table 37: Land use applications received and processed for the 2020/21 financial year

Type of application	Region							Total
	1	2	3	4	5	6	7	
Consent use (in terms of 2016 by-law)								
Consent use: General (Clause 16)	49	26	43	52	76	32	0	278
Permission additional dwelling house (Clause 14(10))	8	7	7	24	26	23	0	95
Permissions	108	50	42	39	70	29	1	339
Total: Consent use	165	83	92	115	172	84	1	712
Total: Subdivisions (Section 16(12))	15	13	14	25	58	43	1	169
Total: Consolidations (Section 16(12))	8	5	23	20	12	5	16	89
Total: Simultaneous subdivision and consolidation	1	0	0	8	2	3	0	14
Removal/amendments/consent of restrictive conditions by-law (Sections 16(2) and 16(2)(D))	5	25	29	82	100	97	0	338
Total: Rezoning (Section 16(1))	29	23	65	66	88	104	2	377
Sections 16(18) and 16(19): Amendment of applications	0	3	1	6	2	18	0	30
Section 32: Excision of agricultural holding	13	27	6	22	12	11	0	91
Section 23: Errors and omissions	1	0	1	5	8	1	0	16
Total: Extension of time applications after approval	0	0	1	2	0	12	0	15
Total: Site development plans and building plans	594	287	234	520	554	626	1	2 816
Township applications (land use management)		0	0	0	0	0	0	0
Section16(4): Township establishment and extension of boundaries	10	15	3	12	24	19	1	84

Type of application	Region							Total
	1	2	3	4	5	6	7	
Section 16(5): Division of township	0	0	0	2	2	0	0	4
Sections 16(6) and 16(8): Extension of time townships	5	0	0	0	0	4	0	9
Section 16(18): Amendment of township application pre-approval	0	0	0	3	0	0	0	3
Section 16(4)(i)(j)(k): Amendment of township application/conditions post-approval	0	0	0	7	0	2	0	9
Total: Township establishment (land use management)	15	14	1	22	26	24	0	29
Amendment after approval of a township (in terms of Ordinance 15 of 1986)								
Township establishment		0	0	0	0	0	0	0
Section 96(4): Amendment of township application	5	2	2	5	0	9	2	25
Section 100: Amendment of township application post-approval	1	0	1	3	0	4	0	9
Section 98(5): Amendment of conditions post-approval	3	3	0	19	0	3	0	28
Section 99: Division of township (amount of phases)	0	0	0	33	0	0	0	33
Sections 72(1) and 101(2): Extension of time townships	5	43	2	67	4	43	0	164
Total: Township establishment	90	46	3	91	4	57	0	291
Total: Restriction of access	0	0	3	0	0	1	0	4
MPT/SLDT/MAT report transmitted	0	0	0	0	0	0	0	0
Any other application not mentioned above	0	0	2	1	0	1	0	4
APPLICATIONS RECEIVED	945	526	475	1 161	1 090	1 087	21	5 305
APPLICATIONS PROCESSED	945	526	475	1 161	1 090	1 087	21	5 305

BUILT ENVIRONMENTAL MANAGEMENT

The City provides built environmental management services which guide the principles for designing and building structures, and ensuring that all regulatory building and development standards are adhered to as per the prescripts of the Tshwane Town-planning Scheme. The table below presents a summary of all built environmental management activities recorded in the financial year under review.

Table 38: Building control, building plan applications and inspection management

Particulars	Previous financial years (2009/10 to 2011/12)	2017/18	2018/19	2019/20	2020/21	Total achieved
Building plan applications received	40 074	12 193	11 472	8 662	10 490	30 624
Building plan applications approved	33 502	10 253	9 824	6 878	7 128	23 830
Site development plans submitted	2 905	875	813	631	666	2 110
Site development plans approved	1 733	695	552	375	366	1 293
Encroachment and height relaxation applications received	6 474	3 026	2 447	1 911	2 551	6 909
Encroachment and height relaxation applications approved	4 829	3 239	2 384	1 734	1 926	6 044
Building-related inspections conducted	112 360	34 026	29 138	18 585	15 792	63 515
Building-related kilometres travelled	930 411	380 827	291 246	202 259	230 167	723 672
Contravention notices served	3 825	809	586	596	997	2 179
Occupation certificates issued – residential	13 601	8 562	8 060	5 148	1 762	14 970
Occupation certificates issued – non-residential	373	149	121	101	43	265
Occupation certificates issued – additions and alterations to existing residential and non-residential buildings	4 602	1 558	1 417	1 114	884	3 415
Approved construction area (N)	5 044 612	2 229 460	1 911 602	1 409 571	1 516 463	4 837 636

STREET NAMING

- 585 street naming enquiries were attended to.
- These enquiries resulted in the correction of 787 street name records.
- 171 street name inspections were conducted to ensure that the correct street name boards are erected at the correct location.

ELECTRONIC ZONING DATABASE

All zonings, land use rights and control measures for all properties within Tshwane are captured and updated daily. The captured land use rights of properties are regarded as the foundation for municipal property rates and protect the rights of property owners. In the financial year review, new processes and procedures were put in place to ensure that all adopted land use rights are captured on the electronic database within the shortest time frame. In the financial year under review, more than 230 zoning conformations were evaluated and processed at an average turnaround time of 20 days, in line with the timelines set for the capturing of land use rights after adoption.

3.3.2 LOCAL ECONOMIC DEVELOPMENT

INTRODUCTION TO LOCAL ECONOMIC DEVELOPMENT

One of the critical priorities of the City is to promote growth and development to enable economic development through various strategies which include, among others, developing growth-propelling infrastructure, attracting investment, and creating an enabling environment for and contributing to job creation. In line with the commitment to realise one of the strategic framers identified at the beginning of this term of Council (creating a city of opportunity), the City implemented several interventions, which include the following:

- Facilitate and attract trade and investment
- Stimulate township and nodal economies, and improve the ease of doing business in the city
- Promote and provide business support to SMMEs, entrepreneurs, co-operatives, and the emergence of new economic sectors
- Promote tourism in and attract tourism to Tshwane
- Stimulate and improve the rural and agricultural economy

The interventions listed above also take into consideration the contributions made by TEDA over the financial year under review.

PERFORMANCE HIGHLIGHTS

Striving to achieve sustainable economic growth, the City made the following progress over the financial year under review:

- Supported 1 156 SMMEs through various business support initiatives
- Attracted investment to the value of R1,933 billion
- Supported 217 co-operatives through training (business skills training and technical skills training were provided to agricultural co-operatives)
- Generated R111 114 260 of value through outdoor advertising and building control activities
- Collected R760 177 through business (formal and informal) licences and permits

EXPANDED PUBLIC WORKS PROGRAMME

The Expanded Public Works Programme (EPWP) is a nationwide programme aimed at creating job opportunities for the unemployed and marginalised. The implementation of this programme is coordinated in line with the requirements of the City's EPWP Policy. As at 30 June 2021, 8 238 job opportunities were created through EPWP projects implemented by the City.

The diagram below presents a comparison of EPWP figures for five years.

Comparison of EPWP job opportunities across five financial years				
2016/17	2017/18	2018/19	2019/20	2020/21
17 183 opportunities	16 114 opportunities	12 181 opportunities	8 688 opportunities	8 238 opportunities

BUSINESS TRAINING TO ENTREPRENEURS

During April 2021, the City, in partnership with Standard Bank South Africa, launched the Tshwane Idea Validation Boot Camp programme which focused on providing expert business training to entrepreneurs across Tshwane in an effort to enhance their business insightfulness and success. The two-day Idea Validation Boot Camps were attended by over 300 participants who were chosen based on their responses as per the selection criteria set for socio-economic developmental challenges in their communities. With a vision to bolster regions' economic growth, this partnership laid the foundation for further collaborations with Standard Bank for similar initiatives in future.



Figure 12: Entrepreneurs who attended the Ideal Validation Bootcamp

ENABLING INFORMAL TRADE

On 19 and 20 March 2021, Mamelodi and Denneboom food vendors participated in a special Food Handling Empowerment Training Course arranged by the Tshwane Regional Mall Developer at HTA School of Culinary Art, based in Randburg, north of Johannesburg. 15 informal traders were selected from Region 6 and on 20 March 2021 a certificate ceremony was held to honour the successful traders who graduated.



Figure 13: Mamelodi and Denneboom food vendors upon receiving their certificates

TRADE AND INVESTMENT

South Africa continues to export far less industrial output and attract less foreign direct investment as compared to countries in the same peer group. This is exacerbated by challenges related to the rise of unemployment, inequality and poverty as a result of the many economic and socio-economic challenges faced by many countries.

In the financial year under review, Council approved the Tshwane Strategic Investment Attraction, Facilitation and Aftercare plan which commits the City to undertake major investment attraction and technical cooperation drives to solicit investments from strategic countries. The trade and investment plan for 2020/21 was aimed at increasing the City's contribution to job creation and work opportunities, and at attracting and retaining investment in Tshwane as a platform to accelerate job creation. Despite the severe negative economic impact brought about by COVID-19, the City managed to attract R1,8 billion set as an investment inflow.

Furthermore, the COVID-19 pandemic had an unprecedented impact on the economy in Tshwane, South Africa at large and globally. This resulted in economic growth declining by 7% in 2020, which translates to a total loss of approximately R67 billion from the economy. More than 179 000 job losses were recorded, mainly from the transport, wholesale, construction and business services industries. The impact of lost and delayed foreign direct investment has been equally disastrous, which resulted in more than R10 billion of losses from these industries.

TOURISM DEVELOPMENT

It is unarguable that the COVID-19 pandemic impacted negatively on the tourism industry, not only in South Africa but also globally, owing to the travel restrictions imposed by the ongoing lockdown. According to Statistics South Africa, the tourism industry is one of the major direct contributors to the country's GDP. In 2018, the tourism sector contributed about

4,5% of the total employment in South Africa. Furthermore, the volume of tourists decreased by 72,6% from 10,2 million in 2019 to 2,8 million in 2020. In this regard, the City continued to implement various interventions to continuously promote and encourage tourism development in this difficult era.

In addition, the following tourism support programmes were facilitated throughout the year:

- Provided and disseminated Tourism Relief Fund information from the Department of Tourism to members of SMMEs and co-operatives for them to apply for funding support as and when required.
- The City, through the Tourism Grading Council of South Africa, ensured that support is provided to all establishments that have been graded in Tshwane. This support included providing sanitiser stands and media coverage, and promoting these establishments.
- Tourism skills development programmes were facilitated for various tourism stakeholders to continue with operations despite lockdown restrictions, with the focus more on digital skills development.
- The City, in partnership with Gauteng Tourism, facilitated the development of a tourism infrastructure assessment during the COVID-19 era. The findings presented opportunities for the City to continue supporting the tourism industry.

TOURISM-RELATED EVENTS

On 25 May 2021, Africa Day was held at the Protea Fire and Ice Hotel in Menlyn, east of Pretoria. The event was delivered under the African Union theme, *Arts, Culture and Heritage: Levers for Building the Africa We Want*. The purpose of the event was to promote Tshwane as an ideal tourism destination to the global market, especially the African continent. The Executive Mayor of Tshwane addressed the event, which was attended by various embassies, African Union mission offices and stakeholders within Tshwane.



Figure 14: The Executive Mayor with attendees of the Africa Day celebration

On 6 May 2021, the City, through its Economic Development Division, participated in the Tourism SMME Support and Compliance event that was hosted by the Department of Tourism and the Tourism Grading Council of South Africa. The event was meant to ensure that the tourism industry is supported and revived during the COVID-19 lockdown and to ensure business continuity and operations while complying with COVID-19 regulations.

TSHWANE FRESH PRODUCE MARKET

Tshwane Fresh Produce Market is the second largest out of the 19 national fresh produce markets in South Africa and provides a central marketing distribution system primarily for Tshwane and secondarily for the rest of country. Over the financial year under review, Tshwane Fresh Produce Market achieved an annual turnover of R3,7 billion against a set target of R3,4 billion. The turnover year to date (July 2020 to June 2021) grew by 0,89% over the previous financial year, from R3 358 399 129,51 in 2019/20 to R3 750 083 705 in 2020/21.

The table below presents statistical information regarding the local economic development service policy objectives taken from the IDP for the 2020/21 financial year.

Table 39: Local economic development service policy objectives as per the IDP

Table 3: Strategic Pillars, Development Service Policy Objectives as per the 12								
Strategic pillars	Outlined service targets	Year -1		Year 0		Year 1	Year 2	Year 3
		Target	Actual	Target	Actual	Target		
		2019/20	2019/20	2020/21	2020/21	2021/22	2022/23	2023/24
Service objective								
Strategic Pillar 1: A City that facilitates economic growth and job creation	Rand value of investment attracted to Tshwane (annual)	R2,6 billion	R3,023 billion	R1,8 billion	R1,933 billion	R2,8 billion	R3 billion	
	Number of new income-earning opportunities facilitated by the City	27 000	8 688	29 000	8 238	29 000	30 000	
	Number of co-operatives supported	289	215	202	217	280	280	
T3.11.7								

TSHWANE ECONOMIC DEVELOPMENT AGENCY

TEDA was established to be a catalyst for accelerated economic growth and job creation in Tshwane. TEDA continues to strive in fulfilling its mandate to support the City to realise the IDP's economic growth priorities and commitments. These include providing effective support to SMMEs, promoting trade and investment, providing business development support programmes for co-operatives, and coordinating and facilitating skills development programmes and other flagship programmes of the City.

The key strategic objectives of TEDA are as follows:

- To promote, facilitate and coordinate trade and investment for strategic infrastructure and to create value for the City
- To identify, design, develop and manage projects with strategic economic and social benefits for the greater Tshwane community
- To develop and maintain Tshwane as a unique (sector specific) tourist destination
- To develop and maintain a strategic immovable and property asset portfolio for maximum return on investment
- To develop, facilitate and promote viable foreign and local investment for Tshwane
- To build TEDA as a strong and effective organisation in the context of good governance and best practice

KEY SERVICE DELIVERY ACHIEVEMENTS FOR THE 2020/21 FINANCIAL YEAR

The following are notable performance highlights of TEDA for the financial year under review:

- Although there was an underachievement for the rand value attraction of investment, as part of its commitment to land investment in Tshwane, TEDA's unwavering efforts secured investments amounting to R1,443 billion which created 800 new, direct employment opportunities.
- TEDA facilitated stakeholder engagements with SMMEs within the seven regions of Tshwane to tackle challenges confronted by these small businesses.
- In the absence of physical meetings, the agency managed to reach out to a reasonable number of SMME stakeholders, notably the Cullinan, Ga-Rankuwa, Mabopane and Centurion Hotel Chapter, Tshwane Tourism Association members, Dinokeng Tourism Organisation, and the Restaurant and Guesthouse Chapter SMME groups.
- TEDA partnered with Idols South Africa, the biggest show on the DStv channel, Mzansi Magic, to host some of the shows at Cullinan, Dinokeng Game Reserve, Menlyn Maine and Wonderboom National Airport. The entity's participation in this partnership spanned over six episodes and provided great exposure to Tshwane in the domestic market.
- TEDA launched a new print and digital publication as a tool to promote Tshwane as destination and to embrace technology. The publication, *Discover Tshwane*, is a magazine-style destination guide published twice a year that covers business and leisure tourism and all information relevant to travellers in and around Tshwane.

COMMENTS ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL

Over the financial year under review, the City made commendable progress towards achieving its economic growth and development objectives. Some of the notable progress recorded includes providing continuous support to co-operatives and SMMEs to address the challenges confronted by these small businesses, and attracting investment and encouraging growth by making it easy to do business in Tshwane. Another important highlight recorded is the revision of the City's MSDF during the financial year under review during a period where bleak economic performance was recorded nationally. Other commendable strides include TEDA's unwavering efforts of securing investments amounting to R1,443 billion, which created approximately 800 new, direct employment opportunities.

3.4 COMMUNITY AND SOCIAL SERVICES

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

The community and social development services implemented by the City are geared towards promoting social cohesion and building resilient and inclusive communities. In support of this ideal, the City provides a range of community and social services aimed at maximising socio-economic benefits for communities with a specific focus on the poor, vulnerable and marginalised. The following community and social services are provided by the City and are discussed in this section of the report:

- Libraries
- Indigent burials
- Social development and childcare programmes

It must be noted the other components of social services which relate to environmental management, sport and recreation, and cemeteries are discussed under Headings 3.5 and 3.7 of this report in accordance with the National Treasury Circular 63 guidelines.

3.4.1 LIBRARIES

Libraries serve as gateways to knowledge and promote basic and information literacy. The main focus of the City's library services not only relates to providing a space for reading, but also serves as an information hub that contributes immensely to the development and educational empowerment of residents in Tshwane, especially the youth. In that regard, the City provides books and other information resources in order to enhance library facilities, including the delivery of various activities and events to make reading a more exciting activity. In its efforts to enhance information literacy, education and culture, the City's key focus areas in the financial year under review included the following:

- Creating and strengthening the culture of reading in children from an early age
- Supporting individual, self-conducted and formal education at all levels
- Providing opportunities for personal creative development
- Ensuring access to information relevant to community interests
- Providing adequate information services to local enterprises, associations and interest groups
- Facilitating the development of information and computer literacy skills
- Supporting and participating in literary activities and programmes for all ages

CONSTRUCTING AND UPGRADING LIBRARIES

The completion of the new Akasia Library in Region 1 and the partial operationalisation of the new Olievenhoutbosch Library in Region 4 for study purposes presented benefits to the communities of these areas and surroundings in terms of the following:

- Offering a variety of free educational resources and services
- Promoting the culture of lifelong learning through reading materials and resources
- Promoting literacy

During the 2020/21 financial year, the City implemented and presented library programmes and ceremonies. Owing to COVID-19 regulations, such as maintaining social distancing and limitations on physical contact, these library programmes were delivered virtually using online platforms, such as Microsoft Teams, Zoom and Facebook. These library programmes were implemented in partnership with various stakeholders, such as the National Library of South Africa, American Embassy, Library and Information Association of South Africa and Sabinet, a broad-based black economic empowerment company specialising in the provision of online library solutions. The ceremony was also attended by local authors and writers from in and around Tshwane as part of enhancing innovative ways of presenting virtual programmes while adhering to COVID-19 protocols. These programmes are presented in the table below:

Table 40: Library programmes implemented in the 2020/21 financial year

Programme	Project
Library Development Promotion Programme	Indigenous Library Corners: September 2020 (Heritage Month) Annual event taking place during Heritage Month with efforts aimed at creating space for the preservation and promotion of indigenous collections
	Tshwane Book Publishing Event: 27 January 2021 An activity to motivate, encourage and promote local book publication
	Indigenous Resource Promotion: 19 February 2021 A project aimed at ensuring the publicity and promotion of indigenous resources in all forms of media (exhibitions, displays and social media platforms)
	Read Out Loud: 26 February 2021 An interactive project designed to inculcate the culture of reading which is designed to be implemented in open public spaces
	South African Library Week: 15 to 20 March 2021 An annual celebration highlighting the valuable role libraries, librarians and library workers play in transforming lives and strengthening communities across Tshwane
	Librarians' Day: 3 December 2021 An annual award giving ceremony to honour outstanding service by librarians

3.4.2 SOCIAL DEVELOPMENT

INTRODUCTION TO SOCIAL DEVELOPMENT

The City of Tshwane is committed to improving the well-being of Tshwane residents so that residents can reach their full potential. The focus is specifically on the poor, vulnerable and marginalised. To fulfil the aspirations of Strategic Pillar 2: A City that cares for residents and promotes inclusivity, the City continued to provide support to vulnerable residents through the provision of a comprehensive basket of free basic municipal services, which include 12 kℓ of water, 100 kW/h of electricity and social packages.

SOCIAL DEVELOPMENT PROGRAMMES

Improving the livelihoods of vulnerable groups is a critical imperative that the City champions. The City's commitment is expressed by providing support in the form of health assistance, food, shelter and homeless upliftment projects in partnership with a number of non-governmental organisations across Tshwane. Although no budget was allocated specifically for social development programmes in the 2020/21 financial year, the City's social workers provided their dedicated support and assistance in tackling domestic challenges facing

women, men, teenagers, youth and vulnerable children across the seven regions of Tshwane despite the COVID-19 lockdown regulations which limited visitation to some families.

PERFORMANCE HIGHLIGHTS

Some of the performance milestones achieved over the financial year under review include the following:

- Through its social package of services organised under the Indigent Programme, the City reached out to 2 258 indigent households, while 6 499 indigent households were exited from the Indigent Register.
- 8 764 beneficiaries were accommodated and supported in 15 temporary homeless shelters across Tshwane as a result of the COVID-19 pandemic. These shelters were managed by non-governmental organisations and the City.
- 8 767 homeless individuals were assisted through feeding schemes and skills development programmes implemented in partnership with non-governmental organisations.
- Full funding support was provided to all ten City-managed early childhood development (ECD) centres in the 2020/21 financial year.

INDIGENT PROGRAMME

Improving the lives of indigent residents and their access to free basic services is one of the most important priorities of the City. This is achieved by implementing the Indigent Policy which prescribes the criteria for the allocation of free basic services to qualifying indigent households. The Indigent Programme monitors the socio-economic conditions of these households and exits them from the Indigent Register once their living status improves. By the end of June 2021, 2 308 households were registered on the Indigent Programme Database. The table below provides a summary of registered indigent households:

Table 41: Summary of registered indigent households in the 2020/21 financial year

Quarter	Set quarterly target against which to achieve	Number of registered households
July to September 2020	1 250	154
October to December 2020	1 250	432
January to March 2021	1 250	503
April to June 2021	1 250	1 219
TOTAL	5 000	2 308

The following table presents statistical information regarding social development service policy objectives taken from the IDP for the 2020/21 financial year:

Table 42: Social development service policy objectives as per the IDP

Strategic pillars	Outline service targets	Target		Actual		Target	Target	Target
		Target	Actual	Target	Actual	Target		
		2019/20	2019/20	2020/21	2020/21	2021/22	2022/23	2023/24
Strategic objective								
Strategic Pillar 4: A	Number of indigent	5 000	2 200	5 000 additional	2 258	-	-	-

Strategic pillars	Outline service targets	Target		Actual		Target	Target	Target
		Target	Actual	Target	Actual	Target		
		2019/20	2019/20	2020/21	2020/21	2021/22	2022/23	2023/24
Strategic objective								
City that keeps residents safe	households supported by the City through its social packages			households for the year				
	Number of indigent households exited from the indigent register	4 000	5 695	4 000 households to be exited from the register	6 499	-	-	-
T3.6.5								

EARLY CHILDHOOD DEVELOPMENT PROGRAMME

The City's ECD Programme aims to improve the educational development levels of children from birth up to the age of five years, thus improving and nurturing their physical, mental, moral and emotional state. Additionally, the implementation of the ECD programme in the City is guided by the ECD Policy, which serves the following objectives:

- Creating an enabling environment for expanding access to quality ECD
- Promoting the overall health and well-being of children
- Promoting safe physical environments for expanding access to quality ECD
- Coordinating and effectively managing ECD services in Tshwane
- Providing accessible quality ECD information management

Some of the notable interventions delivered over the financial year under review include the following:

- Grant funding totalling R8 million was provided to City-owned ECD centres to implement ECD programmes.
- Environmental awareness training for Grade R pupils was presented by the City's Environment and Agriculture Management Department at the Pretoria National Botanical Gardens and Rietvlei Nature Reserve on 27 and 28 May 2021.
- The ten City-managed ECD centres have been undergoing maintenance since March 2020 to date. The maintenance carried out at the ECD centres includes the following aspects:
 - Providing personal protective equipment for chefs and other staff members
 - Remodelling the kitchen facilities
 - Providing adequate handwashing equipment for children
 - Providing garden equipment to enhance creativity and create a natural space for children
 - Providing food and kitchen equipment



Figure 15: Maintenance work carried out at ECD centres

COMMENTS ON THE OVERALL PERFORMANCE OF COMMUNITY AND SOCIAL SERVICES

In its efforts to realise the ideal of “a City that cares for residents and promotes inclusivity”, the City prioritised the provision of community and social services that contribute significantly to building resilient and inclusive communities. In addition, the continuous support to indigent households through various forms of support demonstrated the City’s commitment towards addressing a number of critical socio-economic issues that many communities face. By optimising ECD, the City recognises and acknowledges that the early years of children's lives are the best phase of investment in ensuring their future success and their psychical and emotional well-being.

3.5 ENVIRONMENTAL MANAGEMENT

INTRODUCTION TO ENVIRONMENTAL MANAGEMENT

Section 24 of the Constitution emphasises the government’s duty to protect the environment and provides fundamental rights to the citizenry for an environment that is not detrimental to their health and well-being. It is for this reason that the City of Tshwane remains committed to protecting the environment and natural resources, and to continue providing impactful services to Tshwane residents.

In this regard, the City is committed to a discourse of resource efficiency and places premium focus on promoting compliance with the statutory framework governing environmental management holistically, as well as investments in the necessary infrastructure for environmental management. In addition to the national regulatory framework, the City established, among others, the following regulatory instruments with efforts to ensure that its natural environment is managed and protected accordingly:

- Air Quality Management Plan

- Green Buildings By-law
- Open Space Management Framework
- Waste Management By-law
- Bioregional Plan

Over the 2020/21 financial year, the City's environmental management efforts were focused mainly on the following:

- Environmental planning and open space management
- Air quality management
- Environmental policy monitoring and compliance
- Environmental education
- Recreational parks and nursery services
- Burial facilities
- Nature conservation and resorts operations

3.5.1 ENVIRONMENTAL AWARENESS PROGRAMME

The City's Environmental Awareness Programme coordinators joined forces and participated in the clean-up drive campaign programme on 11 June 2021 in Salvokop, west of Pretoria, Region 3. Some of the activities for the campaign included an environmental awareness programme with 120 youngsters held in the Freedom Park Amphitheatre, cleaning up the streets and planting 120 spekboom flowers in Koch Street towards Freedom Park.



Figure 16: Clean-up drive campaign

3.5.2 CEMETERIES

The City continues to preserve its burial facilities to ensure that they remain the most valuable assets of historic resources and places of historical significance to the local community.

Currently, the City has 36 cemeteries that it owns and manages. This also includes the daily operations of Rebecca Street Crematorium in Pretoria West. The planning for a second crematorium in Pretoria East is currently underway. There are some cemeteries in Tshwane that are informal and owned by tribal authorities. The other cemeteries are considered to be full and only open for re-burials. Below is the number of cemeteries across Tshwane and their lifespans:

- 12 cemeteries with a lifespan of ten years
- Six cemeteries with a lifespan of five years
- 17 cemeteries with a lifespan of over ten years

In the financial year under review, the City is still confronted with a backlog with regard to the development of cemeteries, especially in high-density areas. This is due to a lack of suitable land owned by the City. Additionally, some of the challenges around burial facilities can be attributed to the following:

- High levels of urban migration and rapidly increasing population growth has increased the need for burial space.
- Budgetary constraints for the establishment and management of cemeteries.
- Land scarcity suitable for burial purposes and competition for the remaining farms with other land uses, including housing.

3.5.3 NATURE RESERVES AND RESORTS

Nature reserves and resorts serve a critical function in preserving certain animals, plants and some of the world's endangered species. These amenities contribute immensely to the upliftment of communities through conserving the environment, raising awareness and providing leisure opportunities. Currently, 11 445 ha of nature areas are managed as part of the ecological infrastructure of Tshwane. This includes six subwater catchments, 1 487 km of watercourses and 31 important wetlands. These catchments include the following:

- 15 fenced-off nature areas (physical protection)
- 13 bird sanctuaries
- Seven ridge systems
- 12 different habitat types
- Eight known red data species

The current total amount of wildlife managed in the nature reserves within Tshwane is 2 281 (this includes two species of the Big Five, namely rhino and buffalo). Additionally, alien plant removal is also regarded as a high priority for the effective management of wildlife. The table below presents the proclaimed nature reserves in Tshwane:

Table 43: Proclaimed nature reserves in Tshwane

No.	Nature reserve	Size	Ward	Region
1	Rietvlei Nature Reserve	4 624,63 ha	91	6
2	Colbyn Nature Reserve	66 ha	82 and 84	3
3	Faerie Glen Nature Reserve	124 ha	46	6
4	Groenkloof Nature Reserve	668,2 ha	59	3
5	Klapperkop Nature Reserve	239,5 ha	59	3

No.	Nature reserve	Size	Ward	Region
6	Voortrekker Nature Reserve	237,3 ha	59	3
7	Frank Struben Nature Reserve	4 ha	4	3
8	Austin Roberts Nature Reserve	17 ha	56	3
9	Wonderboom Nature Reserve	126 ha	50	2
10	Bronkhorstspuit Nature Reserve	870,3 ha	102	7

VISITORS TO THE CITY'S NATURE RESERVES AND RESORTS

The ongoing imposed lockdown by the government as a mechanism to manage the coronavirus has resulted in the tourism sector being vastly affected, specifically nature reserves and resorts. As a result, during the 2020/21 financial year, the City recorded 412 054 visitors to its nature reserves, as compared to 465 853 visitors in 2019/20, which presents a decline of 53 799 visitors.

The table below presents the number of visitors recorded at the City's nature reserve and resort facilities:

Table 44: Visitor numbers to the City's nature facilities

Facilities	Visitors (2020/21)	Visitors (2019/20)
Nature reserves	272 455	187 272
Resorts	139 599	278 581
Total	412 054	465 853

3.5.4 AIR QUALITY MANAGEMENT

The quality of air is affected by various factors such as the climate and natural resources, which include smoke from coal and carbon emissions. The City strives to reduce air pollution and improve air quality by identifying and monitoring pollution sources. In line with the prescribed air quality standards drawn from the National Environmental Management: Air Quality Act, 2004 (Act 39 of 2004), the City sets out objectives which ultimately serve as a course of action towards attaining air quality management goals. In this regard, various solutions are identified to ensure that health effects and environmental impacts are addressed and minimised.

INTERVENTIONS REGARDING AIR QUALITY MANAGEMENT

ESTABLISHMENT OF AN AIR QUALITY MONITORING NETWORK

The City owns and manages a network of nine automated ambient air quality monitoring stations, which include the longest running stations at Mamelodi, Pretoria West and Rosslyn, established in 2006. The stations at Bodibeng and Olievenhoutbosch were established in 2010, followed by Ekandustria in 2012 and Booyens in 2014. Hammanskraal is the newest station and was commissioned in 2017. The pollutants that are monitored at all stations are sulphur dioxide (SO₂), nitrogen dioxide (NO₂), ozone (O₃), carbon dioxide (CO) and Particulate Matter₁₀ (PM₁₀), while PM₂ and hydrogen sulphide (H₂S) are monitored at some stations. These monitoring stations are located across all regions of Tshwane to monitor the impacts of industrial and residential activities on the ambient (outdoor) air quality, to assess compliance with the National Ambient Air Quality Standards and to determine if there are

changes in the state of the air in the city. These air quality monitoring stations have been well maintained, are functional and recover more than 80% of data. The stations also report live on the South African Air Quality Information System (SAAQIS).

GREENEST MUNICIPALITY COMPETITION 2020

The City participated in the eighth Greenest Municipality Competition in 2019. On 20 September 2020, the City was awarded third place with a prize to the value of R2,5 million. The Greenest Municipality Competition is a competition championed by the Department of Forestry, Fisheries and the Environment and was initiated in 2001 with a primary focus on implementing the National Waste Management Strategy in cities and towns. The key elements of focus for this competition are to encourage cities and towns to reduce, recycle and reuse waste materials. The prize money awarded to the City will be dedicated towards strategies and initiatives to implement alternative measures in managing waste.



Figure 17: The City wins third place in the Greenest Municipality Competition

ARBOR MONTH ACTIVITIES IN TSHWANE IN 2020

Arbor Week is set aside annually throughout the world to raise awareness of trees and their important role in the environment and in our lives. South Africa celebrates Arbor Week in the first week of September, however, the City extends the commemoration to the whole month of September. National Arbor Week provides an opportunity for individuals, community groups, businesses and schools to green their surroundings by planting trees, developing parks and establishing gardens.



Figure 18: Commemoration of Arbor Week

COMMENTS ON THE OVERALL PERFORMANCE OF ENVIRONMENTAL MANAGEMENT

With efforts to achieve its environmental and sustainability objectives, the City continued to establish and implement a variety of approaches to manage the natural environment. Some of the notable interventions implemented to drive the biodiversity portfolio included preserving the City's nature reserves and resorts, which play a pivotal role in the tourism sector and contribute immensely to the wellness of communities by satisfying the need for peace and tranquillity. Additionally, in accordance with the air quality standards stipulated in the Air Quality Act, 2004, the City established air quality monitoring networks to ensure that emission monitoring requirements are adhered to and to implement measures to reduce air pollution and improve air quality by identifying, investigating and monitoring pollution sources.

3.6 HEALTH

INTRODUCTION TO HEALTH

The City of Tshwane, like all other municipalities in South Africa, is charged with the responsibility to provide comprehensive basic health services to its residents, as stipulated in Schedule 4B of the Constitution and as defined by the National Health Act, 2003 (Act 61 of 2003). Furthermore, the City also conforms to the National Norms and Standards for Environmental Health aimed at strengthening the provision of environmental health services with specific focus on the promotion of healthier environments without compromising the quality of life of citizens. Over the financial year under review, the City committed to the following:

- Improving City-run healthcare initiatives by extending clinic operations
- Strengthening the provision of drug and substance abuse services as well as food security services as part of social relief services to the community
- Continuously upgrading and extending clinic infrastructure with efforts to improve functionality with an objective to reduce queueing times for patients
- Strengthening health promotion and awareness programmes
- Partnering with other interest groups from various sectors in the provision of continuous mobile clinic services to provide additional health services to informal settlements

Additionally, the COVID-19 pandemic resulted in global healthcare systems and the South African government healthcare system in its entirety being vastly overwhelmed in addition to dealing with the usual ailments, such as HIV and AIDS, sexually transmitted infections, cancer and tuberculosis. In this regard, the unprecedented health effects brought about by the outbreak of the coronavirus necessitated the City to streamline plans and programmes with all relevant stakeholders to better manage the spread of the virus in Tshwane. Some of the coordinated efforts implemented towards responding to the demands resulting from the COVID-19 pandemic include the following:

- Introducing track and trace mechanisms to detect contacts of infected people and to identify quarantine sites in an effort to contain the spread of the virus
- Increasing screening and testing efforts at the mobile COVID-19 unit in support of the City's ward-based battle plan outreach service
- Rolling out the COVID-19 vaccination programme at designated sites across Tshwane
- Embarking on an outreach programme for screening and testing in high-risk communities

3.6.1 CLINICS

ACCESS TO HEALTHCARE

The City provides primary healthcare (PHC) services to Tshwane residents using 24 fixed local authority clinics, one satellite clinic and one mobile clinic, with extended services rendered in 14 clinics on Saturdays from 08:00 to 13:00. In the 2020/21 financial year, these clinics recorded 1 218 892 patient visits.

As a mechanism to deal with the risks of transmitting the coronavirus, the City undertook to heighten hygiene measures and to de-densify working spaces to observe the protocols established. As a result of this de-densification, the City's clinics operated with limited

healthcare personnel who had to attend to a large influx of patients. This resulted in complaints from patients about long queues, long waiting times, insufficient clinic infrastructure and issues related to service quality. To address the above challenges, the following interventions were implemented to ease patient frustrations and improve clients' experiences during their visits to the clinics:

- Improving the appointment system by collecting patients' information in advance
- Filling vacant healthcare personnel positions
- Ensuring maximum participation in health quality audits for continuous quality improvement on aspects of healthcare, clinical practices and principles
- Strictly adhering to clinic norms and standards, which provide a standardisation approach to sound professional and ethical practices for treating patients

As the City broadens access to healthcare, it provides the following services in its PHC facilities:

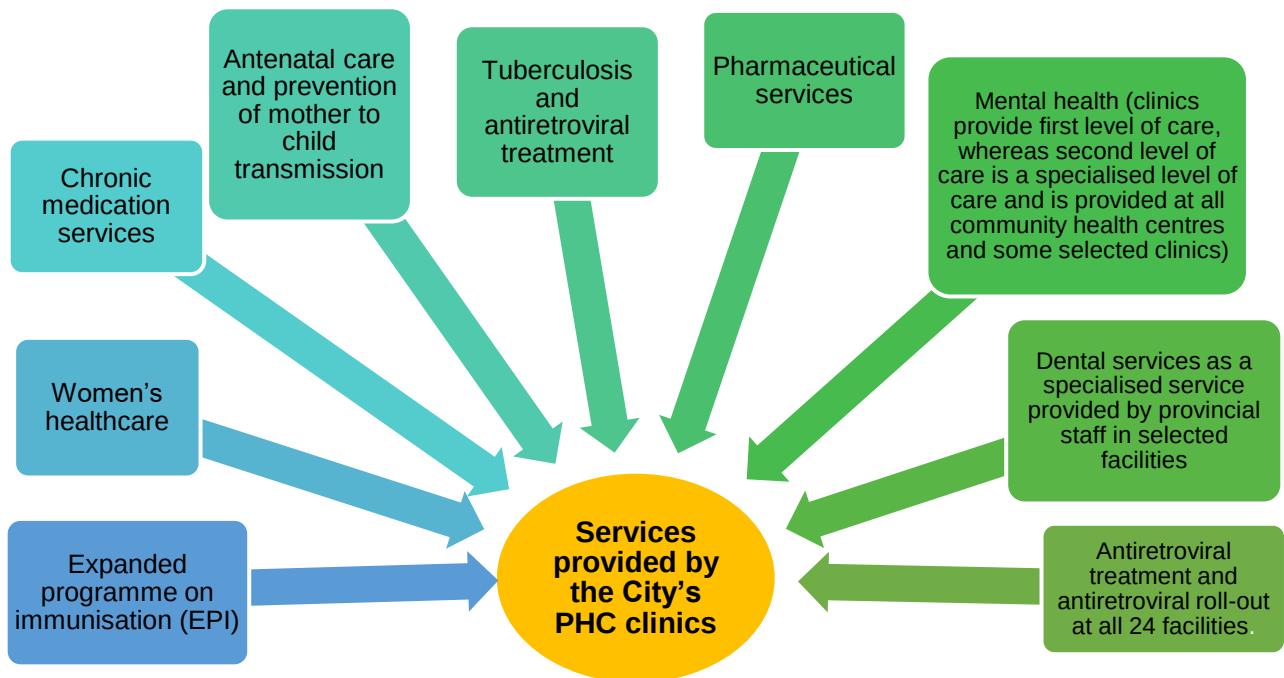


Figure 19: Services provided by the City's PHC clinics

PRIMARY HEALTHCARE CLINIC OPERATIONS IN THE TSHWANE DISTRICT

Table 45: Tshwane District PHC facilities per region in the 2020/21 financial year

Tshwane region	Health post	Mobile	Satellite	Clinic	Community health centre
Region 1	4	1	0	2	2
Region 2	1	0	0	1	1
Region 3	1	0	0	9	4 (2 specialised)
Region 4	1	1	1	5	-
Region 5	-	0	0	2	(1 specialised)
Region 6	1	0	0	6	1
Region 7	1	0	0	0	1

Tshwane region	Health post	Mobile	Satellite	Clinic	Community health centre
Total	9	2	0	24	9 (3 specialised)

The City runs four mobile clinics to extend healthcare services to informal settlements. These include the mobile clinic which is currently linked to Rosslyn Clinic, which services the communities of Soshanguve Ext 10 and 12 and Soshanguve Block X in Region 1. The first mobile medical vehicle of the City was sponsored by the Nissan Motor Company in 2011. Three additional mobile clinics were donated by PPC Ltd, and the agreement was endorsed in an MoU signed with the City.

Of these mobile clinics, one mobile clinic is fully operational and linked to Olievenhoutbosch Clinic (service points include Mooiplaats, Laezonia and Olievenhoutbosch Ext 60). The second mobile unit is stationed in identified hotspot wards across all seven regions and is used to support the ward-based battle plan for COVID-19 screening and testing activities. The third mobile clinic is currently used as a backup to ensure continuity of services at identified informal settlements in Olievenhoutbosch, with 40 464 residents receiving healthcare services in the financial year under review.



Figure 20: The mobile clinic sponsored by PPC

The table below presents the clinic service data trends over two financial years:

Table 46: Service data for clinics

	Details	2019/20	2020/21		2021/22
		Actual number	Estimated number	Actual number	Estimated number
1	Number of patient visits on an average day	1 249 806	1 249 806	1 218 892	1 218 892
2	Total medical staff available on an average day	-	-	-	-

	Details	2019/20	2020/21		2021/22
		Actual number	Estimated number	Actual number	Estimated number
3	Average patient waiting time	-	-	-	-
4	Number of HIV/AIDS tests undertaken in the year	138 310	138 310	113 106	113 106
5	Number of tests in 4 above that proved positive	10 303 (7,4%)	10 303 7,4%	7 771	7 771
6	Number of children younger than one year that are immunised	11 837	11 837	27 302	27 302
7	Child immunisations above compared with the population of children younger than one year	67 375 (population) 47,3%	47,3%	53,9%	53,9%
T 3.17.2					

The table below presents statistical information regarding the clinics' policy service objectives taken from the IDP for the 2020/21 financial year.

Table 47: Clinic policy service objectives as per the IDP

Table 4-1: Clinic policy service objectives as per the IDP								
Strategic pillars	Outline service targets	Year -1		Year 0		Year 1	Year 2	Year 3
		Target	Actual	Target	Actual	Target		
		2019/20	2019/20	2020/21	2020/21	2021/22	2022/23	2023/24
Service objective								
Strategic Pillar 2: A City that cares for residents and promotes inclusivity	Percentage of City of Tshwane clinics providing prevention of mother to child transmission (PMTCT) health services	100%	100%	100%	100%	100%	100%	100%
T3.17.3								

3.6.2 PROVISION OF COMPREHENSIVE PRIMARY HEALTHCARE SERVICES

PROVISION OF ESSENTIAL DRUGS

The City's PHC facilities receive medicines and surgical items from the district regional pharmacy and surgical stores. The City strives to use these medicines appropriately to ensure maximum patient satisfaction with healthcare needs. This is achieved by adhering to the Standard Treatment Guidelines, which are standards designed to guide health practitioners and patients in making appropriate healthcare decisions for specific clinical circumstances. The average performance on rational medicine recorded over the financial year under review is 94%.

Despite the worldwide shortage of active pharmaceutical ingredients to make medicines, the City's PHC facilities maintained over 90% of medicine availability throughout the financial

year under review. This was achieved through efficiencies in reporting medical supply shortages in PHC facilities. Shortages and low stock items are reported on a weekly basis. The facilities also report stock availability on the Stock Visibility System, which is a web-based management tool with a mobile application used by PHC clinics to capture and monitor medicine availability. This web management tool is linked to the Department of Health dashboard, where the status of medicine availability is continuously updated and pharmacists are able to see stock availability and redistribute to areas where a shortage is recorded.

Medicines are dispensed by post basic pharmacist assistants and pharmacist assistants at PHC clinic dispensaries. However, stable chronic patients have a choice of collecting medicines at pick-up points that are convenient for them in terms of accessibility as per the Central Chronic Medicine Dispensing and Distribution programme (CCMDD).

In the financial year under review, over 45 746 Tshwane patients enrolled on the CCMDD programme, increasing the number of patients on the programme to 325 294 since its inception in 2014. There are currently 160 pick-up points contracted with the Department of Health. The pick-up points are distributed across the seven regions of Tshwane, with Region 3 having the most, thus, making medicines accessible to patients closer to home or work.

MEDICINE EXPENDITURE

The medicines and surgical items used at PHC facilities are supplied by the Gauteng Department of Health through the Tshwane Regional Pharmacy and the Supply Chain Management Division. In the financial year under review, R181 255 000 was spent on these commodities, which includes R38 000 000 that was incurred through the CCMDD programme. R901 362, which translates to 0,5% worth of medicine stock, could not be used due to being expired or spoiled in fridges affected by power failures. To prevent the recurrence of medicine spoiling or expiring, an intense monitoring system is being implemented to prevent this damage by regularly checking stock for expiry dates and redistributing stock to other facilities that can use the stock before expiry.

SERVICES FOR CHILDREN AND THE YOUTH

The City provides health services to the youth and children in ways that are responsive to their specific needs, which is critical for their current and future health outcomes. In the financial year under review, the City implemented various programmes focusing on the following:

- The provision of Vitamin A supplementation to children aged 6 to 11 months, as well as children aged 12 to 59 months, which is critical for disease prevention and child health. The performance regarding the provision of Vitamin A supplementation to children aged 12 to 59 months declined from 44,5% in the 2019/20 financial year to 34,1% in the financial year under review.
- Poverty alleviation and food security programmes which contribute significantly to the decline in malnutrition among children younger than five years.
- Continued provision of HIV testing and counselling resulting in 2 157 HIV polymerase chain reaction (PCR) tests being conducted on children of around ten weeks of age, of which 39 tested positive. The overall PCR-positivity rate for the year under review was 2,1%, against the national target of less than 1,3%.

PREVENTION OF MOTHER TO CHILD TRANSMISSION

In terms of the national health guidelines, the City offers a range of services for pregnant women who are at risk of HIV and those who are already infected to prevent their babies from being infected by HIV. The PMTCT programme includes the management of PMTCT, and children, adolescents and adults with HIV/AIDS, tuberculosis and other common opportunistic infections. Over the financial year under review, the City successfully rolled out the PMTCT programme in all its PHC facilities in line with the new National Consolidated Guidelines for the Management of HIV to adolescents, children and infants. In addition, 19 441 antenatal patients were tested for HIV in City clinics, which resulted in 7% of them testing positive. This is an increase of 0,2% to 6,8% as compared to the previous financial year.

In the financial year under review, the City recorded 90,3% of HIV tests conducted against the national target of 90%. The figure below presents the annual performance in the reduction of HIV and AIDS infections:

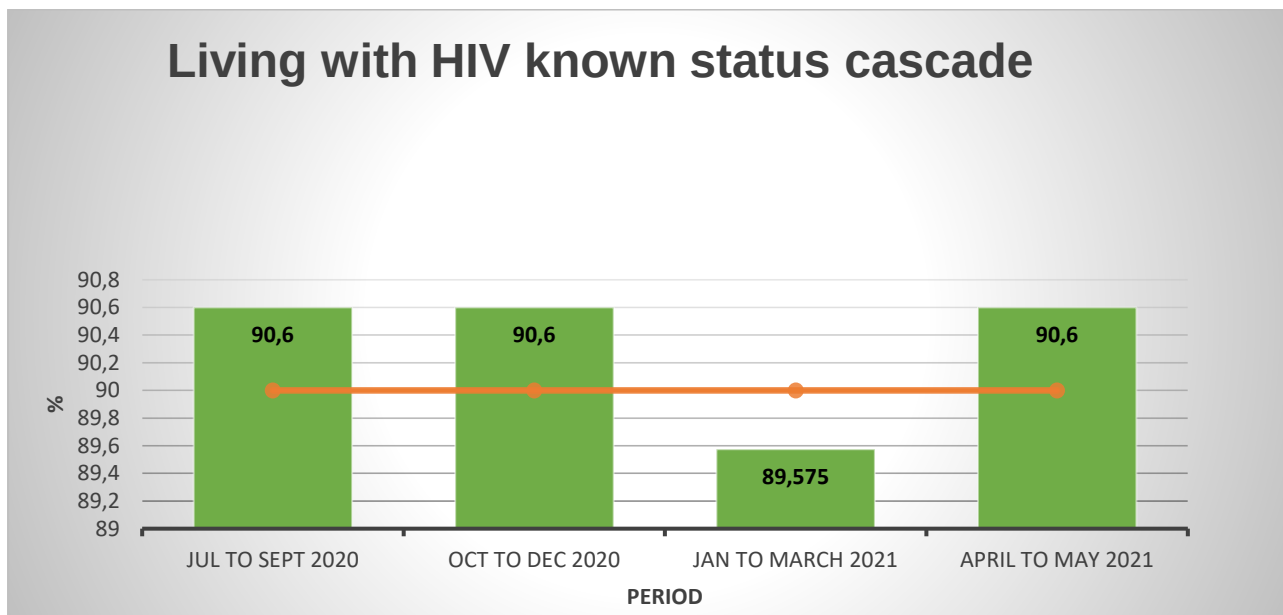


Figure 21: Annual performance with regard to the reduction of HIV and AIDS infections

REDUCTION IN TUBERCULOSIS RATE

The management of tuberculosis in the City remains a challenge owing to patients not collecting treatment, leading to a high incidence rate of HIV infections and an increase in the death rate. Tuberculosis is one the most common opportunistic infections that occur more often among people with a weaker immune system, as compared to those whose health is in good standing.

In the financial year under review, the City recorded a 5.4% success rate related to the treatment of tuberculosis for all four quarters. This is above the performance of district healthcare facilities with 0,8% performance, and lower than the set national target of 90%. Patients lost to follow-up outcomes is also higher than the target set of not more than 5%. City of Tshwane facilities performed slightly better than the district. The death rate is also higher than expected and should be less than 5%.

3.6.3 ENVIRONMENTAL HEALTH

Environmental health is a component of public health concerned with all aspects related to the natural and built environment affecting human health. In the City the focus is on monitoring and mitigating those environmental factors that might be harmful to human health or that could cause diseases. Municipal environmental health services include the monitoring of water quality and food safety, prevention and surveillance of communicable diseases, health surveillance of premises and waste management (which excludes port health), malaria control, management of hazardous substances and environmental pollution control.

SAMPLING MANAGEMENT

In order to determine the level of compliance of food and water to specific legislative requirements, samples must be submitted to the laboratory for analysis. The sampling and testing of food and water is done to trace any harmful contaminants and to ensure that they conform to the safety and quality standards in line with the requirements of the Foodstuffs, Cosmetic and Disinfectants Act, 1972 (Act 54 of 1972). In addition, the testing of food and water is conducted for microbiological, chemical and histological aspects with the aim of detecting and identifying any microorganisms in a product, and whether they are suitable for consumption.

The aim of the sampling programme of the Municipal Health Services Section in the City is to –

- prevent any food-borne diseases;
- ensure a safe and healthy food supply;
- ensure the safe and healthy production of food;
- prevent waterborne diseases;
- monitor water for potable use;
- monitor rivers and streams; and
- prevent communicable diseases, such as Vibrio Cholera.

The table below presents sampling trends conducted in the 2019/20 and 2020/21 financial years.

Table 48: Sampling results for the 2020/21 financial year

2019/20				2020/21			
Type of sample	Total samples taken	Total complying with the standard	Percentage of samples complying with the standard	Type of sample	Total samples taken	Total complying with the standard	Percentage of samples complying with the standard
Microbiological analysis of water (tap)	166	111	66%	Microbiological analysis of water (tap)	516	380	67%
Microbiological analysis of bottled water	2	2	100%	Microbiological analysis of bottled water	17	8	47%
Microbiological analysis of food	313	206	65%	Microbiological analysis of food	493	292	59%

2019/20				2020/21			
Type of sample	Total samples taken	Total complying with the standard	Percentage of samples complying with the standard	Type of sample	Total samples taken	Total complying with the standard	Percentage of samples complying with the standard
Chemical analysis of food	2	2	100%	Chemical analysis of food	0	0	0

HEALTH PROMOTION AND AWARENESS PROGRAMMES

In an effort to promote awareness in health matters, the City held open day sessions in its 24 PHC facilities in the financial year under review. These sessions were aimed at promoting healthy lifestyles and empowering communities at large to adopt healthy behaviours and make healthier choices, which will assist in reducing the risk of contracting disease, including the prevention of COVID-19 infections.



Figure 22: Open day session held at Hercules Clinic, Region 3

COMMENTS ON THE OVERALL PERFORMANCE OF HEALTH

In the financial year under review, the City made significant strides in promoting access to healthcare, raising awareness of health-related matters and improving environmental health. In this regard, various health programmes were implemented with notable results achieved.

Some of the notable strides include hosting health awareness open day events that reached out to a large number of people across Tshwane to share critical educational health information, putting an emphasis on adhering to health principles and practising healthier habits. Additionally, the continuous implementation of comprehensive basic healthcare services demonstrated the City's priority of promoting access to effective and sustainable quality healthcare services and focused on the following, among others:

- Continuously providing a bouquet of basic health services in clinics, which include antenatal care and PMTCT, HIV and tuberculosis treatments, dispensing chronic medication, female healthcare services and dental services
- Providing drug and substance abuse services to ensure the maximum satisfaction of healthcare needs and human life
- Extending healthcare facilities to informal settlements to improve efficiencies
- Ensuring the effective execution of appropriate municipal health by extending clinic operations to weekends to accommodate those who cannot reach out during weekdays

While the 2020/21 financial year proved to be a challenging year with the spread of the coronavirus, the City's response through the implementation of strategies to better manage the pandemic demonstrated impeccable commitment in enhancing the capacity of its healthcare system.

3.7 SECURITY AND SAFETY

INTRODUCTION TO SECURITY AND SAFETY

The City recognises the safety and security of Tshwane residents as a priority. Although policing is the primary responsibility of the South African Police Service and the national government, the City promotes safer communities in partnership with other community safety agencies.

The City's approach to achieving safety and security objectives is organised in various activities, which include ensuring effective and efficient law enforcement, monitoring relevant infrastructure, providing all emergency services relating to all life-threatening situations and providing supportive traffic control services. The following primary services fall within the scope of security and safety:

- Metro police services
- Emergency services (fire and ambulance services)
- Disaster management services

3.7.1 METRO POLICE SERVICES

INTRODUCTION TO METRO POLICE SERVICES

Crime and social vulnerability continue threatening communities. As a result, the Tshwane Metro Police Department collaborates with all governmental and non-governmental structures in an effort to fight crime and protect the citizenry. Local crime prevention interventions focus mainly on road policing, by-law enforcement and crime prevention. Road policing centres on all activities that reduce, deter or prevent the occurrence of accidents through the following mechanisms:

- Ensuring effective and efficient law enforcement
- Monitoring relevant infrastructure and strategic interventions where and when necessary
- Providing supportive traffic control services

Over the financial year under review, the Tshwane Metro Police Department executed the following:

- Carried out 881 road policing interventions
- Held 1 677 crime prevention interventions
- Executed 652 by-law policing operations and interventions to reduce by-law transgressions
- Delivered 309 metro police educational awareness interventions which focused on the empowerment of vulnerable groups

The table below presents statistical information regarding metro police service objectives taken from IDP for the 2020/21 financial year:

Table 49: Metro police objectives in accordance with the IDP

Strategic pillars	Outline service targets	Year -1		Year 0		Year 1	Year 2	Year 3
		Target	Actual	Target	Actual	Target		
		2019/20	2019/20	2020/21	2020/21	2021/22	2022/23	2023/24
Service objective								
A City that keeps residents safe	Percentage increase in interventions to root out crime and related incidents (annual)	1%	43,56%	1% increase on previous year (2 849)	1% increase (3 210)	1%	1%	1%
T3.20.3								

HIGHLIGHTS

RECOGNISING WOMEN IN LAW ENFORCEMENT

During August 2020, the Tshwane Metro Police Department's female officials, in partnership with women from other law enforcement agencies, held law enforcement operations with the purpose of emphasising the importance of road safety and compliance with road and safety regulations. With the theme of the day presented as *Operation Abafazi*, which means "women" in isiZulu, the operation clearly demonstrated that women are increasingly becoming a force to be reckoned with and are a respected arm in the community safety force. The operation included law enforcement activities, such as anti-hijack duties and random stops and searches of suspicious people on the roads.



Figure 23: Operation *Abafazi*



INCREASING THE FLEET CAPACITY

As October is recognised as Transport Month, emphasis is put on the importance and awareness of keeping vehicles roadworthy and abiding by the rules of the road to reduce fatalities. In support of Transport Month, the City hosted an event to introduce the new Tshwane Metro Police Department fleet. The event took place on 15 October 2020 at the Tshwane Leadership and Management Academy. The Tshwane Metro Police Department was awarded with 340 vehicles comprising motor bikes, patrol vehicles, and tow and low-back trucks. The new fleet was launched to enable the Tshwane Metro Police Department to promptly respond when serving the community.



Figure 24: Additional fleet to enhance metro police services

CABLE THEFT

Cable theft not only disrupts the supply of electricity to households and businesses, it also has a significant impact on the economy and causes severe financial and economic consequences for the City's revenue. In order to address this issue, the Tshwane Metro Police Department established an operational team to focus on the prevention of cable theft within Tshwane. In the financial year under review, the team secured more than nine arrests. Some of the culprits were caught digging up cables at Daspoort Tunnel in Pretoria West, Region 3.



Figure 25: Cable theft operations

3.7.2 FIRE SERVICES

INTRODUCTION TO FIRE SERVICES

The City, through its Emergency Services Department, places a premium focus on the delivery of fire and emergency services with efforts to ensure that Tshwane residents live and prosper in a safe environment. In this regard, the main activities undertaken in the financial

year under review included extinguishing fires and conducting rescue operations, responding to disaster and emergency medical incidents, and conducting awareness campaigns to prevent any conduct that promotes the outbreak of disastrous fires.

Additionally, by virtue of the declared national state of disaster documented in *Government Gazette No 43096*, the City's Emergency Services Department assumed the role of lead coordinator of the Tshwane COVID-19 emergency response and the implementation of measures to combat the spread of the virus.

PERFORMANCE HIGHLIGHTS

The following table presents statistical information relating to fire service data in the 2020/21 financial year:

Table 50: Fire service data

No.	Details	2019/20		2020/21		2021/22
		Estimated number	Actual number	Estimated number	Actual number	Estimated number
1	Total number of fires attended to in the year	3 496	4 491	4 491	4 474	4 474
2	Total number of other incidents attended to in the year	5 204	3 110	3 110	2 719	2 719
3	Average turnaround time to habitable structural fires in built-up areas in 14 minutes, all categories	75%	80,2%	75%	77,86%	75%
4	Firefighters in posts at year end	512	501	501	496	496
5	Total number of fire appliances at year end (fire and rescue)	103	104	104	142	142
6	Average number of appliances off the road during the year	56	40	40	80	80
T.3.21.2						

FIRE AND RESCUE OPERATIONS

The City strives to provide rapid and effective fire and emergency services from all its fire stations within the set target of 60 seconds from the time the call is received. The total attendance time to all structural fires in built-up areas is set at 14 minutes, as stipulated in the approved fire and rescue operations norms and standards. The pictures below represent some of the fire and related incidents attended to by the City's Fire and Rescue Operations Division in the financial year under review:



Figure 26: Structural fire attended at the Senabe Lounge in Mamelodi, Region 6 on 24 August 2020



Figure 27: Outbuilding fire at Swartkop Air Force Base on 28 September 2020

3.7.3 EMERGENCY MEDICAL OPERATIONS

AMBULANCE SERVICES

The City responds to emergency medical incidents timeously with the relevant resources to safely triage, treat and transport patients to definitive medical care. In this regard, the provision of ambulance services is in agreement with the Gauteng Provincial Government.

The following table presents statistical information regarding ambulance services provided in the 2020/21 financial year:

Table 51: Ambulance service data

	Details	2020/21	
		Actual number	Estimated number (target)
1	Number of patients taken to medical facilities during the year	12 028	10 000
2	Average time for emergency calls – in urban areas	65,15%	65%
3	Average time from emergency calls – in rural areas	65,15%	65%
4	Number of ambulances	73	80
5	Number of paramedics	381	549
T3.18.2			

The following table presents statistical information regarding the fire service policy objectives as per the IDP for the 2020/21 financial year:

Table 52: Fire service policy objectives in accordance with the IDP

Strategic pillars	Outline service targets	Year -1		Year 0		Year 1	Year 2	Year 3
		Target	Actual	Target	Actual	Target		
		2019/20	2019/20	2020/21	2020/21	2021/22	2022/23	2023/24
Service objective								
Strategic Pillar 4: A City that keeps residents safe	Percentage of compliance with the required attendance times for structural firefighting incidents	75%	80,29%	75%	77,89%	75%	75%	75%
	Percentage of compliance with the required attendance times for dispatched Priority 1 emergency medical incidents	0,65%	74,66%	0,65%	79,39%	67%	67%	67%
T3.21.3								

RENOVATING AND UPGRADING FACILITIES

The City continuously renovates and upgrades its emergency facilities to ensure that they always present an acceptable, sustainable basic standard of operations and promote compliance with occupational health and safety standards. This ultimately ensures low maintenance and cost savings in future. In the financial year under review, the City committed to implement a three-year project which is aimed at renovating and upgrading some of the emergency services stations across Tshwane. Some of the project deliverables include upgrading storage facilities, installing glass partitioning and upgrading existing ablutions at the following emergency service stations: Hatfield, Hazelwood, Temba, Wonderboom and Erasmuskloof. The expected date for completion of the project is June 2023.

3.7.4 DISASTER MANAGEMENT

Disaster risk management services focuses on creating safer and resilient communities in Tshwane through the coordination of all hazard prevention and preparedness, as well as mitigation, response and recovery activities within the framework of sustainable development. These activities are aimed at protecting lives, property and the environment. If not identified properly, everyday risks may become disastrous, and the identification and assessment of risks in order to reduce the probability of disasters has become the first important challenge in disaster management.

COMMUNITY AWARENESS CAMPAIGN

The City recognises the critical role of education with regard to disasters and safety measures within the residential environment by delivering various community awareness campaigns at various levels. The table below presents the disaster management school awareness campaigns delivered across Tshwane in the financial year under review:

Table 53: School awareness campaigns

Date	Theme and purpose of awareness campaign	Target group	Venue	Ward	Region
10/11/2020	Flood campaign	Preschool children	Ditheto Day Care Centre, Hammanskraal, Marokolong	49	2
11/11/2020	Flood campaign	Preschool children	Leratong Early Learning Centre, Winterveld, Beirut	19	1
13/11/2020	Flood campaign	Preschool children	Busy Mind Nursery School, Ekangala	102	7
17/11/2020	Flood campaign	Preschool children and school learners	Rorisang Crèche and Preschool	37	1
18/11/2020	Flood campaign	Preschool children	Dipaleseng Day Care	100	5
19/11/2020	Flood campaign	Preschool children	Kids Paradise Day and After Care	106	4
02/03/2021	Flood campaign	Preschool children	Little Leaders Exclusive	78	4
12/03/2021	Flood campaign	Preschool children	Mphe Thuto Early Learning Centre	89	1
18/03/2021	Flood campaign	Preschool children	Ubuhle Day Care Centre	104	7
15/04/2021	Pre-winter awareness campaign	Preschool children	Boitshoko Early Learning Centre. Molefe Makinta Highway, New Eersterus	14	2
16/04/2021	Pre-winter awareness campaign	Preschool children	Die Eike Day Care Nursery, Steve Biko Academic Hospital Crèche	58	3
21/04/2021	Pre-winter awareness campaign	Preschool children	New Kids Care Nursery	26	1
05/05/2021	Pre-winter awareness campaign	School learners	Montessori Centurion School	78	4
06/05/2021	Pre-winter awareness campaign	School learners	Sion College	46	6

Date	Theme and purpose of awareness campaign	Target group	Venue	Ward	Region
07/05/2021	Pre-winter awareness campaign	School learners	Mahlahle Primary School	68	3
31/05/2021	Pre-winter awareness campaign	Preschool children	Cuddle Bunnies Early Day Centre	43	6
02/06/2021	Pre-winter awareness campaign	Preschool children	Montessori Eersterust Preschool CC	46	6
03/6/2021	Pre-winter awareness campaign	Preschool children	Pretoria North Montessori Preschool	2	1
04/06/2021	Pre-winter awareness campaign	Preschool children	World Environment Day: Exhibition at Tshwane House	58	3

HIGHLIGHTS

LAUNCH OF COMMUNITY EMERGENCY RESPONSE TEAM TRAINING

On 11 May 2021, the City launched the Community Emergency Response Team training pilot programme at the Mamelodi Council Chamber, Region 6. The objective of this initiative was to educate communities about disaster preparedness in hazardous and emergency situations that may impact their livelihood and to provide them with training in relation to dealing and responding to such situations for their safety.



Figure 28: Community members who attended the Emergency Response Team training

COMMENTS ON THE OVERALL PERFORMANCE OF SECURITY AND SAFETY SERVICES

Throughout the year, the Tshwane Metro Police Department and Emergency Services Department remained committed and continued to serve the communities of Tshwane with the highest level of professionalism and impeccable customer service by attending to all hazard-responsiveness calls to ensure their safety. Furthermore, some commendable strides included conducting awareness and education campaigns for communities at large regarding safety and managing disasters. These campaigns ensure that Tshwane communities remain vigilant at all times and implement relevant preventative measures when confronted with such hazardous and emergency situations.

3.8 SPORT AND RECREATION

INTRODUCTION TO SPORT AND RECREATION

Sport and recreational facilities play a critical role in the improvement of physical health and well-being, personal growth and the development of society. In line with the IDP priority of promoting access to municipal facilities, the City delivers a range of sport and recreational services and implements various sport development programmes in pursuit of building integrated communities.

3.8.1 SPORT

Although no new sport facilities were constructed in the financial year under review, the City made efforts to upgrade Pilditch Stadium, which commenced in the 2019/20 financial year. Some of the notable milestones recorded in the upgrading of this facility include replacing the synthetic track, upgrading the existing pitch and pavilions, and refurbishing the warmup bench areas. The allocated budget for these upgrades amounted to R38 000 000. Pilditch Stadium is situated in the western side of Pretoria in Region 3. Additionally, the City carried out upgrading work as follows:

Table 54: Sport facilities upgraded as at 30 June 2021

Facility	Work done	Completion date	Area	Region
Caledonian Stadium	Refurbishing ablution facilities Refurbishing change rooms Installing fencing	September 2022	Pretoria Central	3
Refilwe Stadium	Redesigning parking spaces Installing fencing	July 2024	Cullinan	5

3.8.2 ARTS AND CULTURE

Arts and culture serve as an important instrument to bring communities together and to encourage and appreciate diversity, which ultimately enhance and strengthen social and economic development. In an effort to building social cohesion and promote inclusivity, the City upgraded the following facilities for continuous use by the Tshwane community:

Table 55: Arts and culture facilities maintained in the 2020/21 financial year

New arts and culture facilities maintained	Work done	Area	Ward	Region
Upgrading Pretoria Art Museum	Upgrading the roof structure	Pretoria CBD	92	3
Upgrading Fort Klapperkop Museum	Installing a sewer system	Pretoria CBD	59	3
Upgrading Melrose House Museum	Upgrading the roof structure	Pretoria CBD	80	3

ARTS AND CULTURE PROGRAMMES SUPPORTED

THE HELLO COMMUNITY ARTS PROGRAMME

On 26 November 2020, the City participated in a series of webinars facilitated by the Tshwane University of Technology. These webinars were aimed at providing support to creative arts industries practitioners across Tshwane by providing an opportunity to showcase their crafts during the COVID-19 pandemic and placing performing arts technology at the centre of uplifting communities.

One of the objectives of The Hello Community Arts Programme related to the university embarking on an outreach programme due to the COVID-19 pandemic by offering the creative arts industries digital services and virtual performances through Facebook as the communication and interaction tool. In support of the creative industries in South Africa, and specifically in Tshwane, the webinars primarily focused on the following:

- Unpacking creative industries skills
- Assessing the impact of COVID-19 on the creative industries within South Africa and globally
- Starting a business as a creative industries practitioner

Approximately 811 people were reached through these webinars. 245 engagements were held on the day and gathered more views on YouTube in the days after streaming. The City assisted with mobilising and distributing a list of Wi-Fi spots at City venues for easy virtual access. The programme benefited community theatre groups and artists in creating a new platform to perform and grow as practitioners in the creative industries, especially during the challenging times of the pandemic.



HELLO Community Arts Programme presents:

Creative Industries Response to COVID-19

Creative Industries in South Africa, specifically in the City of Tshwane.

Thursday, November 26, 2020 @10h00

Free Webinar

LIVE @ [WWW.FACEBOOK.COM/HELLOARTSFESTIVAL](https://www.facebook.com/helloartsfestival)

FOR MORE INFO CONTACT: HELLO@TUT.AC.ZA



Faculty of
Arts & Design



[hello community arts programme](https://www.facebook.com/hellocommunityartsprogramme)

Figure 29: The Hello Community Arts Programme invitation

THE 2020 GAUTENG INTERNATIONAL FESTIVAL

The City has been providing support to the annual Gauteng International Festival since 2016. The festival was negatively affected by the COVID-19 outbreak, just like other arts and theatre industries. In the financial year under review, this remarkable international event was held virtually from 24 September to 4 October 2020, connecting all diverse forms of art and encompassing up to 80 events. Some of these events were showcased at about 14 venues within Tshwane and consisted of concerts, markets, competitions, exhibitions, theatre shows, outreach programmes and fun runs at various renowned locations all over Tshwane. Given that this festival was an international event, the Embassies of Spain and Argentina streamed the festival and online views were received from countries like America, Sweden, Japan and Spain.



Figure 30: The 2020 Gauteng International Festival logo

BOIKGANTSO-BA-RONA PERFORMING ARTS PROGRAMME

The City hosted an entertainment event in Winterveld, Region 1 on 19 June 2021. During the event, various arts and culture programmes were presented by the youth. These programmes included dance and drama master classes, music and drumming beats, and various traditional dances from different cultural groups. The music and singing items were presented in the Zulu, Tswana, Tsonga, Sepedi and Ndebele languages. The event followed suit with the Library, Heritage and Information Services Section's Indigenous Language Preservation Campaign to encourage a multilingual society and for Tshwane residents to speak and live in their indigenous languages.

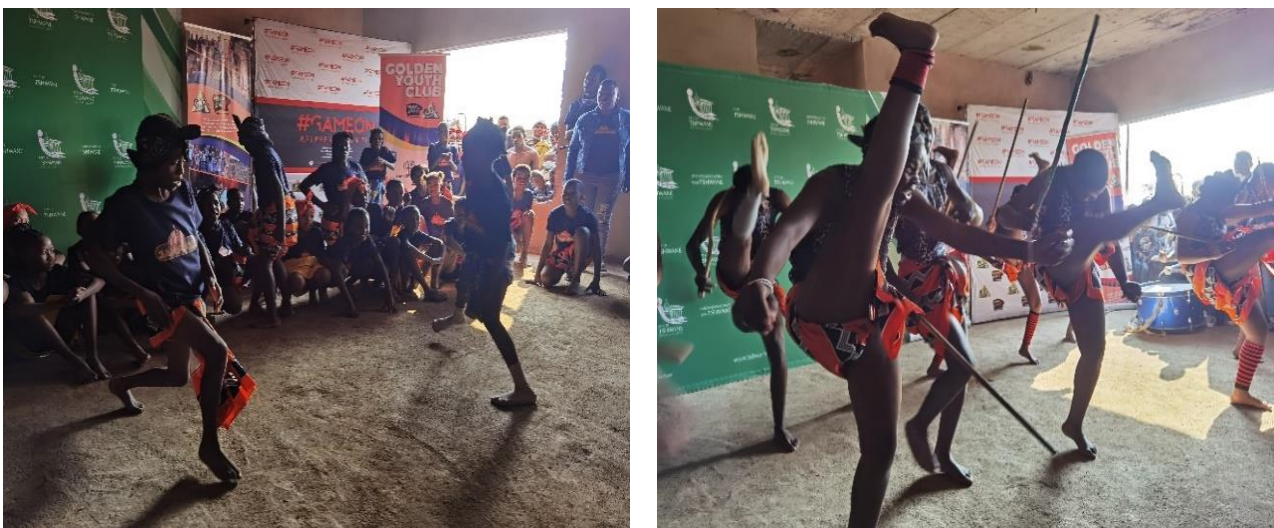


Figure 31: Immaculate performance by the dancers at the *Boikgantso-Ba-Rona* Performing Arts Programme

Despite the challenges brought about by the COVID-19 pandemic and as a mechanism to ensure continuous support of the arts and culture fraternity, since November 2020 the City has embarked on a process of stakeholder management in an effort to reach out to arts and culture practitioners fortnightly. These community engagements were aimed at bringing

vibrancy and innovation, and strengthening the degree of public commitment through their involvement in planning processes by contributing significantly to decision-making in the arts and culture industry.

COMMENTS ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL

The City proved once again that despite the myriad of challenges brought about by the COVID-19 outbreak and while the government grapples with the best way possible to manage the spread of this virus, virtual performances can still be presented to allow the sport, arts and culture fraternity to work. Through the successful hosting of the events discussed above, especially the international ones, the City profiled itself as one of the best event hosts. This also showcased Tshwane's attractions for visitation, thus, contributing to the economy. Additionally, promoting access to sport and recreational facilities, including the continuous maintenance of these facilities, remained the main area of focus of the City in the financial year under review and for the current term of Council.

3.9 CORPORATE POLICY OFFICES AND OTHER SERVICES

INTRODUCTION TO CORPORATE POLICY OFFICES

The corporate policy offices in the City provide support functions necessary to drive the business of the City and to contribute immensely to the achievement of good governance. In addition, these offices play a critical role in assisting with the implementation of a host of policies and strategies aimed at achieving the vision of the City, which among others include, the Information and Communication Technology (ICT) Strategy and the Facilities Management Strategy. To this end, the City continues to prioritise the provision of ICT systems support, research and development support, innovation and knowledge management services, and the development and implementation of City strategies and plans supported by relevant legislation. This undoubtedly continues to position Tshwane as the centre of excellence in Africa.

It is against this background that this component of the report provides feedback on the support services provided by these corporate offices in an effort to enhance service delivery and standards to improve customer confidence in the most effective, efficient and professional manner. Additionally, in an effort to reach out to communities, the City's line function department personnel use fleet management transportation in the form of trucks, vans and other vehicles that are in full operation for effective service delivery.

3.9.1 INFORMATION AND COMMUNICATION TECHNOLOGY DIVISION

INTRODUCTION TO THE INFORMATION AND COMMUNICATION TECHNOLOGY DIVISION

Through its Shared Services Department, the City provides transversal support services which include reliable connectivity functions, other ICT platforms and fleet management operations. The City also engages in managing and coordinating the programmes of the Smart and Innovative City Programme in support of service delivery. This programme enables innovative technology-driven initiatives to improve local economic activities and to contribute towards skills development.

OVERALL INFORMATION AND COMMUNICATION TECHNOLOGY DIVISION SERVICES FOR THE 2020/21 FINANCIAL YEAR

E-INITIATIVES SUPPORTING THE CITY

In the quest to realise a developmental public sector, the City embraces e-government initiatives by implementing various electronic services that are aimed at enabling Tshwane residents to access municipal services through the e-Tshwane portal. Since its inception, the e-Tshwane portal has been enhanced to automate some of the processes of line function departments optimally. This includes online systems such as e-Mberego that was implemented in the 2018/19 financial year, which allows employees to apply for leave and manage their leave balances online, and further streamlines communication between Group Human Capital Management and employees.

Additionally, the Indigent Management System that manages indigent registrations and exits is integrated into the Home Affairs National Identification System for identity verification on the fingerprint database. This results in a reduction of the number of fraudulent applications received by the City.

Over the financial year under review, the City committed to and delivered the following e-initiative programmes:

- **Automation of Land Development:** This initiative was aimed at automating some of the processes within the City's line function departments, with a specific focus on land development applications. The successful implementation of this initiative resulted in the City's customers being able to submit and monitor the progress of their applications electronically on the e-Tshwane platform at their own convenience. This system fulfils online land development requirements related to rezoning applications, from application to approval of buildings plans, applications for the erection of an additional dwelling house and township establishments.
- **Learner Management System:** This initiative is in partnership with the Tshwane Leadership and Management Academy that is aimed at automating registration and training administration processes, and providing self-service learning for learners. The system improved efficiencies by delivering hybrid and fully online courses with all the components of a traditional in-person class, including assignments, class resources and the opportunity for learners and facilitators to collaborate, all within a centralised digital learning solution.
- **Internal Audit and Risk Management:** This system is a comprehensive and easy-to-use tool that streamlines governance, audit, forensic investigation and risk management processes in an effort to improve productivity, increase coordination between governance participants, and ensure efficiency and accurate reporting.
- **Integrated Health Information Management System:** This system was aimed at facilitating and managing healthcare data across all City PHC facilities. The system is integrated with the Department of Health's system and its capabilities include the collection and recording of patient data during clinic visits, and storing, managing and transmitting a patient's electronic medical record guided by relevant healthcare policy decisions.
- **COVID-19 Screening Tool:** The City's efforts and response to better manage the pandemic necessitated the development of a mobile application used as a tool to streamline COVID-19 screening processes for anyone entering City premises. This tool

is used to administer and review a set of screening questions for each person before entering municipal premises, which ultimately determines access to the building.

Over the financial year under review, the City delivered the following:

- Implemented the Public Wi-Fi Captive Portal which is a central repository system that captures all users that use Tshwane public Wi-Fi. The intention of this system is to capture personal data from all users. Since its inception, 363 149 users have accessed public Wi-Fi and there have been 2 082 613 sessions to date. The portal's capabilities include the detection of users' mobile device branding.
- Installed an additional 94 free Wi-Fi hotspots at various regions across Tshwane.
- Integrated the Environmental Health Management System with the City's Geographical Information System (GIS) to effectively assist with managing health surveys and inspections, and monitoring environmental health hazard records and other online services on the GIS platform, including cloud computing.
- Finalised the revision of the City's ICT systems downtime maintenance plan to further maximise the availability of all connectivity operations in all major centres of Tshwane.

3.9.2 CORPORATE FLEET MANAGEMENT DIVISION

COMMENTS ON CORPORATE FLEET MANAGEMENT

The City's fleet management service places a primary focus on offering the best services to line function departments. The rendering of fleet management services is expressed in terms of ensuring that vehicles are maintained and always available for use as and when required, thus, enabling line function departments to provide services to the community of Tshwane at large.

In an effort to improve efficiencies the City managed to procure 439 new vehicles over the financial year under review that include waste compactor vehicles, emergency services water takers, plumber truck vehicles and light commercial vehicles to be used by client departments, such as the Roads and Transport Department, the Energy and Electricity Department and the Water and Sanitation Department. Additionally, these vehicles include five Tshwane Metro Police Department high-performance and highway patrol vehicles fitted with moving violation recorders.

Furthermore, the City upgraded the Akasia Depot workshop in an effort to improve the services rendered, especially turnaround times and the overall effectiveness of fleet management operations. The lifts (hydraulic equipment) and wheel alignment and tyre balancing equipment were upgraded to ensure that vehicles are 100% certified and compliant with occupational health and safety regulations.

Additionally, in an effort to improve efficiencies, in the financial year under review the City entered into an MoU with the Automotive Industry Development Centre to collaborate on the training of mechanics and artisans, the capacitation of fleet workshops and the provision of fleet and repair maintenance on City vehicles.



Figure 32: Fleet management vehicle procured in the financial year under review

3.9.3 INNOVATION AND KNOWLEDGE MANAGEMENT DIVISION

The City recognises and acknowledges the need to innovate and enhance knowledge which ultimately creates organisational value, particularly in areas that will drive the City towards the realisation of its long-term vision. The City's Innovation and Knowledge Management Division continues to implement strategies and interventions to increase knowledge and improve organisational agility, to strengthen City business processes in support of service delivery, and to enhance employee growth and development to enable them to perform to their maximum capacity.

KEY INNOVATION PROGRAMMES IMPLEMENTED

TSHWANE INTER-UNIVERSITY INNOVATION CHALLENGE

On 27 November 2020, the City, in partnership with Eskom, The Innovation Hub, Tshwane University of Technology, University of South Africa, University of Pretoria, Tuksnovation, Universities South Africa and Technology Innovation Agency, successfully hosted the first Tshwane Inter-University Innovation Challenge Awards. The significant milestone of this event was aimed at the City achieving its mission to position itself as the “innovation capital of South Africa”. The event provided a platform for innovators at tertiary institutions to introduce innovative and creative solutions that can assist the City in tackling some of its service delivery challenges, which can ultimately improve the quality of life of residents.



Figure 33: The winner receiving an award at the Tshwane Inter-University Innovation Challenge

The following innovation programmes were implemented in the 2020/21 financial year:

- The City participated in the first international edition of the Blue Ocean Awards that took place on 11 May 2021 at the French Embassy in Arcadia, Pretoria. The event took place simultaneously in four cities: Tshwane, Paris, Bordeaux and Lyon. The objective of the event was aimed at giving recognition to innovative French companies that have successfully created new markets and have successfully adopted a Blue Ocean approach. The City's participation in the Blue Ocean Awards demonstrated its commitment to lead and implement innovation practices to enhance service delivery in Tshwane.
- Facilitated the approval of the City's Intellectual Property Policy and hosted two key stakeholder (internal and external) sessions to discuss mainstreaming this new policy.
- Developed and approved the Knowledge and Information Management Strategy to enhance municipal capacity by institutionalising knowledge management practices.
- Successfully hosted four knowledge seminars with specific focus on inculcating knowledge through the promotion of Information Management Regulations, the Promotion of Access to Information Act, 2000 (Act 2 of 2000) and the Protection of Personal Information Act, 2014 (Act 4 of 2014).

3.9.4 GROUP PROPERTY

The City's Group Property provides full-spectrum property management services by overseeing the establishment, stabilisation and consolidation of corporate property management, facilities management, asset disposal management and all property administration initiatives. This also takes into consideration the management of immovable assets in line with the City's approved Immoveable Property Asset Strategy, which comprises the following key objectives:

- Ensuring maximum return on investment with regard to the immovable property asset portfolio.
- Providing the right building at the right place to meet service delivery demands with efforts to realise value for money.
- Using immovable property assets to encourage new developments, regenerate spatial integration and stimulate local economic development in the Tshwane region.
- Implementing mechanisms to reduce the environmental impact of buildings to ensure long-term sustainability.
- Developing a sustainable, responsive immovable property asset portfolio.
- Managing and monitoring the City's immovable property asset funds in an effort to realise value on the balance sheet and contribute to the City's financial sustainability.

SERVICE DELIVERY PERFORMANCE HIGHLIGHTS

ROADSHOWS ON THE MANAGEMENT OF SPORT LEASE AGREEMENTS

On 8 June 2021, Group Property, in partnership with other line function departments, embarked on roadshows to communicate and emphasise all aspects related to the lease of sport facilities in Tshwane. This took into consideration the procedure for processing new lease applications and renewing lease applications, and the role of each stakeholder in line with the Land Management Policy. Additionally, other critical matters covered during the roadshows related to the procedure to apply to cede or sublet the contractual rights of existing leases of City sport facilities.



Figure 34: Attendees during the roadshows

BUILDINGS FOR ENERGY PERFORMANCE CERTIFICATES

Energy efficiency remains a critical tool to realise inclusive sustainability for economic sectors. As a result, the Green Building Council of South Africa, in partnership with the Carbon Trust, piloted a project to develop the National Building Energy Performance Register to support the implementation of South Africa's new mandatory energy performance certificate regulations. The objective of this project includes buildings being assessed to be energy efficient by taking into consideration factors such as the purpose for which the building

consumes energy and the source of such energy. The assessment is conducted as per the minimum energy efficiency standards stipulated by the inspection body authorised to issue energy performance certificates, the South African National Accreditation System. The City participated in this project by identifying the following three buildings for assessment and to be issued energy performance certificates:

- Tshwane House, 320 Madiba Street, Pretoria CBD
- Tshwane Leadership and Management Academy, Staatsartillerie Road, Pretoria West
- Sammy Marks Square complex, 138 Stanza Bopape Street, Pretoria CBD

3.9.5 CUSTOMER RELATIONS MANAGEMENT DEPARTMENT

Of the three tiers of government, local is the closest to the daily experiences, needs and demands of the people and it is regarded as the frontline and forefront of the government. In this regard, the City strives to improve the efficiency and effectiveness of customer relations management with a specific focus on providing customer services to residents through its customer service communication and interaction channels, which include customer care walk-in centres and municipal call centres across all seven regions. The City's walk-in centres remain the first point of contact for residents and attend to all face-to-face service delivery queries on behalf of line function departments.

PERFORMANCE HIGHLIGHTS

CELEBRATING CUSTOMER CARE WEEK

During the week of 5 to 9 October 2020, the City participated in and celebrated National Customer Care Week to raise awareness of effective and efficient customer service and the vital role it plays in successful business practices and the improvement of customer perceptions. Against the theme, *We celebrate the power of service*, the main objective was to give recognition to the people on the frontlines who make a difference in the lives of customers.

PUBLIC SATISFACTION SURVEY OF MUNICIPAL SERVICES

The City conducts customer satisfactions surveys bi-annually. Consequently, through its Customer Relations Management Department, the 2020/21 Household, Business and Embassy Satisfaction Survey was conducted using web-based self-service platforms and computer-aided telephone interviews due to COVID-19 lockdown restrictions and regulations. The primary objective of the 2020/21 Customer Satisfaction Survey was to measure the satisfaction of households, businesses, embassies and consulates with the municipal services provided by the City. Furthermore, the survey measured satisfaction with regard to core municipal and community services, public safety and by-law enforcement, billing and payment services, and overall customer care services provided by the City.

The Customer Satisfaction Survey presented descriptive analyses and was conducted among 3 877 households, 878 businesses, and 25 embassies and consulates across Tshwane. Some of the findings of the survey were recorded as follows:

- Challenges with overall mediocre municipal service delivery performance
- Lack of confidence in the City of Tshwane leadership, and corruption

- Safety after dark (and in the inner city) and pertinent business constraints (contributing to high levels of business vulnerability)

3.9.6 COMMUNICATION, MARKETING AND EVENTS

The City's Communication, Marketing and Events manages the role of positioning Tshwane as a strong brand locally, within the country and globally, including its overall reputation and image, thus, enhancing its brand as an investment and tourism destination. The branding and positioning of Tshwane as the "Centre of excellence in Africa" is championed by the Strategic Marketing Division to creatively and effectively use marketing platforms, campaigns and opportunities to build the City's brand and to positively influence stakeholder perceptions about Tshwane.

Communication, Marketing and Events has kept abreast of innovative developments in the media landscape, with a specific focus on digital communication, especially using social media platforms and rebuilding and refining these platforms in order to enhance the City's communication. The outcomes are visible in more followers on social media platforms such as Twitter and Facebook, more traffic on the website and intranet, as well as more positive comments from users, but more queries are also being received via these platforms. The overall impact has improved meaningful engagement with our residents and South Africans in general.

Communication, Marketing and Events also provides language facilitation services to line function departments as a means to accommodate and promote multilingualism in terms of the guidelines stipulated in the City's Language Policy. Residents of Tshwane are also given the opportunity to communicate and access municipal services irrespective of their language.

SERVICE DELIVERY HIGHLIGHTS AND ACHIEVEMENTS

- **Tshwane Update publication:** This professional external publication highlights key projects designed to advance service delivery. Communication, Marketing and Events strives to publish one edition per quarter, meaning four editions per annum. The publication is distributed to all seven regions of Tshwane with a readership of 500 000.
- **Piloting e-Mbereggo (employee self-service system):** The e-Mbereggo system has improved leave management, and allows employees to access payslips and IRP5s and update personal information at their own convenience.
- **Facilitation of communication around gender-based violence:** The City's internal communication team was very instrumental in ensuring that gender-based violence issues are recognised, communicated and given prominence on the City's intranet and internet platforms.
- **New identity for Wonderboom National Airport:** Wonderboom National Airport's identity was redesigned and redeveloped with the help of Communication, Marketing and Events, with a specific focus on the reintroduction of scheduled flights. As part of this process, a roadmap for the initiation of scheduled flights was approved by the City's Mayoral Committee. This resulted in a partnership between Airlink and South African Airways to initiate scheduled flights from Wonderboom National Airport to Cape Town International Airport.

COMMENTS ON THE PERFORMANCE OF CORPORATE SUPPORT OFFICES OVERALL

Over the financial year under review, the City's corporate support offices demonstrated its efforts by providing continuous support to the City's line function departments to ensure maximum functionality and business continuity. Some of the commendable efforts made by these corporate support offices in providing support include the following:

- Embracing e-government initiatives by implementing various electronic services that are aimed at enabling Tshwane residents to access municipal services through the e-Tshwane portal.
- Conducting roadshows to communicate and emphasise all aspects related to leasing sport facilities in Tshwane, with specific emphasis on outlining the procedure for processing new lease applications and renewing lease applications.
- Conducting the customer satisfactions survey to measure the satisfaction of households, businesses, embassies and consulates in terms of the municipal services provided by the City.
- Developing a mobile application as a COVID-19 screening tool used to screen and track people entering City premises. This tool assists in administering and reviewing each person before entering municipal premises which ultimately determines access to the building.
- Procuring 439 new vehicles allocated to various City line function departments.

3.10 ORGANISATIONAL PERFORMANCE SCORECARDS

INTRODUCTION

This section presents performance against targets set as captured in the IDP and SDBIP scorecards for the financial year under review.

Through alignment with the results chain, the IDP targets are linked to the outcomes planned to be achieved over the five-year period, while the SDBIP targets are set as concrete outputs and milestones that are achievable over one financial year. In terms of the planning regime dictated by local government legislation, these plans are linked to the MTREF financial planning, which is usually longer than three years, based on the fixed first year and indicative of budget allocations for a further two years.

Over the financial year under review, the service delivery efforts of the City were anchored to the following five strategic pillars:

- Strategic Pillar 1: A City that facilitates economic growth and job creation
- Strategic Pillar 2: A City that cares for residents and promotes inclusivity
- Strategic Pillar 3: A City that delivers excellent services and protects the environment
- Strategic Pillar 4: A City that keeps residents safe
- Strategic Pillar 5: A City that is open, honest and responsive

3.10.1 SUMMARY OF PERFORMANCE RESULTS

PERFORMANCE OF THE SERVICE DELIVERY BUDGET AND IMPLEMENTATION PLAN

In the approved SDBIP scorecard for the 2020/21 financial year, the City had **102** indicators and targets. Against these targets, the City performed as follows:

- **47** targets were achieved, translating to **46,08%** target achievement.
- **38** targets were not achieved, translating to **37,25%** negative variance.
- **16** indicators did not have targets set as they are just reporting indicators (the phenomenon they measure is reported as and when it happens). This translated to **15,68%**.
- The target of **one** indicator was adjusted to **zero** and this translated to **0,98%**. This was as a result of no budget allocated to the construction of taxi ranks programme for the financial year under review.

Furthermore, in the financial year under review, the City recorded an underperformance on most of its service delivery targets. Some of the reasons highlighted for underperformance include the following:

- Some of the City's operations were negatively affected by budget constraints, which led to non-achievement of some of the SDBIP targets.
- The inability to capacitate the workforce by filling targeted vacant positions impacted negatively on the performance of the City.
- Various construction projects were negatively affected by the national lockdown implemented to manage the COVID-19 pandemic.
- Supply chain management delays with regard to awarding contracts had a negative impact on the commencement and completion of projects on which some of the SDBIP targets for the year depended.

The table below presents details of the City's 2020/21 performance scorecard.

Table 56: SDBIP performance scorecard for the 2020/21 financial year

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
Economic Development and Spatial Planning	Pillar 1: A City that facilitates economic growth and job creation	Rand value of investment attracted to the city (annual)	R3 023 000 000	R1,8 billion	R1,8 billion	R1 933 000 000	R133 000 000	Achieved	The target was exceeded owing to increased success in the City's quest to attract more investment.	The City will strive to maintain the recorded efficiencies and use the recorded performance as guiding baseline to set targets in the next planning and performance period.
		Number of co-operatives supported	215	200	204	217	13	Achieved	N/A	N/A
		Average number of days taken to process building plan applications	New indicator	New indicator	30 days for buildings smaller than 500 m²	28,76	1,24	Achieved	N/A	N/A
		Average number of days taken to process building plan applications	New indicator	New indicator	60 days for buildings larger than 500 m²	21,5	38,5	Achieved	N/A	N/A
Community and Social Development Services	Pillar 1: A City that facilitates economic growth and job creation	Number of work opportunities created through the EPWP, Community Work Programme and other related	8 688	6 325	29 000	8 238	-20 762	Not achieved	The City was not able to implement its projects at full scale due to the COVID-19 pandemic and its restrictions. The COVID-19 regulations resulted in a number of	Engagements with departments to track projects in the implementation phase and recover all work opportunities created. Also, the EPWP Division will work closely with the

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
		infrastructure programmes							project stoppages, which impacted negatively on the EPWP, Community Work Programme and other related infrastructure programmes.	Supply Chain Management Division to obtain information on forthcoming projects and follow up on their implementation to identify all work opportunities created.
	Pillar 2: A City that cares for residents and promotes inclusivity	Number of indigent households supported by the City through its social package per year	2 200	1 889	5 000	2 308	-2 692	Not achieved	The variance is attributed to inadequate capacity to process indigent registration forms.	The City will recruit more human resources to assist in fast tracking the indigent registration process. The City will ask for deviation on home visits, which is a requirement and validate the applicant's indigent status.
		Number of indigent households exited from the Indigent Register per year	5 695	6 055	4 000	6 499	2 499	Achieved	The Indigent Programme has intensified the exiting of indigent households that have been on the register for more than 24 months.	The recorded efficiencies will be maintained.
		Number of community halls per	New indicator	New indicator	1,39	1,28	-0,11	Not achieved	The growing population of Tshwane as a result of	Future facility development needs have been prioritised,

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
		100 000 population							urbanisation and informal settlements.	pending budget availability.
		Number of public libraries per 100 000 population	New indicator	New indicator	1,75	1,62	-0,13	Not achieved	The growing population of Tshwane as a result of urbanisation and informal settlements.	Future facility development needs have been prioritised, pending budget availability.
Health	Pillar 2: A City that cares for residents and promotes inclusivity	Percentage of City of Tshwane PHC fixed clinics providing immunisation for children under one year of age	100%	100%	100%	100%	None	Achieved	N/A	N/A
		Percentage of City of Tshwane PHC fixed clinics implementing the PMTCT programme	100%	100%	100%	100%	None	Achieved	N/A	N/A
		Percentage of City of Tshwane PHC fixed clinics providing HIV testing facilities for pregnant women	100%	100%	100%	100%	None	Achieved	N/A	N/A
Utility Services (Energy and Electricity)	Pillar 3: A City that delivers excellent services and	Number of dwellings provided with connections to the mains	1 731	776	5 500	5 349	-151	Not achieved	Constrained metering and vending team due to many critical	Capacitate metering and vending team by requesting the

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
	protects the environment	electricity by the municipality (Electricity for All Programme)							programmes which needed the installation of meters.	filling of vacant positions.
		Number of electricity connections provided in formalised areas excluding Eskom areas (application driven)	-	-	1 200	1 378	178	Achieved	N/A	The recorded efficiencies will be maintained.
		Percentage of planned maintenance performed on the high-voltage network	New indicator	80%	58%	38,17%	-19,83%	Not achieved	Capacity challenges are a main contributor to this negative variance. The City has 88 substations and many kilometres of high-voltage lines and committed to do inspections and maintenance of at least 58% of those assets, which includes attending to unplanned maintenance like breakdowns. The lack of capacity could not support the	Capacitate this programme with the necessary resources.

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
									planned deliverable.	
		Installed capacity of embedded generators on the municipal distribution network	New indicator	3 575 kVA	4 000 kVA	4 948 kVA	948 kVA	Achieved	N/A	N/A
	Pillar 5: A City that is open, honest and responsive	Percentage of unaccounted for electricity (energy losses) (annual measure)	22,3%	20,22%	Less than 18%	21,67%	3,67%	Not achieved	The variance is mainly attributed to illegal connections and the ageing infrastructure.	- Removing illegal connections - Conducting meter audits and normalising stuck meters - Installing tamper boxes in hotspots with high levels of illegal connections - Refurbishing and replacing old equipment in the network - Strengthening overhead lines
Utility Services (Water and Sanitation)	Pillar 3: A City that delivers excellent services and protects the environment	Number of new sewer connections installed meeting minimum standards	53	570	350	1 636	1 286	Achieved	The variance is attributable to the following: - Backlog carried over from the previous financial year resulted in an increase in the sewer connections delivered in the	None, as connections by the community and/or developers are application driven. Therefore, the City responds to these applications.

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
									current financial year. - Demand-driven sewer connections which are done in partnership with private development have been accounted for, which drastically increased the new sewer connections.	
		Number of new water connections installed meeting minimum standards	2 826	10 000	5 000	11 169	6 169	Achieved	The City was able to resolve challenges faced with communities which allowed for the full implementation of projects, hence an increase in the number of connections in formalised townships.	The recorded efficiencies will be maintained.
		Percentage of drinking water compliance with SANS 241	New indicator	95%	95%	96,26%	1,26%	Achieved	The achievement of the target has been maintained.	The City must ensure that sufficient chemicals are always available to treat water.
		Percentage of waste water quality compliance	New indicator	33%	60%	36,27%	-23,73%	Not achieved	Lack of capacity at waste water treatment plants was a major	The expansion and upgrading of Rooiwal Waste Water Treatment

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
		according to water use licence							contributor to this underperformance.	Works and Baviaanspoort Waste Water Treatment Works will reduce capacity problems when completed.
		Number of kilolitres of water purchased	New indicator	281 207 710 kℓ	284 084 936 kℓ	297 402 760 kℓ	13 317 824 kℓ	Achieved	The target was achieved regardless of the restrictions imposed by Rand Water.	The recorded efficiencies will be maintained.
		Percentage of total water connections metered	New indicator	84%	88%	85%	-3%	Not achieved	Some properties were not metered as a result of administrative challenges. Demand driven and dependent on new applications and new developments.	The City has commenced with a process to expedite the installation of water meters at unmetered stands.
		Total water losses (kilolitres)	New indicator	New indicator	273 089 300 kℓ	128 633 393 kℓ	144 455 907 kℓ	Achieved	N/A	N/A
	Pillar 5: A City that is open, honest and responsive	Percentage average of annual non-revenue water	30,2%	32,4%	27%	34,6%	7,6%	Not achieved	The primary reasons for failure to achieve the target: - Old worn-out water pipes - Inadequate investment in replacing water network pipes	- Adequate investment in water pipe replacements is required - Capacitation of water maintenance teams is vital to improve response times

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
									- Inadequate maintenance teams to respond to water leaks	
Roads and Transport	Pillar 3: A City that delivers excellent services and protects the environment	Number of new public transport taxi ranks constructed	New indicator	New indicator	0	0	0	Reporting indicator	No budget allocation for this programme	
		Number of weekday scheduled TBS bus passenger trips	New indicator	390 000	300 000	1 254 216	954 216	Achieved	- Improved bus driver availability ensured that all scheduled buses were operated - Preferred mode of transport due to cheaper fares and concessions - Active planning ensures that popular routes have operational preference	Continue with current interventions
		Number of weekday scheduled A Re Yeng bus passenger trips	New indicator	1 461 567	671 199	1 024 406	353 207	Achieved	The roll-out of Line 2B attracted new commuters which resulted in more trips for A Re Yeng.	The recorded efficiencies will be maintained,

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
		Percentage of TBS scheduled departures on time (average)	New indicator	90%	90%	93,08%	3,08%	Achieved	- Active bus driver management ensured that time management is adhered to by drivers. -The City ensured that the contractor was on-site daily and that Automated Fare Collection (AFC) system problems were dealt with timeously.	The recorded efficiencies will be maintained.
		Percentage of A Re Yeng scheduled departures on time (average)	New indicator	90%	90%	93,69%	3,69%	Achieved	There was maximum compliance from drivers and dispatchers in terms of reporting on time, especially in Quarter 4, and few technical problems with buses were experienced.	Continue with current interventions
		Percentage of scheduled TBS buses that are low entry	New indicator	85%	85%	97%	12%	Achieved	TBS has 254 buses of which only four are high entry.	The recorded efficiencies will be maintained.
		Percentage of scheduled A Re Yeng	New Indicator	100%	100%	100%	None	Achieved	N/A	N/A

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
		buses that are low entry								
		Kilometres of roads constructed to the required standard	10,8 km	64 km	20 km	23,403 km	3,403 km	Achieved	The carried over commitments from the previous financial year were implemented in this financial year, which positively impacted on the performance.	The recorded efficiencies will be maintained.
		Kilometres of required municipal storm water drainage network constructed	8,2 km	45 km	15 km	22,017 km	7,017 km	Achieved	The carried over commitments from the previous financial year were implemented in this financial year, which positively impacted on the performance.	The recorded efficiencies will be maintained.
		Kilometres of completed Tshwane Rapid Transit bus lanes constructed	50%	-	0,9 km	2,181 km	1,281 km	Achieved	The carried over commitments from the previous financial year were implemented in this financial year, which positively impacted on the performance.	Continue with current interventions

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
Human Settlements	Pillar 3: A City that delivers excellent services and protects the environment	Number of subsidised housing units completed by the City	New indicator	623	623	0	-623	Not achieved	The variance is attributable to the following: - Delays in the procurement process. - Delays in the approval of designs as designs need to be approved by the local housing department and provincial quality and assurance, and then submitted to the City planning department for approval. - Delays in the processes of the National Home Builders Registration Council in terms of registration and prohibition of implementation prior to registration.	- Engage with the provincial office to resolve the shortcomings in the subsidy quantum. - Engage with the National Home Builders Registration Council regarding the turnaround time in the registration of projects. - Engage with the provincial office regarding overlapping of financial years and aligning City policies to those of the province when dealing with approval of designs.
		Number of informal settlements enumerated and classified (in terms of National	New indicator	0	25	0	-25	Not achieved	Delays in the assessment and approval of the informal upgrading strategy for 185. However, the	The City requested assistance with funding from the Department of Human Settlements to

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
		Upgrading Support Programme or equivalent classification)							strategy has since been assessed and approved by the Mayoral Committee on 17 March 2021.	assess the remaining and new informal settlements.
		Percentage of informal settlements using a participatory approach to plan or implement upgrades	New indicator	100%	100%	100%	None	Achieved	N/A	N/A
		Number of new water connections installed meeting minimum standards	0	2 004	2 004	0	-2 004	Not achieved	The variance is attributable to the following: - Delays in the procurement process. - Insufficient budget and/or poor alignment of available budget against a substantial number of projects. - Poor way leave drawings resulting in damage to existing infrastructure services that result in wasted time and budget.	- All-inclusive planning sessions - Create interdepartmental working group to speed up approval processes - Prioritise projects and align budgets accordingly - Engage sister departments regarding poor way leave drawings and maintenance of existing infrastructure services - Engage Project Steering Committees in getting buy-in from communities

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
									- Leaking existing services (sewer and water) that resulted in damaged completed layers. Contractors have to wait until layers are dry and, in some instances, they had to rip off the layers and redo these, costing time and unbudgeted funds. - Community disruptions resulting in stoppages. Most times business forums, under the pretext of representing the community, demand high rates equivalent to that of the main contractor and apply pressure by stopping works. - Encroachment by communities into the road reserves, over water and sewer lines.	- Engage law enforcement agencies in dealing with unruly business forums - Put stringent penalties in place for poor performing contractors - Engage Group Financial Services regarding turnaround time to pay claims - Educate the communities regarding infrastructure projects to make them part of the projects - Request the intervention of political heads to deal with communities politicising projects

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
		Number of informal settlements formalised	3	8	8	0	-8	Not achieved	The variance is attributable to the following: - Delays in the approval of the application, which takes about 90 days, overlapping to the next financial year. - Due to the application of the relaxation of the buffer, the approval of the environmental impact assessment from the GDARD, and the 24G application, which the City has not paid .	-The City will write a letter to GDARD to expedite the approval of the application. -The City will also present the application to the Metropolitan Planning Tribunal once the date has been secured.
		Kilometres of roads and storm water constructed to the required standard	9,716 km	22 km	22 km	0 km	-22 km	Not achieved	The variance is attributable to the following: - Delays in the procurement process. - Capacity challenges within the Human Settlements Department to fast-track and manage contracts for	- All-inclusive planning sessions - Create interdepartmental working group to speed up approval processes - Prioritise projects and align budgets accordingly - Engage Project Steering Committees in getting buy-in from communities

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
									- better performance. - Project stoppages by the community and the business forums causing production delays. - Insufficient budget and/or poor alignment of the available budget against a substantial number of projects. - Delays were also experienced with regard to the approval of designs.	- Engage law enforcement agencies in dealing with unruly business forums - Put stringent penalties in place for poor performing contractors - Educate the communities regarding infrastructure projects to make them part of the projects - Request the intervention of political heads to deal with communities politicising projects
		Number of households with access to sanitation (new sanitation connections)	0	1 913	1 913	0	-1 913	Not achieved	The variance is attributable to the following: - Delays in the procurement process. - Insufficient budget and/or poor alignment of the available budget against a substantial number of projects.	- All-inclusive planning sessions - Create interdepartmental working group to speed up approval processes - Prioritise projects and align budgets accordingly - Engage sister departments regarding poor way leave drawings and

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
									- Poor way leave drawings resulting in damage to existing infrastructure services that result in wasted time and budget. - Leaking existing services (sewer and water) that resulted in damaged completed layers. Contractors have to wait until layers are dry and, in some instances, they had to rip off the layers and redo them, costing time and unbudgeted funds. - Community disruptions resulting in stoppages. Most times business forums, under the pretext of representing the community, demand high rates equivalent to that of the	- maintenance of existing infrastructure services - Engage Project Steering Committees in getting buy-in from communities - Engage law enforcement agencies in dealing with unruly business forums - Put stringent penalties in place for poor performing contractors - Engage Group Financial Services regarding turnaround time to pay claims - Educate the communities regarding infrastructure projects to make them part of the projects - Request the intervention of political heads to deal with communities politicising projects

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
									main contractor and apply pressure by stopping works. - Encroachment by communities into the road reserves, over water and sewer lines.	
		Number of informal settlements with access to rudimentary sanitation services	82	92	92	101	None	Achieved	N/A	N/A
		Number of informal settlements with access to rudimentary water services	182	138	138	138	None	Achieved	N/A	N/A
Environment and Agriculture Management	Pillar 3: A City that delivers excellent services and protects the environment	Percentage of formal areas provided with weekly waste collection services	100%	85%	100%	93,04%	-6,96%	Not achieved	The negative variance results from the workers strike in July 2020 as well as the expiry of the waste collection fleet contract at the end of August 2020, which led to no collection of waste at the beginning of September 2020.	The City is currently in the process of concluding supply chain processes to award the replacement tender.

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
		Percentage of air quality monitoring stations providing adequate data over a reporting year	New indicator	75%	78%	70,16%	-7,84%	Not achieved	The variance is attributed to the fact that Olievenhoutbosch Station was not operational as it was still awaiting the installation of the security alarm system and cameras before it could be reopened for operations.	Work has been done to ensure that the station is operational towards the end of February 2021.
		Number of days where PM2.5 levels exceeded guideline levels	New indicator	-	4 days	3,43 days	0,57 days	Achieved	N/A	NA
		Tonnes of municipal solid waste sent to landfill per capita	New indicator	-	Reporting indicator	0,186	None	Reporting indicator	N/A	N/A
		Percentage of known informal settlements receiving integrated waste handling services	New indicator	85%	100%	35%	-65%	Not achieved	The negative variance is attributed to the employee unrest in July 2020 as well as the expiry of the waste collection fleet contract at the end of August 2020, which led to no collection of waste at the	The City is currently in the process of concluding supply chain processes to award the replacement tender.

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
									beginning of September 2020.	
		Percentage of biodiversity priority areas within the metro	New indicator	8%	Reporting indicator	6,2%	None	Reporting indicator	N/A	N/A
		Percentage of biodiversity priority areas protected	New indicator	71%	Reporting indicator	75,19%	None	Reporting indicator	N/A	N/A
Regional Operations and Coordination	Pillar 2: A City that cares for residents and promotes inclusivity	Percentage utilisation rate of community halls	New indicator	-	37%	4,63%	-32,37%	Not achieved	The COVID-19 restrictions and regulations (including curfew hours) placed a restriction on the hours which were available for bookings and those which can be booked in terms of the utilisation of facilities and the number of congregants allowed to congregate in these facilities at a time.	Considering the impact of COVID-19 restrictions and regulations on the hours available and those which can be booked, the KPI is now a reporting KPI and has no set targets
		Average number of library visits per library	New indicator	-	758 374	1 864,086	-756 509,914	Not achieved	The COVID-19 restrictions and regulations (including curfew hours) placed a restriction on	Considering the impact of COVID-19 restrictions and regulations, the KPI is now a reporting KPI and has no set targets.

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
	Pillar 3: A City that delivers excellent services and protects the environment								the utilisation of facilities and the number of congregants allowed to congregate in these facilities at a time.	
		Percentage of unsurfaced road graded	New indicator	80%	80%	72,03%	-7,97%	Not achieved	The variance against the annual target is 7,97%. The target was set at 80% given the baseline from the previous years against the annual target. Issues with budget cuts and yellow plant partly impacted the KPI.	Progress has been made to finalise yellow plant issues at the beginning of Quarter 1. However, considering the budget cuts imposed widely in the City, the KPI might be negatively affected.
		Percentage of surfaced municipal road lanes which have been resurfaced and resealed	New indicator	0,5%	1,09%	0,4%	-0,69%	Not achieved	Budget cuts affected the attainment of the targets on this KPI.	None, the KPI was affected by budget cuts imposed by the City in this financial year. As a result, the set targets may not be achieved in this financial year.
		Percentage of planned maintenance performed on the medium- and low-	New indicator	80%	100%	0%	-100%	Not achieved	No planned maintenance was performed in the entire financial year due to	Budget constraints and human resources capacity issues continue to affect the KPI, as regions are flooded daily with

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
		voltage network							budgetary constraints.	technical requests and complaints for reactive maintenance.
		Percentage of complaints and call-outs responded to within 24 hours (sanitation and waste water)	New indicator	70%	70%	74,36%	4,36%	Achieved	N/A	None
		Percentage of complaints and call-outs responded to within 24 hours (water)	New indicator	30%	30%	36,99%	6,99%	Achieved	N/A	None
		Square metres of City-owned or maintained public outdoor recreation space per capita	New indicator	-	Reporting indicator	Community parks ha: 4 339 675 2800 m ² - 43 396 752 800 Resorts ha: 1 265,38 m ² - 13 190 800 Nature reserves and nature areas ha: 629 800 m ² - 6 298 000 000	None	Reporting indicator	N/A	N/A
		Percentage of unplanned outages that are restored to supply within	New indicator	64%	66%	0%	-66%	Not achieved		

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
		industry standard time frames								
Emergency Services	Pillar 4: A City that keeps residents safe	Percentage of compliance to the required attendance times for structural firefighting incidents	80,2%	77,7%	Attend to 75% of structural fires in built-up areas within 14 minutes or less from time of call	77,68%	2,68%	Achieved	N/A	N/A
		Percentage of compliance to the required attendance times for dispatched Priority 1 emergency medical incidents	74,66%	80,31%	Attend to 67% Priority 1 dispatched calls in built-up areas within 15 minutes or less from time of call	77,05%	10,05%	Achieved	N/A	N/A
		Number of full-time firefighters per 1 000 population	New indicator	-	0,15	0,11	-0,04	Not achieved	Capacity challenges have been a major contributor to this negative variance. The Emergency Services Department has not been able to fill firefighter positions since 2014 and funded positions	The City is in the process of filling 54 advertised positions. The City is busy with the selection process and later the interviews will be conducted.

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
									have been cancelled.	
		Number of municipal critical infrastructure plans that are in place to deal with impending and actual disasters	6	6	8	8	None	Achieved	N/A	N/A
Tshwane Metro Police Department	Pillar 4: A City that keeps residents safe	Number of by-law policing operations and interventions executed	New indicator	429	493	562	69	Achieved	The overachievement is due to unforeseen, unplanned operations or interventions which increased the performance of the KPI.	N/A
		Number of road policing operations and interventions executed	New indicator	639	788	881	93	Achieved	The overachievement is due to unforeseen, unplanned operations or interventions which increased the performance of the KPI.	N/A
		Number of crime prevention operations and interventions executed	3 296	1 251	1 568	1 677	109	Achieved	The overachievement is due to unforeseen, unplanned operations or interventions which increased	N/A

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
									the performance of the KPI.	
Group Financial Services	Pillar 5: A City that is open, honest and responsive	Number of rateable residential properties in the subsidy housing market entering the municipal valuation roll	New indicator	-	Reporting indicator	117 524	None	Reporting indicator	N/A	N/A
		The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan	New indicator	77,46%	93%	82,78%	-10,22%	Not achieved	Lack of proper planning to ensure that capital projects' budget is spent according to the cash flow and properly monitored by project managers.	The City will implement measures that will improve project management and monitoring in order to influence improvements on spending.
		Service debtors to revenue	35,8%	25,1%	31,8%	28,1%	3,7%	Achieved	- Ensured punctilious billing - Ensured regularity of accounts or account information - Ensured clarity of accounts	- Accounts with exceptions were attended to on time. - Notifications were attended to within the prescribed time frames. - Aligned the meter-reading units in order to optimise meter-

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
									- Ensured correctness of accounts	reading routes and to ensure that all meters are read. - All estimated accounts of three months and longer were attended to through a secondary meter-reading team.
		Cost coverage	0,9%	0,6%	0,8%	0,5%	-0,3%	Not achieved	This ratio was impacted negatively by the lockdown, as customers could not pay due to pay points not being open and due to reduced household income and cessation of businesses.	The department has embarked on a number of initiatives to improve revenue collection in the City. This includes the following key initiatives: 1. Automated reading of meters for large power users. This ensures that the meters are read and invoiced immediately. 2. Automated debt calling to call customers who have arrears debt. 3. Making use of external debt collectors to collect on long outstanding debt. 4. Implementing credit control and

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
										disconnections where necessary.
		Debt coverage	16,8%	21,2%	21,5%	19,3%	-2,2%	Not achieved	The City does not generate sufficient cash in order to be able to have the desired cost coverage ratio as a result of low collection levels.	The ratio shows that to date the City is still able to meet its debt repayments.
		Percentage of the municipality's operating budget spent on free basic services to indigent households per quarter	New indicator	1,5%	8%	6,54%	1,46%	Achieved	Vetting was done on all approved applications. Applications received late in the previous month were vetted early in the following month.	Monthly reconciliations between IPM and SAP
Office of the Chief Whip	Pillar 5: A City that is open, honest and responsive	Number of councillors who completed training in this quarter	New indicator	-	100	167	26	Achieved	N/A	N/A
		Percentage of councillors who have declared their financial interests	New indicator	-	100%	0%	-100%	Not achieved		
Group Legal and	Pillar 5: A City that is open, honest	Number of litigation cases instituted by the	New indicator	-	Reporting indicator	11	None	Reporting indicator	N/A	N/A

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
Secretariat Services	and responsive	municipality in a quarter								
		Number of litigation cases instituted against the municipality	New indicator	-	Reporting indicator	250	None	Reporting indicator	N/A	N/A
		Number of active suspensions longer than three months	New indicator	-	Reporting indicator	10	None	Reporting indicator	N/A	N/A
Group Audit and Risk	Pillar 5: A City that is open, honest and responsive	Number of forensic investigations instituted	New indicator	-	Reporting indicator	369	None	Reporting indicator	N/A	N/A
		Number of forensic investigations conducted	New indicator	-	Reporting indicator	57	None	Reporting indicator	N/A	N/A
Group Human Capital Management	Pillar 5: A City that is open, honest and responsive	Number of municipal officials who completed training in this quarter	New indicator	-	9 500	6 876	-2 624	Not achieved	The lockdown restrictions regarding face-to-face training impacted negatively in this programme as most training had to be cancelled and/or postponed.	The City is looking more into online training which is the new normal since the COVID-19 pandemic started.
		Number of work stoppages occurring	New indicator	-	0	6	6	Not achieved	The variance is attributable to some labour unrests which affected the City, ranging from issues	The City engaged with all the concerned parties and some of the issues were resolved.

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
									related to benchmark payments and conditions of service.	
		Number of sick leave days taken by employees	New indicator	-	Reporting indicator	88 227,59	None	Reporting indicator	N/A	N/A
		Number of permanent employees employed	New indicator	-	Reporting indicator	66	None	Reporting indicator	N/A	N/A
		Percentage employee satisfaction rating (annual)	New indicator	60%	80%	0%	-80%	Not achieved	Due to cost-containment measures, the City was unable to conduct the survey in the 2020/21 financial year.	The department continued with the implementation of the 2019/20 survey action plans.
		Percentage of municipal skills development levy recovered	New indicator	20%	1%	15,8%	14,8%	Achieved	N/A	N/A
		Number of temporary employees employed	New indicator	-	Reporting indicator	2 025	None	Reporting indicator	N/A	N/A
		Quarterly salary bill of suspended officials	New indicator	-	Reporting indicator	R10 875 703,70	None	Reporting indicator	N/A	N/A
		Staff vacancy rate	New indicator	26%	Reporting indicator (less or equal to 10%)	28%	-18%	Not achieved	The City is under moratorium regarding the filling of	A Workforce Planning Committee meeting was held

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
									positions, hence the negative variance.	to determine the way forward.
Office of the Executive Mayor	Pillar 5: A City that is open, honest and responsive	Number of formal minuted meetings between the Mayor, Speaker, Chief Whip and City Manager held in a quarter to deal with municipal matters	New indicator	-	4		-4	Not achieved	This KPI was newly introduced late into the political term as the City had previously been under administration. There were no standardised meetings between the Speaker, Executive Mayor, Chief Whip and City Manager as part of the governance framework of the City.	The War Room service delivery meetings will serve as an opportunity to ensure that there is a meeting of the relevant political and administrative offices. There is an intention to also schedule a set quarterly engagement going forward into the new financial year.
Office of the Speaker	Pillar 5: A City that is open, honest and responsive	Percentage of ward committees with six or more ward committee members (excluding the ward councillor)	New indicator	0%	0%	0%	None	Reporting indicator	N/A	N/A
		Percentage of wards where at least one councillor-convened community	New indicator	-	100%	0%	-100%	Not achieved	The national lockdown regulations restricted the gathering of people which negatively	The City must look into ICT mechanisms in order to facilitate and engage with communities.

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
		meeting was held							affected the convening of community meetings.	
		Number of Council portfolio committee meetings held	New indicator	-	160	94	-66	Not achieved	The variance is attributable to the following: -The City being placed under administration had a negative impact on performance during Quarter 1 and 2. Fewer meetings were held during that period because of transition and administration-related processes. - The COVID-19 regulations had a negative impact on the seating of Council portfolio committee meetings.	The City is currently adhering to COVID-19 protocols and making use of ICT mechanisms to ensure the continuation of Section 79 Committee meetings.
		Number of MPAC meetings held	New indicator	-	10	12	2	Achieved	N/A	N/A
		Number of traditional councils within the municipal boundary	New indicator	-	2	2	None	Achieved	N/A	N/A

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
		Number of agenda items deferred to the next Council meeting	New indicator	-	Reporting indicator	1	None	Reporting indicator	N/A	N/A
		Attendance rate of municipal Council meetings by all traditional leaders	New indicator	100%	100%	100%	None	Achieved	N/A	N/A
Office of the City Manager	Pillar 5: A City that is open, honest and responsive	Number of repeat audit findings	New indicator	-	0	59	59	Not achieved		
		Unqualified Audit Opinion achieved (annual)	Unqualified Audit Opinion achieved	Unqualified Audit Opinion achieved	Unqualified Audit Opinion achieved	Unqualified Audit Opinion achieved	None	Achieved	N/A	N/A
		Number of signed performance agreements by the City Manager and Section 56 managers	New indicator	-	10	10	None	Achieved	N/A	N/A
		Number of Executive Committee meetings held	New indicator	Reported quarterly	12	38	26	Achieved	More matters required the Executive Committee's deliberation and as a result, there was a deviation from the initial plan.	N/A
		Number of formal	New indicator	-	4	35	31	Achieved	The deviation from the original	N/A

Department	Strategic Pillar	KPIs	Actual achievement 2019/20	Baseline	Annual target 2020/21	Annual result 2020/21	Variance	Status	Reason for variances	Planned mitigation action
		(minuted) meetings – to which all senior managers were invited – held							plan was mainly because of the COVID-19 pandemic which required more engagements between senior management members.	

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

INTRODUCTION TO ORGANISATIONAL DEVELOPMENT PERFORMANCE

The need to promote organisational adaptation and maintain and improve organisational efficiencies during the period of uncertainty driven by the COVID-19 pandemic proved to be a very difficult task. The ability of the City of Tshwane to maintain business continuity at the peak of a pandemic has been tested significantly since the outbreak of the coronavirus. Having to deal with the threat to human lives and to continue providing the services required to sustain lives became a serious challenge. Successes in riding out the storm depended entirely on the effective management of the workforce. This called for innovative approaches to managing the workforce and managing work processes to reduce the devastating effects of the pandemic.

Over the financial year under review, the City focused its attention on human capital management and development with the recognition that achieving impactful service delivery depends on the value created by employees. Therefore, promoting a capable city government became an apex priority. In this regard, while the City reported significant progress in a number of its interventions, its efforts were constrained by many challenges that needed to be addressed and this led to the non-achievement of some of the commitments set to be achieved over the financial year under review.

Against this background, this chapter reflects on the progress made and challenges experienced in managing the workforce over the financial year under review. The chapter covers with sufficient detail all employee-related matters, from recruiting to retaining.

4.1 MUNICIPAL PERSONNEL

INTRODUCTION TO MUNICIPAL PERSONNEL

In any organisation, the employees of the organisation play a critical role in driving the business of the organisation. The efficiencies of the organisation depend on the efficiencies of its personnel. The same applies to the City of Tshwane. The City relies on its personnel who are tasked with various responsibilities relating to the mandate of municipalities as dictated by the Constitution and other relevant local government legislation. Therefore, investment in the development and continuous improvement of personnel is one of the critical business continuity undertakings of the City.

The skills, competencies and health conditions of personnel are a major contributor to the City's efforts to achieve all its growth and development objectives, to continuously improve service delivery and to realise clean administration aspirations. Therefore, harnessing opportunities to develop a capable workforce and promoting efficiencies in the management of personnel are two of the ongoing priorities of the City.

The City of Tshwane has a big workforce of about 19 285 permanent employees and 3 877 temporary employees. Nine employees are contractually bound and employed in terms of Section 56 of the Municipal Systems Act, 2000. The total number of vacancies

is 7 498, translating to a vacancy rate of 28%. The vacancy rate is based on permanent employees only, and thus excludes councillors, temporary workers and students. This rate has increased in the 2020/21 financial year due to the moratorium on the filling of positions caused by financial constraints.

In the filling of positions, the City strives to comply by ensuring that appointments consider Employment Equity Plan targets. Although the City's compliance percentage is at 93%, all advertised posts are ring-fenced to address underrepresentation. Any office employing 50 or more employees is classified as a designated employer and thus has to comply with the Employment Equity Act, 1998 (Act 55 of 1998).

A departmental or regional employment equity forum is established as a structure to advance employment equity. Departments and regions develop an employment equity plan through these forums that contain non-numerical and numerical targets. The plan is verified by the Employment Equity Section for compliance with the requirements of the Employment Equity Act, 1998. The group head or regional manager, as the assigned manager, signs off the plan for accountability. The funded vacancies to be filled follow the targets.

The employment equity forum ensures the implementation and monitoring of the plan by overseeing recruitment, gender-related inequalities and discrimination against persons with disabilities, women and vulnerable workers. Some members of the forum sit in short listings as well as interviews as observers and endorse any recommendation that is fair and just. The recommendation is only signed off by the group head if the employment equity forum has endorsed it.

Employees at the helm of service delivery are mostly affected by the issues of occupational health and overuse. Most of them take vacation leave and sick leave due to fatigue, which invariably affects service delivery in a way. In response to this challenge, the filling of vacancies is prioritised to address capacity shortages in service delivery departments. In order to reduce and ensure effective leave management, leave management has been assigned to departmental heads and is governed by a collective agreement. 78 777,87 sick leave days were taken in the year under review. No conclusion can be drawn about the figure, however, this may be an indication of an unwell state of the workforce. A thorough analysis will be conducted to draw a reliable conclusion on the management of leave.

As part of effective workforce management, the City developed the Individual Performance Management Policy. The drafted policy is still being consulted on within the City. No performance rewards were awarded in the 2020/21 financial year. Employees were granted a notch increase on their anniversary date based on the performance assessment for the preceding period following the improved skills set of employees. 6 543 officials were capacitated in terms of the Workplace Skills Plan during the 2020/21 financial year.

Against this background, this section of the report presents details on issues relating to the management of municipal personnel observed over the financial year under review.

While the City made commendable progress in some areas of municipal personnel management, it was also confronted with many challenges in some areas, and this impacted negatively in achieving some of the desired results.

EMPLOYEE TOTALS, TURNOVER AND VACANCIES

In organisations, employee turnover and vacancies have a direct effect on organisational performance. In the era of the ravaging COVID-19 pandemic, dealing with employee turnover and vacancies is a key issue in the City. In the City of Tshwane, it is always desirable to increase employee or personnel productivity and lessen turnover, thus, leading to service delivery improvements. Given that employee turnover and vacancies have direct costs, such as expenses on recruitment, selection, orientation, workshops and training for new employees, implementing sound retention strategies to retain employees and minimise the rate of turnover must be prioritised.

The City recorded an overall employee turnover of 2,45% over the financial year under review. This figure is not only based on voluntary resignation but all types of termination, which include death, early retirement, retirement, abscondment and dismissal. Terminations are guided by law and internal procedures. The causes of voluntary resignations, among others, include employees securing other job opportunities, pending disciplinary processes, etc. Increased turnover in the semi-skilled and unskilled levels is caused mainly by death, retirement and abscondment. Whereas the causes of increased turnover at senior management, professionally qualified and skilled technical levels include voluntary resignation, dismissal and retirement.

EMPLOYEE TOTALS

The table below shows the vacancy rate for each City department as at year end. The City has committed to reduce the vacancy rate to 10% starting with the priority departments identified.

Table 57: Employee totals per department

A	B	C	D	E	F
	Year -1	Year 0	Year 0	Year 0	Year 0
Department	Total number of employees or occupied posts as at the beginning of the 2020/21 financial year	Number of approved posts	Number of employees or post occupied at the end of the 2020/21 financial year	Number of vacancies (Number of full-time vacant posts to be advertised and filled if funded in the next financial year (2021/22)) C - D = E	Vacancies percentage $E / C \times 100 = F$
Office of the City Manager	49	136	45	91	66,91%
Office of the Executive Mayor	80	212	91	121	57,08%
Office of the Speaker	200	263	200	63	23,95%
Office of the Chief Whip	29	64	24	40	62,5%
Office of the Chief Operations Officer	7	32	11	21	65,63%
Utility Services	1 475	2 370	1 823	547	23,08%
Roads and Transport	965	1 472	1 086	386	26,22%
Human Settlements	73	111	80	31	27,93%
Governance and Support Service	5	26	6	20	76,92%
Economic Development and Spatial Planning	553	796	551	245	30,78%
City Strategy and Organisational Performance	45	90	51	39	43,33%
Communication, Marketing and Events	67	114	69	45	39,47%
Customer Relations Management	339	485	379	106	21,86%
Group Property	92	210	107	103	49,05%
Environment and Agriculture Management	1 878	2 373	1 856	517	21,79%
Health	495	825	521	304	36,85%
Community and Social Development Services	232	477	382	95	19,92%

A	B	C	D	E	F
	Year -1	Year 0	Year 0	Year 0	Year 0
Department	Total number of employees or occupied posts as at the beginning of the 2020/21 financial year	Number of approved posts	Number of employees or post occupied at the end of the 2020/21 financial year	Number of vacancies (Number of full-time vacant posts to be advertised and filled if funded in the next financial year (2021/22)) $C - D = E$	Vacancies percentage $E / C \times 100 = F$
Group Audit and Risk	117	259	120	139	53,67%
Group Financial Services	1 743	2 175	1 906	269	12,37%
Tshwane Metro Police Department	3 529	5 213	4 228	985	18,9%
Group Human Capital Management	318	485	316	169	34,85%
Shared Services	280	488	269	219	44,88%
Group Legal and Secretariat Services	138	217	129	88	40,55%
Emergency Services	1 626	1 718	1 005	713	41,5%
Regional Operations and Coordination	5 434	6 172	4 030	2 142	34,71%
TOTAL	19 769	26 783	19 285	7 498	28%
<i>T4.1.1</i>					

The following table provides a percentage breakdown of employees in permanent positions compared to those in the economically active population:

Table 58: Permanent positions at organisational level

Economically active population Percentage				City of Tshwane Number and percentage					
Male		Female		Male			Female		
African	44,8%	African	35,2%	African	9 441	47,62%	African	7 396	38,35%
Coloured	1,7%	Coloured	1,3%	Coloured	186	0,96%	Coloured	156	0,81%
Indian	1,8%	Indian	1,1%	Indian	54	0,28%	Indian	53	0,27%
White	7,9%	White	6,3%	White	1 255	6,5%	White	744	3,86%
Total	56,1%	Total	43,9%	Total	10 936	56,7%	Total	8 349	43,29%

EMPLOYMENT EQUITY

The City's recruitment process is informed by its approved Employment Equity Plan, 2017–2020, which was developed in line with the requirements of the Department of Employment and Labour, the Employment Equity Act, 1998 and other relevant legislation. The following table reflects the numeric targets, employee totals per department, employee totals at organisational level and people with disabilities as at 30 June 2021.

Table 59: Employee totals per department

A	B	C	D	E	F
	Year -1	Year 0	Year 0	Year 0	Year 0
Department	Total number of employees or occupied posts as at the beginning of the 2020/21 financial year	Number of approved posts	Number of employees or post occupied at the end of the 2020/21 financial year	Number of vacancies (Number of full-time vacant posts to be advertised and filled if funded in the next financial year (2021/22)) C - D = E	Vacancies percentage $E / C \times 100 = F$
Office of the City Manager	49	136	45	91	66,91%
Office of the Executive Mayor	80	212	91	121	57,08%
Office of the Speaker	200	263	200	63	23,95%
Office of the Chief Whip	29	64	24	40	62,5%
Office of the Chief Operations Officer	7	32	11	21	65,63%
Utility Services	1 475	2 370	1 823	547	23,08%
Roads and Transport	965	1 472	1 086	386	26,22%
Human Settlements	73	111	80	31	27,93%
Governance and Support Service	5	26	6	20	76,92%
Economic Development and Spatial Planning	553	796	551	245	30,78%
City Strategy and Organisational Performance	45	90	51	39	43,33%
Communication, Marketing and Events	67	114	69	45	39,47%
Customer Relations Management	339	485	379	106	21,86%

A	B	C	D	E	F
	Year -1	Year 0	Year 0	Year 0	Year 0
Department	Total number of employees or occupied posts as at the beginning of the 2020/21 financial year	Number of approved posts	Number of employees or post occupied at the end of the 2020/21 financial year	Number of vacancies (Number of full-time vacant posts to be advertised and filled if funded in the next financial year (2021/22)) $C - D = E$	Vacancies percentage $E / C \times 100 = F$
Group Property	92	210	107	103	49,05%
Environment and Agriculture Management	1 878	2 373	1 856	517	21,79%
Health	495	825	521	304	36,85%
Community and Social Development Services	232	477	382	95	19,92%
Group Audit and Risk	117	259	120	139	53,67%
Group Financial Services	1 743	2 175	1 906	269	12,37%
Tshwane Metro Police Department	3 529	5 213	4 228	985	18,9%
Group Human Capital Management	318	485	316	169	34,85%
Shared Services	280	488	269	219	44,88%
Group Legal and Secretariat Services	138	217	129	88	40,55%
Emergency Services	1 626	1 718	1 005	713	41,5%
Regional Operations and Coordination	5 434	6 172	4 030	2 142	34,71%
TOTAL	19 769	26 783	19 285	7 498	28%
T4.1.1					

The table below presents employee totals at organisational level.

Table 60: Permanent positions per gender and racial group at organisational level

Economically active population Percentage				City of Tshwane Number and percentage					
Male		Female		Male			Female		
African	44,8%	African	35,2%	African	9 441	47,62%	African	7 396	38,35%
Coloured	1,7%	Coloured	1,3%	Coloured	186	0,96%	Coloured	156	0,81%

Economically active population Percentage				City of Tshwane Number and percentage					
Male		Female		Male			Female		
Indian	1,8%	Indian	1,1%	Indian	54	0,28%	Indian	53	0,27%
White	7,9%	White	6,3%	White	1 255	6,5%	White	744	3,86%
Total	56,1%	Total	43,9%	Total	10 936	56,7%	Total	8 349	43,29%

The table below presents the total number of persons with disabilities per occupation level.

Table 61: Number of employees with disabilities per occupational level as at 30 June 2021

Occupational levels	Male				Female				Foreign nationals		Totals
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1	0	0	0	0	0	0	1	0	0	2
Senior management	5	0	0	3	2	1	0	3	0	0	14
Professionally qualified	7	0	0	20	4	0	0	2	0	0	33
Skilled technical	18	0	0	26	5	1	0	5	0	0	55
Semi-skilled	16	3	0	10	10	0	0	15	0	0	54
Unskilled	37	1	0	2	7	0	0	0	0	0	47
Total permanent	84	4	0	61	28	2	0	26	0	0	205
Non-permanent employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	84	4	0	61	28	2	0	26	0	0	205

OCCUPATIONAL LEVELS

The City migrated from Paterson Classic to TASK level as presented in Table 61. The table also highlights the new categories. The migration created many shifts within levels and as a result the employment equity targets will have to be reviewed as they have also been impacted.

Table 62: Categorisation of occupational levels

Occupation category	Levels	Designations	2020/21 financial year
Top management	(23 to 26)	This level includes those who report directly to the City Manager: - Governance and Support Officer - Chief Audit Executive	9

		• Chief of Police • Chief of Emergency Services • Chief Operations Officer • Chief Financial Officer • Group Head: City Strategy and Organisational Performance • Group Head: Communication, Marketing and Events • Group Head: Office of the City Manager	
Senior management	(19 to 22)	• Group heads (all other group heads) • Divisional heads	80
Professionally qualified	(14 to 18)	• Directors • Deputy directors • Functional heads	2 415
Skilled technical	(9 to 13)	• Skilled (technical) • Academically qualified • Junior management • Supervisors • Foremen • Superintendents	5 105
Semi-skilled	(4 to 8)	• Semi-skilled officials • Discretionary decision makers	6 280
Unskilled	(1 to 3)	• General workers • This is the level wherein decision-making is defined	5 396
Total			19 285

VACANCIES AND TURNOVER

The City has approved 26 783 employees on the organisational structure. For the period under review, 19 285 positions on the structure have been filled. The total number of vacancies at year end was 7 498. The City had earmarked to fill 450 positions of which only 110 were filled for the period ending 30 June 2021. Table 62 indicates that the vacancy rate and turnover rate have regressed over a period of three years. Factors that influenced the regression are mainly the COVID-19 national lockdown, the moratorium placed on the filling of positions, the dissolution of Council and the dire financial status of the City which resulted in the non-filling of positions. It was resolved by the Executive Committee that departments should be requested to indicate their priority vacant positions for consideration to fill positions within the available budget.

Although the Workforce Planning Committee recommended that permanent posts that became vacant due to natural attrition should be given priority, the departments were allowed to identify all priority positions they needed to fill. In November 2020, the Executive Mayor identified the Utility Services Department, Roads and Transport Department, Regional Operations and Coordination Department and the seven regions as part of the core mayoral strategic focus areas and priorities.

These departments were requested to indicate the crucial 10% of their positions that should be filled as a matter of urgency for an immediate impact on service delivery. The Executive Mayor approved the filling of these positions and the advertisement was published in March 2021. All positions that became vacant from January 2021 due to natural attrition were also given priority. The staffing policy of the City allows for the employment of foreign nationals who have obtained permanent residence permits to be eligible for permanent appointment. The City has employed five employees under this criterion. The foreign nationals are employed in critical and normal skills.

VACANCY RATE

The City of Tshwane's employment process is informed by its Human Resources Policy and relevant legislation. As at the end of the financial year under review, the City had 26 783 approved positions on the organisational structure. Of those 26 783 approved positions, 19 285 positions are filled. The total number of vacancies as at 30 June 2021 was 7 498. The City had earmarked to fill 450 positions of which only 110 were filled as at the end of the financial year.

The following table provides statistical information regarding the positions filled against those that were advertised:

Table 63: Details of positions filled against positions advertised

A	B	C	D	E	F
Designation (job level)	Total number of approved posts	Total number of occupied posts or employees	Total number of vacancies (as a proportion of total posts in each category)	Vacancies (as a proportion of total posts in each category) (Percentage) $D / B \times 100 = E$	Vacancies (total time that vacancies exist using full-time equivalents)
0 to 3	6 934	5 396	1 538	22%	-
4 to 6	2 183	1 627	556	25%	-
7 to 9	6 375	4 953	1 422	22%	-
10 to 12	8 342	5 662	2 680	32%	-
13 to 15	1 588	805	783	49%	-
16 to 18	1 232	748	484	39%	-
19 to 20	0	0	0	0%	-
21 to 26	129	94	35	27%	-
Total	26 783	19 285	7 498	28%	
NT T4.1.2					

The following table provides a summary of positions filled versus those advertised for the 2020/21 financial year.

Table 64: Summary of positions filled versus positions advertised

Positions advertised or filled	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total	Remarks
Positions advertised	5	24	8	413	450	In March 2020, a moratorium was placed on the filling of positions due to financial constraints. However, it was lifted in March 2021.
Positions filled	12	16	42	40	110	
Average days (weekends included therefore average on allowed 90 days)	1 422	1 371	4 417	7 649	14 859	
Total days to fill all positions	119	86	105	191	135	

EMPLOYEE TURNOVER RATE

The following table presents statistical information relating to the employee turnover rate for the 2020/21 financial year:

Table 65: Employee turnover and vacancy rate at organisational level over three financial years

A	B	C	D	E	F	G	H
Financial year	Total number of posts on the organisational structure	Total number of employees at the beginning of the financial Year	Number of posts occupied at the end of the financial year	Total number of terminations during the financial year $C - D = E$	Turnover rate percentage $E / C \times 100 = F$	Total number of vacancies $B - D = G$	Vacancy rate percentage $G / B \times 100 = H$
Year -2 (2018/19)	26 599	19 836	19 829	7	0,035%	6 770	25,45%
Year -1 (2019/20)	26 738	19 829	19 769	60	0,31%	6 969	26,19%
Year 0 (2020/21)	26 783	19 769	19 285	484	2,45%	7 498	28%
T4.1.3							

STRATEGY TO RETAIN SKILLED STAFF

The City strives to retain talented employees and reduce turnover rates by fostering a positive work atmosphere by promoting engagement, showing appreciation to employees, providing competitive remuneration packages and providing healthy work-life balance to its employees. Owing to the lockdown regulations, such as maintaining social distancing and limitations on physical contact, the City approved the Remote Working Policy and implemented interventions such as work from home arrangements to ensure that the provision of services to residents continues. As another attempt to retain staff, the City provides training opportunities for skills development. In addition, implementing a scarce skills allowance policy assists the City to attract and retain professionals and address skills shortages by offering extra monetary benefits to employees in identified scarce skills categories.

OFF-SITE WORK ARRANGEMENTS POLICY

In pursuit of ensuring compliance with the COVID-19 risk-adjusted strategy, the City of Tshwane drafted the Off-site Work Arrangements Policy to manage the decongestion of the workplace. The COVID-19 pandemic continues to severely affect public health and cause unprecedented disruptions within the workplace. In line with the advice from the World Health Organization through the South African national government, the City implemented many practices aimed at containing the spread of the virus. These include ensuring physical distancing, enforcing the compulsory wearing of masks, screening employees at entry points and implementing measures for vulnerable employees. As the pandemic evolves, so has the measures taken by the City to address the changing dynamics.

The global trend of working off-site is recognised and allows the City to empower its employees to work with maximum flexibility and minimum constraints. This can optimise performance and deliver world-class value and customer services. The use of ICT enables employees to work without the traditional limitations of where and when tasks must be performed. It is based on the concept that work is an activity that is done, rather than a place to go to. In support of this initiative, the City developed a draft Policy on Off-site Working Arrangements and consulted thoroughly with critical stakeholders. Both the Executive Committee as well as the Mayoral Committee have considered the draft policy. Consultation with organised labour is on track and is in its final stages. The policy is earmarked for completion and implementation during Quarter 2 of the 2020/21 financial year.

4.2 MANAGING THE MUNICIPAL WORKFORCE

The City is governed by several legislative prescripts. These prescripts are then supported, translated and implemented in the form of policies. These policies guide the employer and employees. Further, the City, via the process of continuous improvement, develops standard operating procedures to assist employees to work efficiently and effectively. The roles and responsibilities of employees are documented in a job profile and are customised into job descriptions to match the operational requirements of the department. Each manager must ensure the optimal use of employees. All employees are subject to performance appraisals aligned to the employee's key performance areas.

The gaps identified in these appraisals are addressed through the training and development process. This process allows employees to acquire skills to enhance work performance, close learning gaps and acquire skills for the future. This enables the employee to be job-ready for another level. Promotions are offered in the form of advertised job opportunities which allows for healthy competition among employees. The City offers a recruitment process that ensures fair, efficient, effective and transparent personnel administration.

The consequence management process implemented allows for the correction and improvement of employee behaviour. This process is guided by collective agreements. The City continually fosters a culture of mutual support, high ethical standards, diversity,

respect and inclusion. One of the highlights includes the formation of a dedicated team of investigators to investigate sexual harassment cases in the workplace. This formation has brought ease to employees and shows commitment to the well-being and safety of employees by the employer.

In inculcating a culture of igniting excellence, employees are encouraged to abide by the Batho Pele principles and to honour the Service Delivery Charter.

POLICIES

Policies are fundamental tools in the running of an organisation. They provide a set of general guidelines for the employer and employees. Policies are there to address specific issues, such as employee behaviour, and to provide guidelines on the implementation of various subject matters. The tables below outline human capital policies developed and reviewed in the 2020/21 financial year.

Table 66: Human resources policies and plans developed in the 2020/21 financial year

No.	Name	Completion percentage	Completion date or date upon which the comment on the failure to adopt the policy was issued or general comments
1.	Succession Planning Policy	80%	Policy in circulation for comments and consultation, and earmarked for approval at the end of Quarter 1 of 2020/21.
2.	Professional Membership Policy	70%	Policy in circulation for comments and consultation, and earmarked for approval at the end of Quarter 1 of 2020/21.
3.	Integrated Wellness Policy	50%	The draft policy will be subjected to a consultation process and is earmarked for completion by the end of Quarter 1 of the current financial year.
4.	Employee Movement Policy	40%	The policy has recently been drafted and will be in place during Quarter 2 of the current financial year.
5.	Off-site Work Arrangements Policy	80%	The policy is undergoing final rounds of consultation and will be ready for implementation during Quarter 1 of the current financial year.
6.	Internal Promotions Policy	80%	The policy will be ready for implementation during Quarter 1 of the current financial year.
T4.2.1			

Table 67: Human resources policies and plans reviewed in the 2020/21 financial year

No.	Name	Completion percentage	The date upon which the comment on the failure to adopt the policy was issued
1.	Leave Policy	90%	The policy has been reviewed and is undergoing the final consultation process with organised labour, and will be ready for implementation during Quarter 1 of 2021/22.
2.	Funeral Policy	90%	The policy is earmarked for sign-off and implementation during Quarter 1 of the current financial year.
3.	Staffing Policy	80%	The policy is undergoing the final consultation process with organised labour and is earmarked to be signed off

			and implemented during Quarter 1 of the current financial year.
4.	Performance Management Policy	50%	The policy is currently being consulted on with organised labour and is earmarked for completion during Quarter 2 of the current financial year.
T4.2.1			

COMMENTS ON WORKFORCE POLICY DEVELOPMENT

The development and review of human capital policies serve to reinforce and clarify the standards expected of employees and in turn assist the employer to manage staff effectively. The City of Tshwane Group Human Capital Management is responsible for developing, reviewing and being the custodian of all human capital management policies. In ensuring implementation is in line with the set policies, Group Human Capital Management has extended its service to all departments and regions by placing a key accounts specialist in those departments and regions who oversees the implementation of human capital policies and other related duties. This is what is called a shared service model. New policies are developed in line with institutional needs and the review of policies is due to several factors, including changes in legislation and external factors that may have a direct impact on the operations of the City.

In the financial year under review, two policies were developed. These policies serve to address employee-retention needs by making budgetary provisions to pay for professional membership of employees, as well as the upskilling and internal mentoring of employees through the succession-planning process. This, therefore, led to the development of the two policies: Policy on Professional Membership and Succession Planning Policy. The effective implementation of the succession-planning process will ensure that the City has a pool of academically qualified and job-ready internal employees who may immediately close gaps caused by natural attrition. The successful implementation of the succession-planning process will boost employee morale and employee development, and increase the pool of employees with critical skills.

The review of policies is informed by several factors including gaps identified by employees or the employer, and areas that were initially omitted. The two policies that were reviewed in the past financial year were based on the glaring gaps that were identified which had adverse effects on employees, the operations of the City and legislation changes. The Leave Management Policy had critical areas that were initially omitted and there were legislative changes that resulted in the review of the policy. The now approved Leave Management Policy has included several critical areas and brought clarity where there was ambiguity. The Transport Allowance Policy is under review and the purpose of the review is to have a standardised Transport Allowance Policy document that will apply to all employees. Furthermore, there were critical areas that needed urgent attention from the employer to ensure the efficient and effective application of the Transport Allowance Policy.

INJURIES, SICKNESS AND SUSPENSIONS

It must be noted that an incident involving a motor vehicle or an incident that occurred on a public road is not classified as a Section 24 incident. In terms of the Occupational Health and Safety Act, 1993 (Act 85 of 1993), a Section 24 incident occurs when a person –

- dies;
- loses consciousness;
- suffers the loss of a limb or part of a limb or is otherwise injured;
- falls ill and could either die or suffer permanent injury because of it;
- is unable to work for a period of no less than 14 days;
- is permanently unable to continue with activities for which he/she is employed;
- is involved in a major incident; or
- is endangered because his/her health and safety are threatened due to –
 - a dangerous substance that was spilled;
 - uncontrolled release of a substance under pressure; or
 - machinery or a piece of machinery that was fractured or failed, resulting in flying, falling or uncontrolled moving objects, or machinery that ran out of control.

The total number of incidents reported for the 2020/21 financial year is 273, of which three were Section 24 incidents, three were serious, meaning motor vehicle accidents, and three were fatal.

Table 68: Number of injuries reported

Incidents reported	Section 24	Serious	Fatalities	Number of paid employees	Percent investigated
273	3	3	3	25 783	43%

The table below provides statistical information on injuries for the 2020/21 financial year.

Table 69: Details of injuries for the 2020/21 financial year

Month	Incidents reported	HEA	MVA	SAF	LTI	MTC	Section 24	Serious	Fatality	Incidents investigated percentage
July 2020	15	5	0	15	0	0	0	0	0	0%
August 2020	4	0	1	3	0	0	0	0	0	0%
September 2020	29	0	1	28	1	0	0	0	3	14%
October 2020	15	0	1	14	0	0	1	1	0	34%
November 2020	35	1	0	34	3	5	0	0	0	30%
December 2020	22	2	2	18	1	0	0	0	0	30%
January 2021	9	0	2	7	0	0	0	0	0	0%

Month	Incidents reported	HEA	MVA	SAF	LTI	MTC	Section 24	Serious	Fatality	Incidents investigated percentage
February 2021	37	2	8	27	1	2	0	0	0	5,4%
March 2021	20	0	5	15	1	1	0	0	0	5%
April 2021	23	3	0	20	0	1	0	2	0	0%
May 2021	32	3	7	22	0	0	1	0	0	0%
June 2021	32	2	5	25	0	0	1	0	0	0%
Cumulative	273	18	32	228	6	9	3	3	3	13,2%

The table below presents information related to injuries at organisational level for the 2020/21 financial year.

Table 70: Injuries at organisational level

A	B	C	D	E	F	G
Type of injury	Total number of employees injured on duty	Number of injury leave days taken	Number of employees who used injury leave days	Proportion of employees using sick leave based on injuries $D / C \times 100 = E \%$	Average injury leave days per employee $C / D = F$	Total estimated cost (rand value)
Injuries requiring basic medical attention only (excluding Section 24)	273	The City does not categorise sick leave. This means that injury on duty sick leave is captured and addressed as part of normal sick leave.				
Temporary disablement	0					
Permanent disablement	0					
Fatal	3					
TOTAL	276					
T4.3.1						

Table 71: Incident reduction

Month	Number of paid employees	Section 24 and serious	Total hours worked	Difference
July 2020	30 186	0	5 249 169,09	0,30
August 2020	30 186	0	5 287 811,37	0,00
September 2020	26 809	0	4 702 501,28	0,00
October 2020	26 730	1	5 248 649,10	0,03
November 2020	26 662	0	4 681 068,36	0,00

Month	Number of paid employees	Section 24 and serious	Total hours worked	Difference
December 2020	26 053	0	4 575 430,03	0,00
January 2021	26 033	0	4 572 821,41	0,00
February 2021	25 936	0	4 558 391,00	0,00
March 2021	22 210	0	3 909 591,49	0,00
April 2021	22 070	2	3 884 432,63	0,01
May 2021	23 233	1	4 085 789,07	0,04
June 2021	23 288	1	4 080 692,83	0,05
Total	25 783	3	4 569 695,64	0,13

SICK LEAVE

The following table presents statistical information pertaining to the total number of employees who took sick leave during the 2020/21 financial year, excluding injury on duty leave days:

Table 72: Sick leave at organisational level (excluding injury on duty leave days)

A	B	C	D	E	F	G	H
Occupational level	Total number of employees in posts at the beginning of the year	Total number of employees who took sick leave	Total number of sick leave days taken	Total number of leave days taken without medical certificate	Proportion of sick leave without medical certification percentage $E / D \times 100 = F$	Average sick leave days taken per employee $D / C = G$	Total estimated cost R'000
Top management	23	5	52	0	0%	10,4	N/A
Senior management	827	24	110,86	13,87	13%	4,62	N/A
Professionally qualified	1 692	786	6 970,13	961,36	14%	8,87	N/A
Skilled technical	4 976	3 680	30 903,15	5 828	19%	8,4	N/A
Semi-skilled	6 366	3 430	27 589,3	6 330,79	23%	8,04	N/A
Unskilled	5 952	1 764	12 744,42	1 571,54	12%	7,22	N/A
Other *	N/A	89	408	50	12%	4,58	N/A
* T4.3.2 & T4.3.3							

The figure below illustrates the average number of sick leave days taken per occupational level.

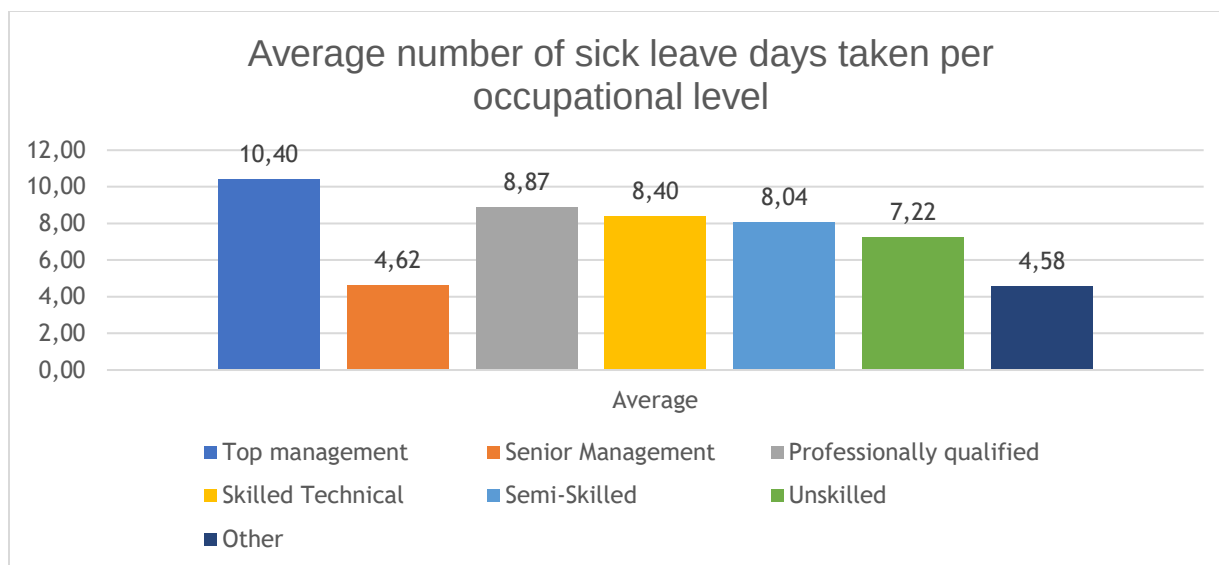


Figure 35: Sick leave days taken

COMMENTS ON INJURY AND SICK LEAVE

Sick leave is managed according to the Main Collective Agreement and Basic Conditions of Employment Act, 1997 (Act 75 of 1997). It provides for sick absence for a determined period in line with the Local Agreement. The Local Agreement provides further half sick leave days when employees are sick for long periods. Sick leave with a certificate is provided to an employee who has been booked off duty by a medical doctor. Sick leave is therefore given to employees and limited to two days on two occasions in a cycle of eight weeks. This is to deter employees from abusing sick leave without a certificate. Unpaid leave is approved for employees who do not have any leave sick leave days or vacation leave days. Should an employee have vacation leave days the employee may use such leave to offset the unpaid leave taken.

The employer has further allowed employees to be given further half-paid sick leave in conjunction with vacation leave credit if employees get sick for a long period which depletes the normal sick leave provided to employees over a period of 36 months. If the sick employee does not have enough vacation leave credits, the employer will process 50% of the leave as paid and half as unpaid. This process can only take place on approval by the Group Head: Group Human Capital Management.

SUSPENSIONS

The following table provides details and the status of suspensions that occurred during the financial year:

Table 73: Suspensions at organisational level

Position	Date of suspension	Nature of alleged misconduct	Details of disciplinary action taken, or status of case and reasons why not finalised	Date finalised or comments
Director	1 June 2018	Supply chain management irregularity	Case referred to external attorneys for investigation	Case not finalised
Group Head	30 November 2019	Incorrect advice	Disciplinary action in progress	Case not finalised
General Worker	1 March 2018	Insubordination, threatened management/supervisor	Referred by South African Local Government Bargaining Council (SALGBC) for internal processes	Suspension uplifted Case not finalised
General Worker	1 March 2018	Insubordination, threatened management/supervisor	Referred by SALGBC for internal processes	Suspension uplifted Case not finalised
General Worker	1 March 2018	Insubordination, threatened management/supervisor	Referred by SALGBC for internal processes	Suspension uplifted Case not finalised
Revenue Agent	4 April 2018	Illegal electricity connection	Referred by SALGBC for internal processes	Suspension uplifted Case not finalised
Production Worker	1 November 2018	Threatened supervisor	New presiding officer to be appointed	Suspension uplifted Case not finalised
T4.3.5				

COMMENTS ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT

Suspension from duty is a precautionary measure that is provided for in the disciplinary procedure collective agreement. A precautionary suspension is affected with full remuneration, because it is not deemed to be punitive in nature. The disciplinary procedure provides for the suspension of an employee for an initial period of three months with the option of an extension of a further three months if the need arises. No provision is made for suspensions to be extended beyond a six-month period, which places the burden on the City to revoke a suspension after the said period has lapsed.

DISCIPLINARY ACTIONS REGARDING FINANCIAL MISCONDUCT

The table below presents all pending and finalised cases of financial misconduct in the 2020/21 financial year. The Municipal Regulations on Financial Misconduct and Criminal Proceedings defines financial misconduct as conduct committed by officials in terms of Sections 171 and 172 of the MFMA.

Table 74: Disciplinary action on cases of financial misconduct

Position	Nature of alleged misconduct and rand value of any loss to the municipality	Disciplinary action taken	Date finalised
Divisional Head	Contravention of MFMA	Yes	27 October 2020

Position	Nature of alleged misconduct and rand value of any loss to the municipality	Disciplinary action taken	Date finalised
Group Head	Irregular expenditure	Yes	26 August 2020
Divisional Head	Irregular expenditure	Yes	6 August 2020
Director	<i>Ex post facto</i> payment for chemical toilets	Yes	19 August 2020
Executive Director	Irregular expenditure	Yes	7 July 2020
Director	Contravention of MFMA	Yes	1 November 2020
Regional Head	<i>Ex post facto</i> payment for funeral	Yes	6 August 2020
Group Head	Deviation from the normal supply chain management processes	Yes	21 July 2020
T4.3.6			

SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT

Suspensions are effected in terms of the disciplinary procedure collective agreement and the disciplinary regulations applicable to senior managers reporting directly to the City Manager. Currently, only five employees are suspended in the City of Tshwane and their cases are ongoing. The table below reflects the cases as discussed.

Table 75: Active suspensions as at the end of the 2020/21 financial year

Department	Job title	Period of suspension	
Group Legal and Secretariat Services	Group Head	30 November 2019	To date
Group Audit and Risk	Chief Audit Executive	22 January 2021	To date
Governance and Support Service	Governance and Support Officer	10 June 2020	To date
Emergency Services Department	Chief of Emergency Services	28 November 2019	To date
Group Property	Divisional Head	1 April 2021	To date

PERFORMANCE REWARDS

For the financial year under review, the City did not grant performance rewards.

4.3 CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Training plans are adequate and based on extensive consultation with relevant role-players at the Coordinating Training Committee. Training plans are based on the approved Workplace Skills Plan. The City of Tshwane provides adequate funds during its budget compilation process to train employees for the current and future years. The value of training is assessed on an ongoing basis at different stages of the training programmes

depending on the nature and duration of the training. The employees eligible to attend training are identified by the departments concerned and the relevant Group Human Capital Management division. All nominated employees are then scheduled for training

The training expenditure or budget is directly proportional to the mandatory grant received from the Local Government Sector Education and Training Authority (LGSETA) and must be solely used for training purposes for employees to comply with the provisions of the Skills Development Act, 1998 (Act 97 of 1998). The needs are derived from the approved Workplace Skills Plan submitted to the LGSETA on an annual basis. This becomes part of the business plan for the City to achieve the targets set in the plan. This is translated into an Annual Training Report to be submitted in the following year. The City's Workplace Skills Plan is measured in terms of these targets to ensure compliance. At least 70% of the budget must be used to qualify for the discretionary grant from the LGSETA.

SKILLS DEVELOPMENT AND TRAINING

In terms of the Skills Development Levies Act, 1999 (Act 9 of 1999), the City of Tshwane, as a levy-contributing municipality, pays a levy of 1% of the total remuneration budget per month to the South African Revenue Service, which ultimately gets paid over to the LGSETA. The City is required to submit the Workplace Skills Plan and the Annual Training Report by 30 April each year. Furthermore, the City must ensure the appointment of skills development facilitators and the establishment of the training committee. The City is also required to submit quarterly training reports which qualifies the City to receive 20% back in the form of a mandatory grant.

SKILLS MATRIX

The following table presents statistics on the number of City employees who received training during 2020/21. There were no targets set per occupational level and per category of courses for the period under review.

Table 76: Skills matrix comparison

Occupational level	Gender	Number of employees in the post as at 30 June 2021	Number of skilled employees required and actual employees as at 30 June 2021											
			Apprenticeship			Short course – No credit			Other forms of training			Total		
			Actual 2019/20	Target 2020//21	Actual 2020/21	Actual 2019/20	Target 2020/21	Actual 2020/21	Actual 2019/20	Target 2020/21	Actual 2020/21	Actual 2019/20	Target 2020/21	Actual 2020/21
Legislators	Female	78	0	N/A	0	0	N/A	0	0	N/A	0	0	N/A	0
	Male	134	0	N/A	0	0	N/A	0	0	N/A	0	0	N/A	0
Clerical support workers	Female	2 292	0	N/A	0	397	N/A	305	0	N/A	0	397	N/A	305
	Male	1 138	0	N/A	0	217	N/A	143	0	N/A	0	217	N/A	143
Elementary workers	Female	1 313	47	N/A	46	358	N/A	140	0	N/A	0	404	N/A	186
	Male	4 214	172	N/A	62	804	N/A	270	0	N/A	0	976	N/A	332
Managers	Female	354	0	N/A	0	88	N/A	186	0	N/A	0	88	N/A	186
	Male	538	0	N/A	0	97	N/A	208	0	N/A	0	97	N/A	208
Plant and machine operators and assemblers	Female	78	0	N/A	0	17	N/A	3	0	N/A	0	17	N/A	3
	Male	920	4	N/A	0	219	N/A	20	0	N/A	0	223	N/A	20
Professionals	Female	1 206	0	N/A	0	446	N/A	388	0	N/A	0	446	N/A	388
	Male	1 079	0	N/A	0	257	N/A	195	0	N/A	0	257	N/A	195
Service and sales workers	Female	1 777	0	N/A	0	2 778	N/A	1 454	0	N/A	0	2 778	N/A	1 454
	Male	2 814	0	N/A	0	4 633	N/A	2 642	0	N/A	0	4 633	N/A	2 642
Skilled agricultural and related trades workers	Female	107	2	N/A	0	32	N/A	10	0	N/A	0	34	N/A	10
	Male	1 029	14	N/A	0	166	N/A	40	0	N/A	0	180	N/A	40
Technicians and associate professionals	Female	598	0	N/A	0	160	N/A	236	0	N/A	0	160	N/A	236
	Male	939	1	N/A	0	160	N/A	195	0	N/A	0	188	N/A	195
Total		20 608	240	N/A	108	10 855	N/A	6 435	0	N/A	0	11 095	N/A	6 543
★ Technicians and associate professionals are those who are registered with a professional body, such as a chartered accountant														T4.5.1

FINANCIAL COMPETENCY DEVELOPMENT

The progress on financial competency development for the 2020/21 financial year is shown below as required by the MFMA Regulations on Minimum Competency Levels, 2007.

Table 77: Progress on financial competency development

Description (financial officials and supply chain management officials)	A. Total number of officials employed by the City	B. Total number of officials employed by municipal entities	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B	Consolidated: Total number of officials with performance agreements	Consolidated: Total number of officials that meet prescribed competency levels
Accounting Officer	1	2	3	3	3	1
Chief Financial Officer	1	2	3	3	3	1
Senior managers	8	0	8	8	8	5
Any other financial officials	4	0	4	4	4	4
Heads of supply chain management units	1	0	1	1	1	1
Supply chain management senior managers	2	0	2	2	2	2
TOTAL	17	4	21	21	21	14
T4.5.2						

SKILLS DEVELOPMENT AND RELATED EXPENDITURE ON FINANCIAL COMPETENCY REGULATIONS

Training plans are developed based on extensive consultation with relevant role players at the Coordinating Training Committee. These training plans are based on the approved Workplace Skills Plan. The City of Tshwane provides adequate funds to ensure that training is uninterrupted for the current and future years. The value of training is assessed on an ongoing basis at different stages of the training programmes. This depends on the nature and duration of the training. The National Treasury Minimum Competency Levels Regulations are implemented for all categories of employees as stipulated in the regulations. Employees who must attend MFMA training are identified and nominated by the relevant departments and Group Human Capital Management. These employees are then scheduled for training by the Learning and Development Division.

The training budget is directly proportional to the mandatory grant received from the LGSETA. It is used solely for training purposes to align with the provisions of the Skills Development Act, 1998. The needs are derived from the approved Workplace Skills Plan submitted to the LGSETA annually. These are translated to the business plan in the form of KPIs with targets

set on the selected indicators. The City's Work Skills Programme is measured in terms of these targets to ensure compliance. At least 70% of the budget must be used to qualify for the discretionary grant from the LGSETA.

Table 78: Summary of expenditure on skills development

Planned budget	Actual or spent budget	Variance	Percentage spent	Percentage unspent	Total number of employees trained	Comments
R6 711 248,66	R4 359 273,93	R2 351 974,73	64,95%	35,05%	6 543	Training of employees was not conducted as expected which accentuated the spending of budget due to COVID-19

4.4 MANAGING WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

Workforce expenditure is one of the City's largest expenditure items and it accounts for a substantial percentage of the City's budget. Therefore, it is important to manage workforce expenditure effectively in order to optimise value derivation, improve budget planning and implementation, and express accountability fully. Effective workforce expenditure management enables the forecasting of potential required expenditure on the workforce. Furthermore, workforce expenditure management also plays a critical role in protecting the legitimate rights of employees while significantly contributing to promoting other related efficiencies.

WORKFORCE EXPENDITURE

Over the financial year under review, the City experienced massive financial constraints which resulted in changing priorities and other factors that influence the workforce. Therefore, exercising greater control on workforce spending became critical. As a result, planning for the remuneration budget is based on the incremental budgeting method. This process ensures that the allocation of the remuneration budget is adequate to provide for the existing workforce. This section of the report presents the expenditure incurred by the City on the remuneration of employees at all levels of employment and Councillors over the 2020/21 financial year.

The workforce expenditure has been stable throughout the years. Over the financial year under review, there were significant expenditure changes which can be attributed to continuous changes in the municipal environment. The factors that influence the workforce expenditure include court orders against the City, settling of collective agreements, filling of vacancies, legislative requirements, industry changes and unforeseen operational pressures relating to service delivery. In the financial year under review, the City recorded an expenditure of R308 541 213 on salaries.

The following table presents details on remuneration spending against the budget.

Table 79: Remuneration expenditure

Description	Year -3 (2017/18)	Year-2 (2018/19)	Year -1 (2019/20)	Year 0 (2020/21)
Salaries and wages	R188 364 405	R248 881 420	R185 965 423,22	R304 560 334
Contracted services	R2 437 399	R8 471 897	R3 612 745,09	R3 980 879
Totals	R190 801 804	R257 353 317	R189 578 168,31	R308 541 213
T4.6.1				

EMPLOYEES' SALARIES INCREASED

The City follows a job evaluation process whenever there are salary disparities. Several positions were upgraded through a job evaluation process which was endorsed by the provincial audit committee. 25 posts of Swimming Pool Superintendent on TASK 7 were upgraded to TASK 9. The financial implication for the remainder of the financial year was R1 698 408. Eight posts of Senior Side Loader Operators were upgraded from TASK 3 to TASK 4 with a financial implication of R2 280 for the remainder of the financial year.

Table 80: Employees whose salaries were increased due to their positions being upgraded

Beneficiaries per occupational level	Gender (people without disabilities)	Total	Gender (people with disabilities)	Total
Municipal Manager and Section 57	Female	0	Female	0
	Male	0	Male	0
Senior management	Female	0	Female	0
	Male	0	Male	0
Highly skilled management	Female	0	Female	0
	Male	0	Male	0
Highly skilled supervision	Female	0	Female	0
	Male	0	Male	0
Skilled	Female	1	Female	0
	Male	16	Male	0
Lower skilled	Female	0	Female	0
	Male	7	Male	0
Subtotal	Female	1	Female	0
	Male	23	Male	0
Total		24		0
T4.6.2				

SALARIES EXCEEDING THE GRADE

Table 81: Employees whose salary levels exceeds the grade determined by the job evaluation process

Department	Occupation	Number of employees	Job evaluation levels		Remuneration	Reason for deviation and date of the approved report
			Paterson	PS Grade		
Community and Social Development Services (4)	Library Assistant	1	03	05	R200 376,00	Contractual to the holder on salary level

Department	Occupation	Number of employees	Job evaluation levels		Remuneration	Reason for deviation and date of the approved report
			Paterson	PS Grade		
Community and Social Development Services	Store Assistant	1	B1	08	R209 952,00	Contractual to the holder on salary level
Community and Social Development Services	Library Assistant	1	C2	07	R373 140,00	Contractual to the holder on salary level
Community and Social Development Services	Principal	1	C3	07	R429 912,00	Contractual to the holder on salary level
Customer Relations Management (1)	Secretary	1	08	04	R386 412,00	Contractual to the holder on salary level
Economic Development and Spatial Planning (6)	Local Economic Development Officer	1	D2	03	R580 200,00	Contractual to the holder on salary level
Economic Development and Spatial Planning	Architect Technician	1	D2	07	R618 420,00	Contractual to the holder on salary level
Economic Development and Spatial Planning	Architect Technician	1	04	01	R575 268,00	Contractual to the holder on salary level
Economic Development and Spatial Planning	Planning Professional	2	E2	02	R870 780,00	Contractual to the holder on salary level
Economic Development and Spatial Planning	Director: Health, Social Development and Sport and Recreation	1	E3	04	R1 128 468,00	Contractual to the holder on salary level
Emergency Services (14)	Firefighter/ Senior/ Leading	8	08	06	R429 912,00	Contractual to the holder on salary level
Emergency Services	Emergency Medical Care Practitioner	1	08	06	R429 912,00	Contractual to the holder on salary level
Emergency Services	Admin Officer	1	10	07	R320 436,00	Contractual to the holder on salary level
Emergency Services	Company Commander	1	07	05	R505 236,00	Contractual to the holder on salary level
Emergency Services	Operator: Emergency Operations Call Centre	2	C2	07	R373 140,00	Contractual to the holder on salary level
Emergency Services	Worker	1	14	07	R164 520,00	Contractual to the holder on salary level

Department	Occupation	Number of employees	Job evaluation levels		Remuneration	Reason for deviation and date of the approved report
			Paterson	PS Grade		
Energy and Electricity (15)	Meter Repairer	1	C2	07	R373 140,00	Contractual to the holder on salary level
Energy and Electricity	Chief Engineer	2	E1	07	R863 124,00	Contractual to the holder on salary level
Energy and Electricity	Engineer Technician	1	05	03	R575 268,00	Contractual to the holder on salary level
Energy and Electricity	Artisan	2	07	02	R429 912,00	Contractual to the holder on salary level
Energy and Electricity	Artisan Assistant	1	A3	03	R177 744,00	Contractual to the holder on salary level
Energy and Electricity	Special Workman	1	10	07	R320 436,00	Contractual to the holder on salary level
Energy and Electricity	Superintendent	1	03	02	R661 608,00	Contractual to the holder on salary level
Energy and Electricity	Engineer Technician	1	03	03	R699 228,00	Contractual to the holder on salary level
Energy and Electricity	Artisan	1	07	02	R429 912,00	Contractual to the holder on salary level
Energy and Electricity	Foreman	2	06	03	R505 236,00	Contractual to the holder on salary level
Environment and Agriculture Management (17)	Caretaker	3	B3	08	R294 228,00	Contractual to the holder on salary level
Environment and Agriculture Management	General Worker	1	B2	10	R256 920,00	Contractual to the holder on salary level
Environment and Agriculture Management	Area Inspector: Waste Management	1	04	01	R575 268,00	Contractual to the holder on salary level
Environment and Agriculture Management	Functional Head: Environmental Accountability and Reporting	1	02	03	R818 832,00	Contractual to the holder on salary level
Environment and Agriculture Management	Messenger	1	A3	07	R177 804,00	Contractual to holder on salary level

Department	Occupation	Number of employees	Job evaluation levels		Remuneration	Reason for deviation and date of the approved report
			Paterson	PS Grade		
Environment and Agriculture Management	Senior Supervisor	1	B3	04	R258 996,00	Contractual to the holder on salary level
Environment and Agriculture Management	Gardener	1	C1	04	R310 044,00	Contractual to the holder on salary level
Environment and Agriculture Management	Lawnmower Operator	4	12	03	R191 256,00	Contractual to the holder on salary level
Environment and Agriculture Management	Weed Inspector	3	C1	07	R333 588,00	Contractual to the holder on salary level
Environment and Agriculture Management	Field Warden	1	07	02	R429 912,00	Contractual to the holder on salary level
Group Audit and Risk (1)	Internal Auditor	1	03	02	R661 608,00	Contractual to the holder on salary level
Group Financial Services (9)	Deputy Director: Disposal Management	1	E2	07	R1 010 700,00	Contractual to the holder on salary level
Group Financial Services	General Worker	1	A2	03	R160 572,00	Contractual to the holder on salary level
Group Financial Services	Admin Officer	1	08	04	R386 412,00	Contractual to the holder on salary level
Group Financial Services	Pensioner	1	PENSION	00	R0,00	Contractual to the holder on salary level
Group Financial Services	Cashier	1	C2	07	R373 140,00	Contractual to the holder on salary level
Group Financial Services	Accountant	1	D2	07	R618 420,00	Contractual to the holder on salary level
Group Financial Services	Functional Head: Demand Management	1	02	03	R818 832,00	Contractual to the holder on salary level
Group Financial Services	Deputy Director: Supply Chain Management	1	E2	06	R967 764,00	Contractual to the holder on salary level
Group Financial Services	Admin Officer	1	09	03	R320 436,00	Contractual to the holder on salary level

Department	Occupation	Number of employees	Job evaluation levels		Remuneration	Reason for deviation and date of the approved report
			Paterson	PS Grade		
Group Human Capital Management (4)	Messenger	1	B1	08	R209 952,00	Contractual to the holder on salary level
Group Human Capital Management	Human Capital Management Consultant	1	06	05	R575 268,00	Contractual to the holder on salary level
Group Human Capital Management	Competency Development Training Officer	1	04	01	R575 268,00	Contractual to the holder on salary level
Group Human Capital Management	Senior Human Resources Planning Specialist	1	01	06	R1 123 116,00	Contractual to the holder on salary level
Group Legal and Secretariat Services (2)	Legal Advisor	2	E1	07	R863 124,00	Contractual to the holder on salary level
Group Property (9)	Engineer Technician	1	D2	06	R580 452,00	Contractual to the holder on salary level
Group Property	Admin Officer	1	C1	06	R323 364,00	Contractual to the holder on salary level
Group Property	Registry Officer	1	C2	06	R363 192,00	Contractual to the holder on salary level
Group Property	Secretary	1	C3	06	R411 696,00	Contractual to the holder on salary level
Group Property	General Worker	1	B1	08	R209 952,00	Contractual to the holder on salary level
Group Property	General Worker	1	14	07	R164 520,00	Contractual to the holder on salary level
Group Property	General Worker	1	13	03	R164 520,00	Contractual to the holder on salary level
Group Property	Artisan	1	07	02	R429 912,00	Contractual to the holder on salary level
Group Property	General Worker	1	13	03	R164 520,00	Contractual to the holder on salary level
Health (4)	Supplementary Radiographer	1	B3	07	R283 464,00	Contractual to the holder on salary level

Department	Occupation	Number of employees	Job evaluation levels		Remuneration	Reason for deviation and date of the approved report
			Paterson	PS Grade		
Health	Secretary	1	D1	06	R482 868,00	Contractual to the holder on salary level
Health	Secretary	1	08	04	R386 412,00	Contractual to the holder on salary level
Health	Environmental Health Practitioner	1	04	01	R575 268,00	Contractual to the holder on salary level
Human Settlements (8)	General Worker	1	10	03	R173 376,00	Contractual to the holder on salary level
Human Settlements	General Worker	2	11	01	R165 072,00	Contractual to the holder on salary level
Human Settlements	Admin Officer	1	C1	07	R333 588,00	Contractual to the holder on salary level
Human Settlements	Senior Admin Officer	1	D2	07	R618 420,00	Contractual to the holder on salary level
Human Settlements	Community Liaison Officer	1	03	03	R699 228,00	Contractual to the holder on salary level
Human Settlements	General Worker	1	11	01	R165 072,00	Contractual to the holder on salary level
Human Settlements	Senior Admin Officer	1	07	05	R505 236,00	Contractual to the holder on salary level
Roads and Transport (10)	Operator	1	B3	07	R283 464,00	Contractual to the holder on salary level
Roads and Transport	Chief Engineer	1	E1	07	R863 124,00	Contractual to the holder on salary level
Roads and Transport	GIS Coordinator	1	04	01	R575 268,00	Contractual to the holder on salary level
Roads and Transport	General Worker	1	A2	03	R160 572,00	Contractual to the holder on salary level
Roads and Transport	Functional Head: Roads and Storm Water Operations Maintenance	1	E2	02	R870 780,00	Contractual to the holder on salary level
Roads and Transport	Assistant Operator	3	12	03	R191 256,00	Contractual to the holder on salary level

Department	Occupation	Number of employees	Job evaluation levels		Remuneration	Reason for deviation and date of the approved report
			Paterson	PS Grade		
Roads and Transport	Engineering Consultant	1	03	06	R818 832,00	Contractual to the holder on salary level
Roads and Transport	Support Services Officer	1	D2	06	R580 452,00	Contractual to the holder on salary level
Shared Services (5)	Computer Officer	1	C1	07	R333 588,00	Contractual to the holder on salary level
Shared Services	Superintendent	1	04	01	R575 268,00	Contractual to the holder on salary level
Shared Services	Admin Officer	1	C3	07	R429 912,00	Contractual to the holder on salary level
Shared Services	Data Capturer	1	08	04	R386 412,00	Contractual to the holder on salary level
Shared Services	Registry Officer	1	09	03	R320 436,00	Contractual to the holder on salary level
Tshwane Metro Police Department (19)	Senior Examiner Officer	1	06	03	R505 236,00	Contractual to the holder on salary level
Tshwane Metro Police Department	Licence Officer	1	09	03	R320 436,00	Contractual to the holder on salary level
Tshwane Metro Police Department	Examiner	1	09	08	R386 412,00	Contractual to the holder on salary level
Tshwane Metro Police Department	Admin Officer	1	09	08	R386 412,00	Contractual to the holder on salary level
Tshwane Metro Police Department	Admin Officer	1	C2	06	R363 192,00	Contractual to the holder on salary level
Tshwane Metro Police Department	Instructor	2	T12	06	R505 308,00	Contractual to the holder on salary level
Tshwane Metro Police Department	Instructor	1	T12	07	R533 760,00	Contractual to the holder on salary level
Tshwane Metro Police Department	Constable/ Sergeant	7	C2	06	R363 192,00	Contractual to the holder on salary level
Tshwane Metro Police Department	Senior Forensic Auditor	1	E1	07	R863 124,00	Contractual to the holder on salary level
Tshwane Metro Police Department	Warden	3	B2	10	R256 920,00	Contractual to the holder on salary level

Department	Occupation	Number of employees	Job evaluation levels		Remuneration	Reason for deviation and date of the approved report
			Paterson	PS Grade		
Water and Sanitation (12)	General Worker	2	A2	03	R160 572,00	Contractual to the holder on salary level
Water and Sanitation	General Worker	2	13	03	R164 520,00	Contractual to the holder on salary level
Water and Sanitation	Special Workman	1	08	04	R386 412,00	Contractual to the holder on salary level
Water and Sanitation	Draughtsper son	1	D1	07	R505 236,00	Contractual to the holder on salary level
Water and Sanitation	Motor and Pump Attendant	2	12	03	R191 256,00	Contractual to the holder on salary level
Water and Sanitation	Motor and Pump Attendant	1	13	08	R191 256,00	Contractual to the holder on salary level
Water and Sanitation	Admin Officer	1	09	03	R320 436,00	Contractual to the holder on salary level
Water and Sanitation	Process Controller	2	08	06	R429 912,00	Contractual to holder on salary level
NT T4.6.3						

DISCLOSURES OF FINANCIAL INTERESTS

The disclosure of financial interests complies with the provisions of Municipal Performance Regulation 805 of 2006, developed by the Minister for Provincial and Local Government, for municipal managers and managers directly accountable to municipal managers. To ensure good governance, the regulation sets out the requirements with regard to the disclosure of financial Interests by officials (senior managers and other Section 56 officials) and councillors. The aim is to prevent fraud, unauthorised work outside the City and conflict of interest when participating in specific committees (see Appendix J).

DISCLOSURES CONCERNING SENIOR MANAGEMENT

This section of the report discloses to the public the remuneration of the City Manager, those who report directly to the City Manager, as well as councillors over the 2020/21 financial year.

Table 82: Disclosure concerning senior managers

Name	Entry date	Annual remuneration
James Peter Murphy (10017284)	1 August 2017	R2 601 272,00
Msizi Reginald Myeza (10017514)	1 July 2019	R2 150 000,00
Nosipho Prudence Hlatshwayo (10018101)	1 July 2017	R1 990 956,00
Umar Banda (10023813)	1 July 2017	R2 601 272,00
Previn Devalingam Govender (10039707)	1 August 2017	R1 990 956,00

Name	Entry date	Annual remuneration
Hilgard Matthews (10039708)	1 August 2017	R1 990 956,00
Phillip Moeketsi Ntsimane (10039771)	1 September 2017	R2 389 147,00
Lorette Tredoux (10039773)	1 September 2017	R2 601 272,00
Johannah Madikotsi Nkomo (10041604)	2 December 2018	R2 389 147,00
Mmaseabata Abigail Mutlaneng (10061389)	23 March 2020	R953 283,00
T4.6.6		

DISCLOSURES CONCERNING COUNCILLORS

Table 83: Disclosure concerning councillors

Pay number	Name	Entry date	Annual remuneration
25778	Perpetua Lucy Lekgema	10 August 2016	R525 904,00
25859	Gerhardus Cornelius Pretorius	10 August 2016	R1 036 974,00
25973	Clive John Napier	10 August 2016	R997 090,00
26538	Yvonne Kwena Dzumba	12 February 2019	R525 904,00
26563	Thembekile Elizabeth Mmoko	8 July 2019	R525 904,00
26686	Dikeledi Dorah Ditabo	10 August 2016	R525 904,00
26783	Percy Ben Zitha	10 August 2016	R525 904,00
26970	Karen Meyer	10 August 2016	R1 068 312,00
26996	Daniel Gabriel Wannenburg	10 August 2016	R1 068 312,00
27063	Peter Edward Millar	10 August 2016	R525 904,00
27232	Elmarie Linde	10 August 2016	R1 036 974,00
27500	Barend William Chapman	10 August 2016	R525 904,00
27534	Catharina Dorothea Prinsloo	10 August 2016	R525 904,00
104866	Lucas Mabunda	10 August 2016	R525 904,00
135395	Albertus Martinus Van Niekerk	10 August 2016	R525 904,00
10001845	Makopo Arow Makola	10 August 2016	R525 904,00
10002954	Mahomed Essop	10 August 2016	R525 904,00
10002968	Dikeledi Johanna Lehobye	10 August 2016	R525 904,00
10002972	Manakedi Elisa Mlotshwa	10 August 2016	R525 904,00
10002974	Lesiba Johannes Lekgoathi	10 August 2016	R525 904,00
10002975	Frederik Wilhelmus Van Wyk	10 August 2016	R525 904,00
10002977	John Willem Barendrecht	10 August 2016	R525 904,00
10002979	Anniruth Kisoonduth	19 August 2016	R1 036 974,00
10003014	Casper Nicolaas MC Donald	10 August 2016	R525 904,00
10005807	Chris Francois Bekker	10 August 2016	R525 904,00
10006430	Mokgadi Maria Rallele	10 August 2016	R525 904,00
10008375	Mighty Harold Matjene	10 August 2016	R525 904,00
10011111	Marnette Sutherland	10 August 2016	R525 904,00
10011611	Simon Motsaneng	10 August 2016	R1 036 974,00

Pay number	Name	Entry date	Annual remuneration
10012087	Rasello Terence Mashego	10 August 2016	R525 904,00
10012101	Kgosi Lucas Maepa	1 September 2018	R525 904,00
10012887	Aaron Mokgale Maluleka	10 August 2016	R525 904,00
10013142	Thulile Angel Ndlovu	8 July 2019	R525 904,00
10014229	Machuene Joyce Boshomane	10 August 2016	R525 904,00
10014230	Andries Lebitsi Dinale	10 August 2016	R525 904,00
10014245	Nathaniel Rabasotho Masupha	10 August 2016	R525 904,00
10014259	Jonathan Kleinbooi Baloyi	10 August 2016	R525 904,00
10015747	Poppy Letty Maseko	10 August 2016	R525 904,00
10015752	Jane Tebogo Makgatho	10 August 2016	R525 904,00
10015762	Victor Phitisi Mabelane	10 August 2016	R525 904,00
10015767	Joel Malebogo Sindane	10 August 2016	R525 904,00
10015770	Absalom Setumo Boroto	10 August 2016	R525 904,00
10015771	Johannes Jacobus Coetzee	10 August 2016	R1 036 974,00
10015773	John Buti Masombuka	8 July 2019	R525 904,00
10015774	Juanita Du Plooy	10 August 2016	R1 036 974,00
10015775	Masindi Gertrude Rebecca Morudu	10 August 2016	R525 904,00
10015782	Swartland Jabulane Mabona	10 August 2016	R525 904,00
10015785	Roelof Petrus Fourie	10 August 2016	R525 904,00
10015788	Dorcas Mathe	10 August 2016	R525 904,00
10015789	Theresa-Eulanda Mabusela	10 August 2016	R525 904,00
10015791	Barend Hendrik Josephes Erasmus	10 August 2016	R1 036 974,00
10015795	Moetjie Violet Motsei	29 January 2021	R525 904,00
10015796	Nomvula Lesiah Mathenjwa	10 August 2016	R525 904,00
10015798	Elsie Shibe Tshabalala	10 August 2016	R525 904,00
10015799	Phumzile Brian Hlatshwayo	10 August 2016	R525 904,00
10015800	Magdeline Pretty Sebotsane	10 August 2016	R525 904,00
10015808	Nozipho Paulina Tyobeka-Makeke	10 August 2016	R525 904,00
10015809	Marika Elizabeth Kruger Muller	10 August 2016	R1 036 974,00
10015810	Joyce Mangalane Ngobeni	10 August 2016	R525 904,00
10015811	Tsung Wei Lee	10 August 2016	R1 068 312,00
10015815	Isak Jacobus Pietersen	10 August 2016	R525 904,00
10015818	Mokganya Ramohoebo	15 April 2021	R525 904,00
10015823	Catharina Elizabeth Strydom	10 August 2016	R525 904,00
10015825	Peter Sutton	10 August 2016	R1 036 974,00
10015827	Alfred Khala Phahlane	10 August 2016	R525 904,00
10015828	Reyaan Uys	10 August 2016	R525 904,00
10015836	Mamosa Betty Ringane	10 August 2016	R505 677,00
10015840	Mmina-Tau Seabelo Marishane	10 August 2016	R525 904,00

Pay number	Name	Entry date	Annual remuneration
10015860	Molatelolo Samuel Mashola	10 August 2016	R525 904,00
10015862	Lema Godfrey Motau	10 August 2016	R525 904,00
10015863	Joel Kgomotso Masilela	10 August 2016	R525 904,00
10015867	Darryl Moss	10 August 2016	R525 904,00
10015875	Hendrik Jacobus Nortje	10 August 2016	R525 904,00
10015877	Shane Maas	10 August 2016	R525 904,00
10015884	Nontsikelelo Lucia Mokhotho	10 August 2016	R525 904,00
10015887	Siobhan Muller	10 August 2016	R525 904,00
10015888	Rachel Katlego Mathebe	10 August 2016	R1 134 108,00
10015903	Daddy Cedrick Tsela	10 August 2016	R525 904,00
10017017	Ramphele Johnny Bophelo Mohlala	25 July 2019	R525 904,00
10018345	Tshepo Floyd Kgatle	10 August 2016	R525 904,00
10018484	Lindelani Godfrey Mulaudzi	10 August 2016	R525 904,00
10018506	Phillip Andries Nel	10 August 2016	R1 068 312,00
10018787	Masello Magdeline Mahwayi	10 August 2016	R525 904,00
10018966	Tshepo Braude Motaung	10 August 2016	R525 904,00
10018998	Jan Tsele Mahlangu	10 August 2016	R525 904,00
10019029	Sekokobale Fortune Mampuru	10 August 2016	R525 904,00
10019036	Ratshilumela Walter Mashamba	8 July 2019	R525 904,00
10020639	Tshepang Sagious Boikanyo	20 May 2021	R525 904,00
10021475	Nkoata Ananias Mokgalotsi	10 August 2016	R525 904,00
10021756	Issac Majuba Aphane	10 August 2016	R525 904,00
10022465	Christiaan Mauritz Van Den Heever	10 August 2016	R1 068 312,00
10023584	Grace Vukatimoni Silaule	8 June 2017	R525 904,00
10023821	Lourens Abraham Erasmus	10 August 2016	R1 036 974,00
10025661	Polo Francinah Molaba	10 August 2016	R525 904,00
10027230	Brenda Thembi Siphutuma	10 August 2016	R525 904,00
10027963	Virginia Masango	10 August 2016	R525 904,00
10028211	Minky Magdeline Seipati Matshiyane	10 August 2016	R525 904,00
10028401	Gert Petrus Visser	10 August 2016	R525 904,00
10030302	Solomon Lesiba Sedibeng	10 August 2016	R525 904,00
10030304	Zwelibanzi Charles Khumalo	10 August 2016	R1 036 974,00
10033412	Elma Johanna Nel	10 August 2016	R525 904,00
10034030	Yolanda Duvenage	10 August 2016	R525 904,00
10034031	Isak Petrus Du Plooy	10 August 2016	R1 068 312,00
10034395	Mare-Lise Fourie	10 August 2016	R1 068 312,00
10034437	Frans Johannes Smith	10 August 2016	R525 904,00
10035784	Tebogo Mishack Rangako	10 August 2016	R525 904,00
10036656	Ramokone Rebhone Maleka	10 August 2016	R525 904,00

Pay number	Name	Entry date	Annual remuneration
10037304	Selata Nkwane	10 August 2016	R1 036 974,00
10038385	Aletta Susanna Breytenbach	10 August 2016	R525 904,00
10038390	Cindy Billson	10 August 2016	R1 036 974,00
10038392	Enos Papiki Chiloane	10 August 2016	R525 904,00
10038394	Isaac Sello Mphaga	10 August 2016	R525 904,00
10038396	Solomon Ndlanya Qebelu	10 August 2016	R525 904,00
10038397	Sabelo Owen Dhlamini	10 August 2016	R525 904,00
10038398	Shaun Wilkinson	10 August 2016	R1 036 974,00
10038399	David James Farquharson	10 August 2016	R525 904,00
10038400	Jabulani William Masilela	10 August 2016	R525 904,00
10038401	Katlago Godwill Makgaleng	10 August 2016	R525 904,00
10038403	Leanne Jennifer De Jager	27 May 2021	R525 904,00
10038404	Mthobeli Celiphile	10 August 2016	R525 904,00
10038405	William Thabo Ntlatleng	10 August 2016	R525 904,00
10038406	Seodi Florence Dhlamini	10 August 2016	R525 904,00
10038407	Floyd Makete Thema	10 August 2016	R525 904,00
10038409	Magwaile Oliver Mabogwana	10 August 2016	R525 904,00
10038412	Wayne Peter Helfrich	10 August 2016	R525 904,00
10038413	Samuel Sello Maimane	10 August 2016	R525 904,00
10038414	Madimetja Alfred Makhafula	10 August 2016	R1 036 974,00
10038415	Leopold Roland Middelberg	10 August 2016	R525 904,00
10038416	Richard Baleseng Moheta	10 August 2016	R525 904,00
10038417	Malehwiti Margaret Moyana	10 August 2016	R525 904,00
10038418	Vusi Isaac Masemola	10 August 2016	R525 904,00
10038419	Lefagahlele Arnold Matjie	10 August 2016	R525 904,00
10038421	Pieter Willem Van Heerden	10 August 2016	R525 904,00
10038422	Sipho Benedict Tshabane	10 August 2016	R525 904,00
10038423	Kingsley's Hope Wakelin	10 August 2016	R525 904,00
10038424	John Lesetja Lekgothoane	10 August 2016	R525 904,00
10038426	Randall Mervyn Williams	10 August 2016	R1 404 260,00
10038427	Thabisile Constance Vilakazi	10 August 2016	R1 068 312,00
10038428	Thabiso Thabiso Mohlamme	10 August 2016	R525 904,00
10038429	Shadi Doris Maja	10 August 2016	R525 904,00
10038431	Phare Phillemon Maboja	10 August 2016	R525 904,00
10038433	James Zokwenzwani Ndlovu	10 August 2016	R525 904,00
10038434	Khutso Mafole	10 August 2016	R525 904,00
10038436	Dikeledi Selowa	10 August 2016	R1 068 312,00
10038437	Hendrietta Nthawa Mathebula	10 August 2016	R525 904,00
10038438	Maria Nengi Skhosana	10 August 2016	R525 904,00

Pay number	Name	Entry date	Annual remuneration
10038440	Komaseroto Benjamin Disoloane	10 August 2016	R525 904,00
10038441	Dumisani Sibusiso Thwala	10 August 2016	R525 904,00
10038443	Brenda Phukuile	10 August 2016	R525 904,00
10038444	Thania Kelebogile Letlonkoane	10 August 2016	R525 904,00
10038446	Jacqueline Uys	10 August 2016	R525 904,00
10038447	Dimakatso Innocentia Kgwedi	10 August 2016	R525 904,00
10038448	Mosima Maria Mabitsela	10 August 2016	R525 904,00
10038449	Anna Thabi Masemola	10 August 2016	R525 904,00
10038451	Johan Gerhard Van Buuren	10 August 2016	R525 904,00
10038452	Sipho Thabiso Maila	10 August 2016	R525 904,00
10038454	Jack Nicell Mokhare	10 August 2016	R525 904,00
10038455	Thabang Keabetswe Magodiolo	10 August 2016	R525 904,00
10038456	Moleboheng Abigail Masoleng	10 August 2016	R525 904,00
10038457	Ntebuheng Precious Mnguni	10 August 2016	R525 904,00
10038458	Morwangwato Alfred Mantjane	10 August 2016	R525 904,00
10038459	Eunice Dineo Moloi	10 August 2016	R525 904,00
10038460	Jan Japane Baloyi	10 August 2016	R525 904,00
10038461	Matome Adam Mashapa	10 August 2016	R525 904,00
10038462	Obakeng Samuel Ramabodu	10 August 2016	R525 904,00
10038463	Nkhumeleni Emmanuel Machaba	10 August 2016	R525 904,00
10038464	Tshilidzi Tuwani	10 August 2016	R525 904,00
10038465	Lindiwe Masilela	10 August 2016	R525 904,00
10038466	Phineas Noko Manaka	10 August 2016	R525 904,00
10038467	Christopher Anru Meyer	10 August 2016	R525 904,00
10038468	Christiaan Frederik Pienaar	10 August 2016	R525 904,00
10038469	Michael Ivor Strange	10 August 2016	R525 904,00
10038471	Lediga Samuel Matlala	10 August 2016	R525 904,00
10038472	Benjamin William Lawrence	10 August 2016	R525 904,00
10038484	Tlhabajane William Mabena	10 August 2016	R525 904,00
10038593	Kenneth Nkosi	6 October 2016	R525 904,00
10038859	Obed Tshepo Moreriane	11 November 2016	R525 904,00
10039150	Rebecca Getrude Mmamokgolo Monchusi	18 May 2017	R525 904,00
10039240	Ntshebeleng Monica Chilwana	8 June 2017	R525 904,00
10039825	Lucas Kwena Pratt Moloto	27 September 2017	R525 904,00
10039826	Mpho Malethakwe Mehlape-Zimu	27 September 2017	R1 068 312,00
10039963	Phuti Kwenaitse	1 June 2019	R525 904,00
10043041	Daryl Johnston	25 April 2018	R525 904,00
10047593	Zacharia Sekete Ntohla	5 September 2018	R525 904,00
10047622	Herminah Tebogo Monaanyane	27 September 2018	R525 904,00

Pay number	Name	Entry date	Annual remuneration
10048032	Fanafuth Enock Hlatshwayo	12 December 2018	R525 904,00
10048126	Frank Kgaboesele	31 January 2019	R525 904,00
10049413	Pogiso Glen Mthimunya	15 April 2019	R525 904,00
10050746	Mokgadi Emily Matjutla	11 June 2021	R525 904,00
10052211	Malcom Ian De Klerk	30 May 2019	R525 904,00
10052217	Sylvester Tennyson Theophilus Phokoje	30 May 2019	R1 068 312,00
10052248	Sandy Kgaogelo Motale	18 June 2019	R525 904,00
10052315	Nhlanhla Samuel Motsa	20 June 2019	R525 904,00
10052332	Precious Happy Nthabiseng Mokwena	8 July 2019	R525 904,00
10052333	Maria Thabang Maine	8 July 2019	R525 904,00
10052334	Irvin Bafana Sibisi	8 July 2019	R525 904,00
10052335	Karabo Darius Semfeng	22 July 2019	R525 904,00
10056700	Madumetja Rodney Mabusela	21 January 2020	R525 904,00
10061716	Sean Keagan Cox	30 October 2020	R525 904,00
10061718	Leon Pieter Kruysaar	31 October 2020	R525 904,00
10061727	Tlou Simon Mabelebele	30 October 2020	R525 904,00
10062240	Morne Erasmus	1 February 2021	R525 904,00
10062253	Thembsmandla Elijah Fosi	22 February 2021	R525 904,00
10063768	Malesela Phohlo John Rakabe	20 May 2021	R525 904,00
10063769	Violet Phalwane	20 May 2021	R525 904,00
10063770	Thulang Joseph Shume	20 May 2021	R525 904,00
10063771	Christopher Sikhumbuzo Masia	20 May /2021	R525 904,00
10063772	Patricia Lerato Machava	20 May 2021	R525 904,00
10063773	Mandla Sedrick Nhlapo	20 May 2021	R525 904,00
T4.6.6			

CHAPTER 5: FINANCIAL PERFORMANCE

INTRODUCTION

The South African economic and revenue outlook has improved somewhat since the October 2020 Medium Term Budget Policy Statement (MTBPS). Following a 7.2 percent contraction recorded in 2020, the GDP growth rate is forecasted at 3.3 percent in 2021, 1.9 percent in 2022 and 1.9 percent in 2023. The revisions take into account global economic growth improvements, spurred on by the expected rollout of Covid-19 vaccines and other policy initiatives. Consumer inflation has also been revised down due to lower oil prices and food inflation than previously assumed.

Over the medium-term expenditure framework (MTEF) period of 2021/22, after budgeting for national government's debt-service costs, the contingency reserve and provisional allocations, 48.7 percent of nationally raised funds are allocated to national government, 41.9 percent to provinces and 9.4 percent to local government.

Local government receives the smallest share of the division of nationally raised revenue because it has significant own revenue-raising powers. These revenue raising powers must be exercised more than ever before in the current dispensation. Local government raises about 70 per cent of its own revenue, but would be able to raise more if municipalities improved municipal revenue policies, billing and collection practices. There needs to be a transition to smart local government and innovation. At the same time, well-functioning municipalities require that residents pay for services rendered.

The high unemployment and slow growth continued to place pressure on municipal revenue generation and collection levels. A conservative approach was applied in developing the municipal revenue projections. Within this context, it is imperative that efforts to limit non-priority spending are enhanced and cost-containment measures implemented.

The 2021/22 MTREF was prepared amidst the Covid-19 pandemic which has posed various economic challenges on the residents of Tshwane. This in return has had an impact on the ability of businesses and residents to pay their municipal accounts. The challenge remains ensuring that the proposed tariffs are affordable to the residents at the same time ensuring that the City can recover the cost of rendering the services. The City had to adjust its spending levels downwards considering the projected decline in revenue collections.

The 2021/22 Budget seeks to deliver services to the resident of Tshwane within the available resources and considers the following ten-point plan adopted by the Mayoral Committee:

- Prioritization of the electrical grid and water infrastructure
- Implement a robust Covid-19 management strategy.
- Create a reliable waste and refuse removal service.
- Provide stringent financial management and oversight.
- Enhancing city safety and emergency services.
- Promote employment and economic growth in the city.
- Supporting the vulnerable and providing social relief.
- Fast track development by cutting red tape.
- Expansive financial cost cutting across city processes.

- Maintain and expand road infrastructure

The City continues to plan and budget in line with the strategic framers of stabilisation, revitalisation and delivery, as outlined in its IDP.

The objectives of the 2020/21 budget are well articulated through the undermentioned five strategic objectives. These strategic objectives are the very embodiment of a few things that must be done right. They have yielded results that have far exceeded our expectations albeit with challenges along the way.

- A City that facilitates economic growth and job creation

In pursuit of economic transformation, the City of Tshwane is committed to the following priorities:

- Developing clusters of activity in specialised centres and support the emergence of new economic sectors;
- Making investment simple and easy
- Enabling Informal trade; and
- Supporting small and micro businesses to have a longer life span and increased turnover.

- A City that cares for residents and promotes inclusivity

The City of Tshwane aims to achieve this strategic objective by focussing our efforts on –

- Upgrading informal settlements;
- Supporting vulnerable residents;
- Promoting safe, reliable and affordable public transport; and
- Improving access to public healthcare.

- A City that delivers excellent services and protects the environment

In addressing service delivery challenges, the City will always bear in mind that it has obligations to the environment and that the strategies that are developed and pursued must not compromise the environment in any way. Energy conservation and safeguarding of natural resources are as important as service delivery. To illustrate its commitment to service delivery, the City has developed and implemented the Integrated Urban Management Framework. We are working towards a City that delivers that same quality across all neighbourhoods and we believe that this re-imagined approach to service delivery will assist us in achieving those goals.

- A City that keeps residents safe

The City of Tshwane is considered as one of the safest metropolitan municipalities in the country. We are focussed on ensuring that we prioritise the safety of our communities.

- A City that is open, honest and responsive

Fighting corruption requires one to put measures in place for the early detection of irregularities. However, it is equally important to train staff to be fully capacitated so that they know exactly what corruption is and what punitive measures should be taken for any individual found to be involved in any corrupt activities. Fraud has been identified as the largest contributor to the prevalence of corruption and it gives way to flouting of the supply chain regulations, which ultimately leads to the looting of state coffers. The City of Tshwane has successfully set up the following:

- A fraud prevention programme
- A fraud detection programme
- Investigation of allegations of fraud, corruption and maladministration.

ACCOUNTING FRAMEWORK FOR 2020/21

During 2020/21, the municipality has adopted the following standards and interpretations that became effective for the 20 financial year and that are relevant to its operations.

Table 84: GRAP Standards

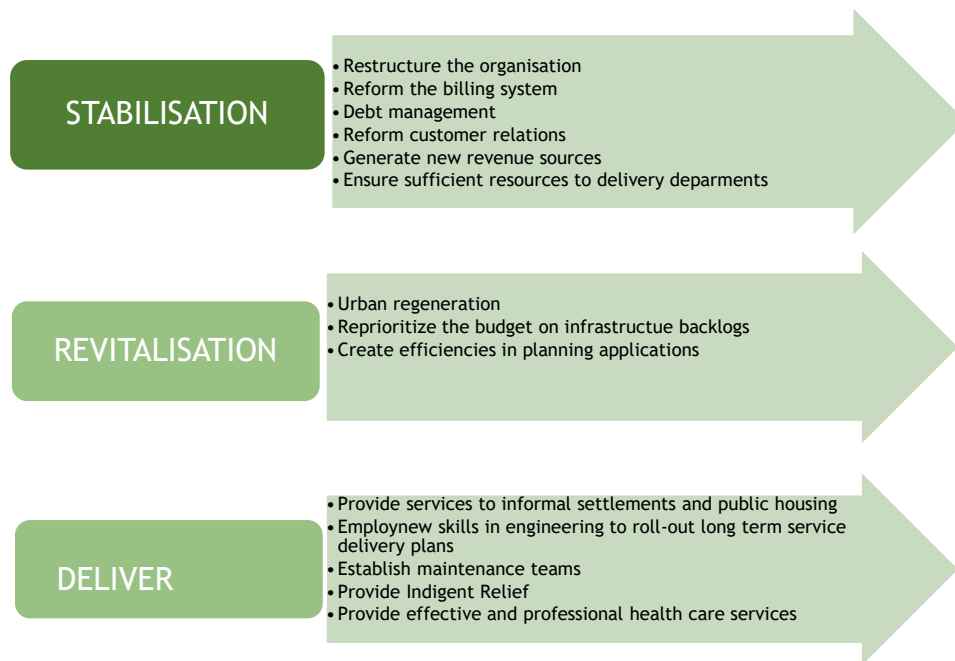
GRAP standard	Description
GRAP 1 (amended)	Presentation of financial statements
GRAP 34	Separate Financial Statements
GRAP 35	Consolidated Financial Statements
GRAP 18	Segment reporting
GRAP 36	Investments in Associates
GRAP 37	Joint Arrangements
GRAP 38	Disclosure of Interests in Other Entities
GRAP 110	Living and Non-living Resources
IGRAP 20	Adjustments to Revenue (and related amendments to IGRAP 1)

REVIEW OF OPERATING RESULTS

The budget of the City of Tshwane for the 2020/21 financial year was approved by Council on 20 September 2020 for implementation, and the adjustment budget was approved by Council on 25 February 2021 and 24 June 2021.

Stabilisation of the City's finances remained a key priority of the 2020/21 MTREF, in order to ensure that services delivery continued in a sustainable manner and that strategic objectives were achieved. The City continues to improve efforts to limit non-priority spending and implement stringent cost-containment measures. The following figure indicates the strategic framers for the 2020/21 IDP and Budget:

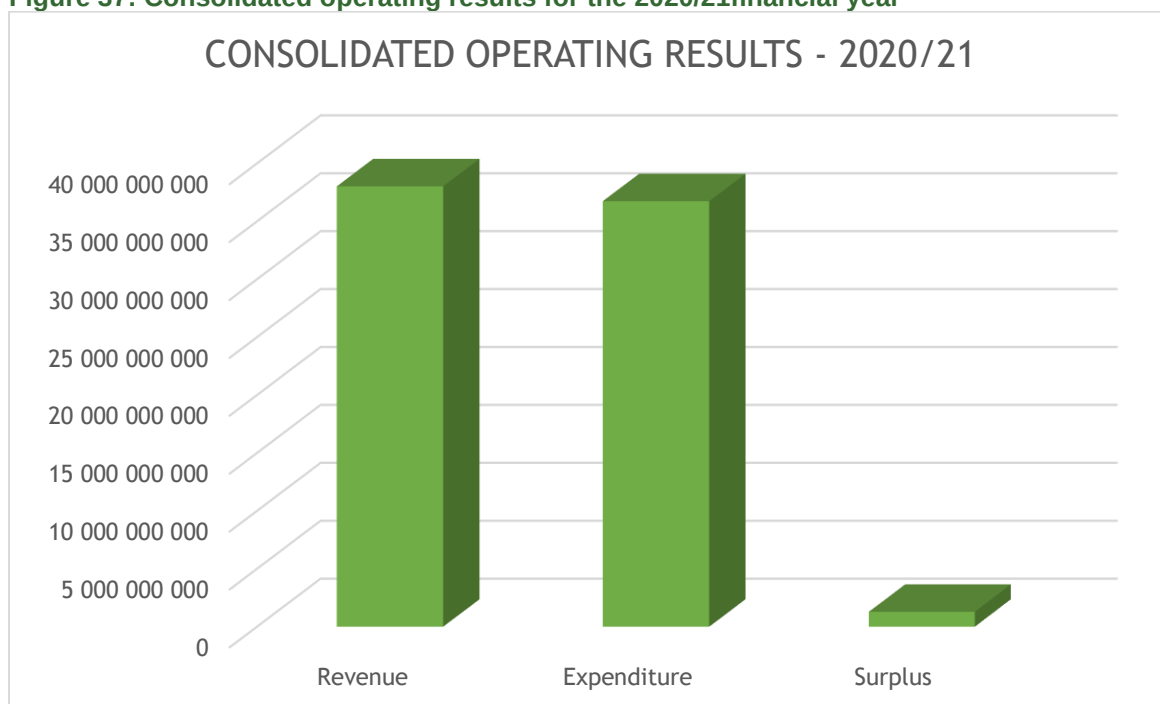
Figure 36: Strategic framers for the 2020/21 IDP and Budget



GENERAL

Details of the 2020/21 operating results and the classification of revenue and expenditure are included in the Statement of Financial Performance. The following is a graphical presentation of the operating results:

Figure 37: Consolidated operating results for the 2020/21financial year

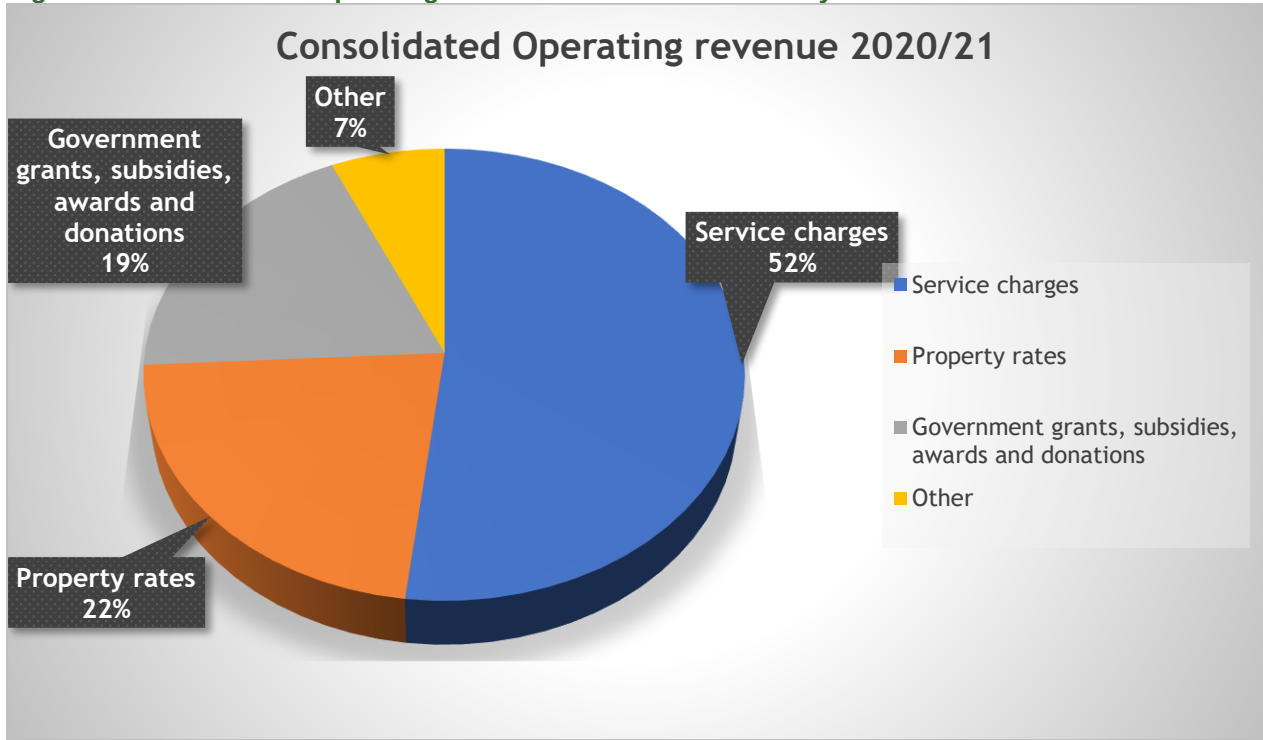


As per the statement of comparison of budget and actual amounts, the overall operating results for the financial year ending 30 June 2021 are as follows:

OPERATING REVENUE

The figure below shows a breakdown of the largest revenue categories.

Figure 38: Consolidated operating revenue for 2020/21 financial year



The operating revenue is mostly generated from electricity sales (52%), assessment rates (22%) and government grants and subsidies (19%). Contribution from the other sources of revenue is (7%).

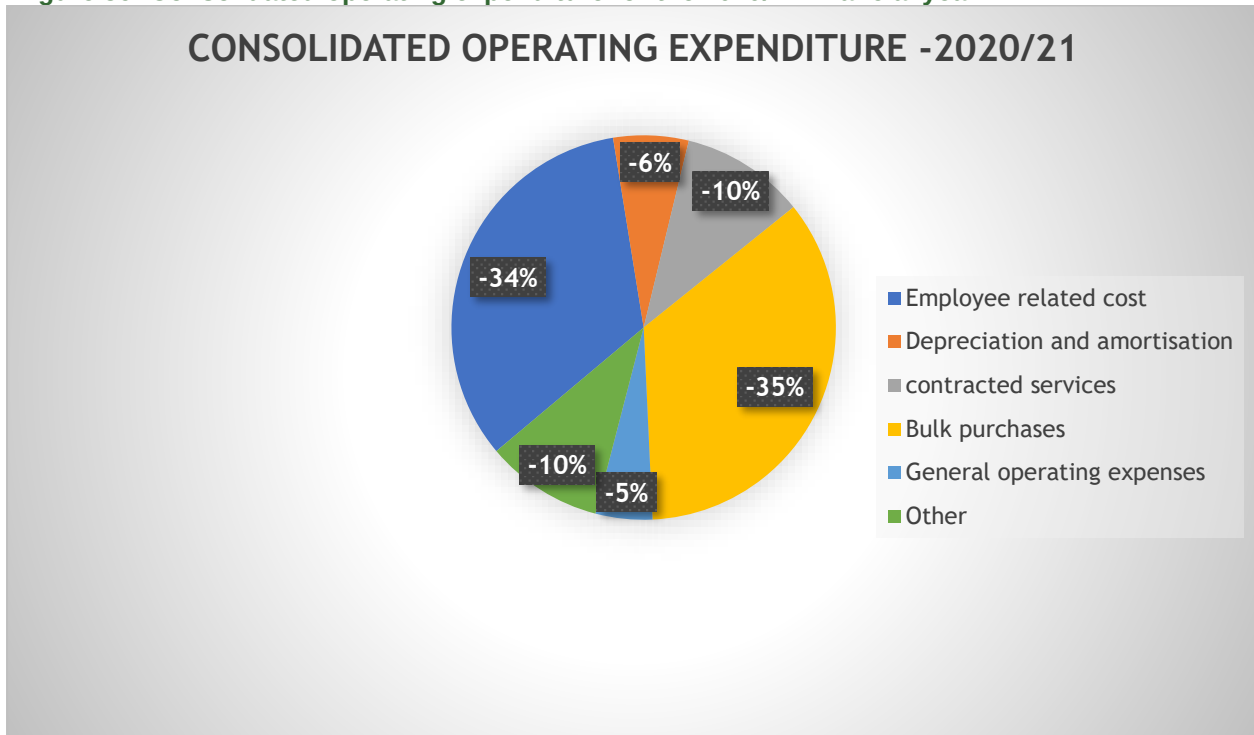
For the 2020/21 financial year, actual revenue for the municipality represents 96% of the total adjustment budget. At group level, the actual revenue represents 95% of the total adjustment budget.

Actual billed service charges (93.%) and assessment rates (99.%) were not on target as compared to the adjusted budget amounts, while other revenue line items are between 64% and 110% of the budget. For example, rental of facilities and equipment is at 73% and licences and permits at 68% of budget. Capital grant revenue as a percentage of budget is 96.0%, whilst actual operational incurred grant revenue is at 94%. Actual fines charged for the 2020/21 financial year were 58% as compared to the budgeted amount. Major contributor to the actual billed service charges not meeting the target was due to low consumption as a result of nationwide lockdown as a result of the Covid19 outbreak.

OPERATING EXPENDITURE

The figure below provides a breakdown per main expenditure groups

Figure 39: Consolidated operating expenditure for the 2020/21 financial year



The Group's actual operating expenditure as a percentage of budget is 98%, resulting in no over-expenditure in the current year.

Contracted services as a percentage of budget, amounted to 87% whilst contribution to bad debt provision was 64% of the budget. Depreciation and amortisation for the year represented 98% of the budget. Finance cost amounted to 103% of the budget while bulk purchases were 101% of the budget. Employee related cost ended on 106% of the budget.

REMUNERATION

The table and figure below provide a comparison of employee remuneration as a percentage of total operating expenditure.

Table 85: Employee remuneration as a percentage of total operating expenditure

Description	2020/21		2019/20 restated	
	Group	Municipality	Group	Municipality
	R'000	R'000	R'000	R'000
Total operating expenditure	36,737,874	36,706,085	37,432,147	37,434,196
Total operating revenue	35,702,827	36,067,136	34,627,151	34,589,586
Employee remuneration	12,197,683	12,116,553	11,802,040	11,741,631
Ratio: Percentage of total expenditure	33.20%	31.37%	31.53%	31.37%

Description	2020/21		2019/20 restated	
	Group	Municipality	Group	Municipality
	R'000	R'000	R'000	R'000
Ratio: Percentage of total revenue	34.16%	33.95%	34.08%	33.95%
Percentage growth in remuneration	9.6%	9.6%	28%	28%

For the municipality, the actual expenditure on employee remuneration expressed as a percentage of the total expenditure shows an increase from 31.37% in 2019/20 to 33% in 2020/21. At group level, employee remuneration as a percentage of total expenditure increased 31.53% to 33.20.

GOVERNMENT GRANTS AND SUBSIDIES

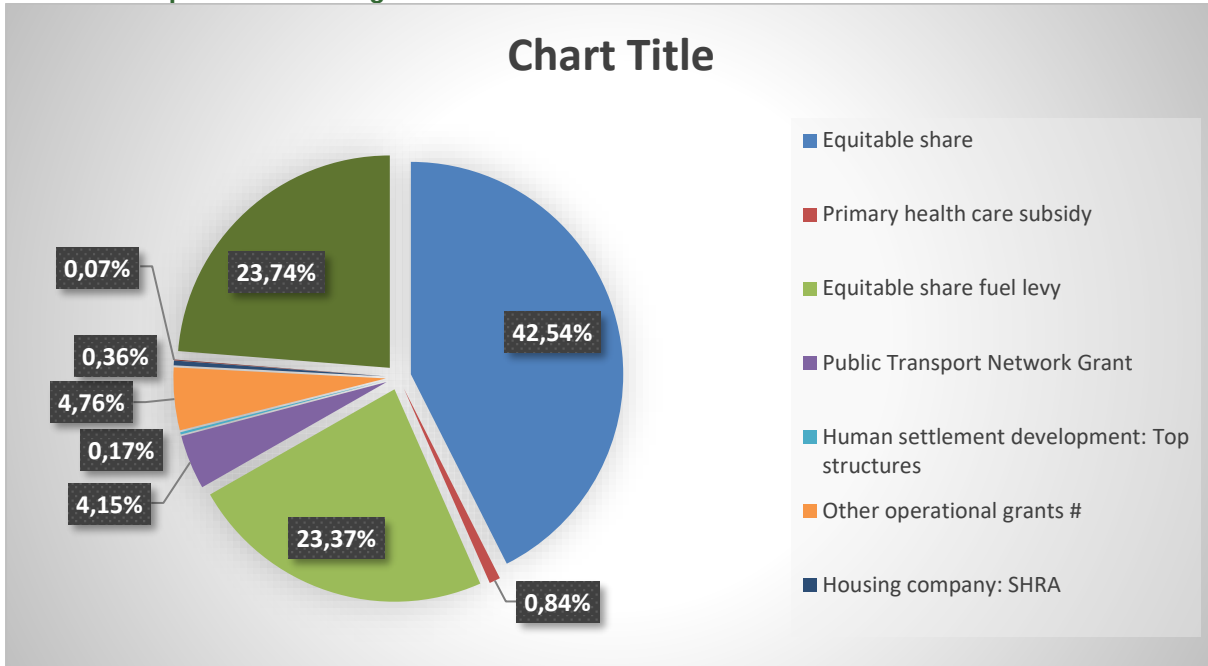
The following table and figure show the amounts received in terms of grants, contributions and subsidies from the national and provincial government, which amounts are included in the total revenue figure (refer to Note 36 of the consolidated annual financial statements for detail of each grant):

Table 86: Government grants and subsidies

Description	2020/21		2019/20	
	Group R'000	Municipality R'000	Group R'000	Municipality R'000
Equitable share	3 330 862	3 330 862	2 642 492	2 642 492
Primary health care subsidy	55 118	55 118	52 096	52 096
Emergency management subsidy	0	0	0	0
Equitable share fuel levy	1 492 460	1 459 246	1 451 890	1 451 890
Public Transport Network Grant	286 360	286 360	257 626	257 626
Human settlement development: Top structures	26 971	26 971	10 661	10 661
Other operational grants #	135 274	135 274	295 865	295 865
Housing company: SHRA	36 178	0	22 403	0
Housing company: GHDS	0	0	4 150	0
Capital grants and donations				
	5 363 225	5 327 046	6 212 076	6 185 522

Other operational grants include, for example, finance management grant, municipal disaster recovery grant, broadband (Wi-Fi) grant, Expanded Public Works Programme, etc.

Table 87: Representation of grants and subsidies received in 2020/21



FINANCIAL SUSTAINABILITY AND FINANCIAL RATIOS

Local government uses different financial ratios and norms to assess its performance and to set benchmarks for improvement to be measured over time when compared to other entities. Financial ratios and norms are further used to assess and compare the financial health and performance of local government. The following categories will be used for the purposes of analysing and interpreting the financial statements:

- **Financial position**

The ratios used here measure the management of assets, debtors, liquidity, liability and sustainability.

- **Financial performance**

The ratios used here measure the efficiency, revenue and expenditure management, as well as the management of material losses, i.e. distribution losses.

- **Cash flow**

The ratios used here measure the efficient management of cash and debt.

FINANCIAL POSITION

The table below provides ratios and norms which reflect the financial position of the City.

Table 88: Financial ratios

Measure	Financial ratio and norm	Norm/benchmark	GROUP	GROUP	GROUP
			2021-	2020 Restated	2019 Restated
Asset management	Capital expenditure to total expenditure (%)	10% – 20%	8.89	7.59	7.88
	Impairment of PPE (including investment property and intangible assets) (%)	0%	0.36	0.47	0.20
	Repairs and maintenance as percentage of PPE and investment property (%)	8%	2.88	2.94	3.00
	Borrowing to assets (PPE) (%)	< 50%	25.65	27.63	31.44
Debtor management	Collection rate (%)	95%	91.71	80.23	80.23
	Bad debts written off as percentage of bad debt provision (%)	100%	25.18	6.59	6.59
	Net debtor days (days)	30 days	83	87	87
	Growth in total gross debtors (%)	Management interpretation	-0.24	34.61	31.21
	Growth in total net debtors (%)	Management interpretation	4.75	25.94	18.96
	Growth in total net consumer debtors (%)	Management interpretation	4.75	25.94	25.94
	Net debtors to total annual operating revenue	Management interpretation	20.88	21.56	25.75
Liquidity management	Cash/cost coverage ratio (excluding unspent conditional grants) (months)	1 – 3 months	0.02	0.02	-0.02
	Current ratio	Between 1,5:1 and 2:1	0.68	0.74	0.74
	Acid test ratio	1:1	0.63	0.69	0.69
	Solvability ratio	2:1	1.91	1.85	1.86
	Inventory turnover	Between 2 and 3	2.04	1.84	2.04
	Liquidity ratio	> 0,2	0.02	0.02	0.07
Liability management	Capital cost (interest paid + redemption) as percentage of total operating revenue	6% – 8%	4.89	5.32	7.49

Measure	Financial ratio and norm	Norm/benchmark	GROUP	GROUP	GROUP
			2021-	2020 Restated	2019 Restated
	Capital cost as percentage of total operating expenditure	6% – 8%	9.29	9.18	8.07
	Debt (total borrowing) to total operating revenue (including grants)	45%	38.46	48.47	35.42
	Percentage debt coverage (debt service repayment to operating revenue less grants)	1,15 to 1,35 times	37.17	26.32	31.44
	Gearing ratio (total long-term debt to total revenue less grants)	25% – 50%	36.44	42.28	49.51
	Financing to capital expenditure	Management interpretation	-0.21	0.14	0.16
Sustainability	Level of cash backed reserves (net assets - accumulated surplus) (%)	100%	0.00	0.00	-79.81

SUMMARY OF STATEMENT OF FINANCIAL POSITION

Table 89: Summary of statement of financial position

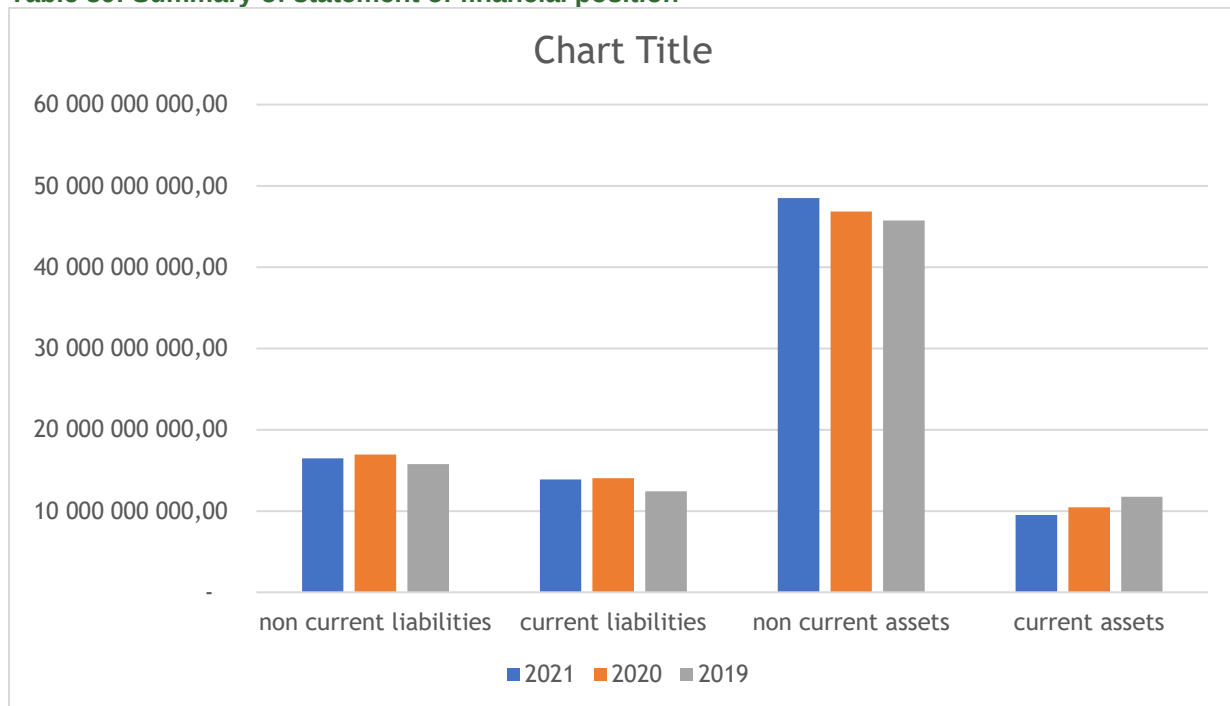


Table 90: Summary of the City's Financial Position over three Financial Years (2019, 2020 & 2021)

Type	Jun-20	Jun-19	Jun-18
		restated	restated
	R'000	R'000	R'000
Current assets	10,325,904	11,762,913	9,687,947
Non-current assets	47,097,661	45,726,711	41,864,065
Total assets	57,423,565	57,489,624	51,552,012
Current liabilities	13,991,615	12,404,755	11,823,979
Non-current liabilities	16,933,757	15,781,681	14,611,071
Total liabilities	30,925,372	28,186,436	26,435,050
Net assets	26,498,193	29,303,188	25,116,962

FINANCIAL POSITION ANALYSIS

ASSET MANAGEMENT

Strategy 5 (Infrastructure and Service Delivery Improvements) of the FSP has identified the need for the City to invest in the repair and maintenance of service delivery infrastructure. The repairs and maintenance ratio has remained below the norm. The group shows an decrease from 2.94% in the prior year to 2.88% in the current year.

Impairment of assets increased from 0.47% in 2019/20 to 0.36% 2020/21 financial year.

The ratio of capital expenditure to total expenditure for the group increased from 7.59% in the prior year to 8.69% in the current, this ratio is not within the benchmarking norm.

The borrowing to assets ratios for the group shows an decrease from 27.63% from the prior year to 25.65% in the current year. The reported ratio falls within the benchmarking norm.

DEBTOR MANAGEMENT

The collection rate increased from 80.23% in 2019/20 to 90.71% in 2020/2021, the collection rate is below the norm. Since the advent of COVID-19 in March 2020 and the resultant lockdown restrictions imposed on businesses and households, the City has seen varying levels of collection rates as consumers' earnings and income have been negatively affected.

A number of steps within the revenue division are being taken to improve the City's debtors' collection rate. Key initiatives include the following;

- The City introduced a customer relief incentive whereby customers would qualify for certain relief based on the payments made against arrear and current debt
- The City made a decision to halt interest charges on arrear accounts as from May to December 2020.
- Introduced a Robo-dialer for automatic dialer to customers
- Prepaid/ewallet system for large power users (LPU)

- Automated meter reading platform for LPU
- The City is installing prepaid meters for some of the customers, and 11 000 accounts have been identified for installation.
- Appointed debt collectors to assist with outstanding debt >120 days – beginning of Nov 2020.
- Re-introduced the Short Messaging Service (SMS) to remind customers to pay their accounts.

The net debtors' days decreased from 87 days in the 2019/20 financial year to 83 days in 2020/21 financial year. Both these rates are outside the norm of 30 days.

The gross consumer receivables (Note 9 to the financial statements) decreased in total with an amount of R12 226 984. The increase in debt per customer classification is made up as follows:

Table 91: Gross consumer receivables per customer classification

	Group		
Customer classification	2020/21		2019/20 Restated
	Total	Increase/ (decrease)	Total
	R million	R million	R million
Households/Residential	8,825,684	-616,595	9,442,279
Industrial/commercial	5,709,394	-8,579	5,717,973
National and provincial government	1,648,356	500,751	1,147,605
Other	1,057,136	245,649	811,487
Total	17,240,572	121,226	17,119,344

The increase/ (decrease) in consumer debt per ageing analysis is as follows:

Table 92: Consumer debt per ageing analysis

	Group		
Age analysis group	2020/21		2019/20 Restated
	Total	Increase/ (decrease)	Total
	R million	R million	R million
Current (0 – 30 days)	3,847,740	-294 102	4,141,842
31 – 60 days	356,715	- 263 870	620,585
61 – 90 days	501,144	-156,170	657,314
91 – 120 days	720,125	181,219	538,906
121 – 150 days	383,838	20,977	362,861
151 – 180 days	352,283	-42,841	395,124
181 – 365 days	1,707,976	-34,735	1,742,711
365 + days	9,370,747	710,749	8,659,998
Total	17,240,572	121,231	17,119,341

LIQUIDITY MANAGEMENT

Cash coverage

The cash coverage ratio at a group level has decreased from 0.74 to 0.02 in 2019/20 and 2020/21. The ratio is not within the National Treasury norm. The low cash coverage ratio is a result of the low levels in collection of consumer debtors due to the lockdown restrictions imposed on businesses and households.

Current ratio

The current ratio has decreased from 0, 74:1 in 2019/20 to 0, 68:1 in 2020/21. The current ratio is not within the norm. The implemented credit control policy will further improve the collection rate as well as the cash in the bank and further reduce the debtors' balance.

Payables from exchange transactions Creditors

Creditors as at financial year end mainly related to the following categories:

Table 93: Payables from exchange transactions for 2020/21 financial year

Type	Group		Municipality
	2020/21 R'000	2019/20 restated R'000	2020/21 R'000
Trade payables	5,716,347	4,402,179	5,737,138
Payment received in advance	31,475	38,702	31,475
Accrued leave pay	1,572,718	1,100,812	1,567,850
Debtors with credit balances	1,058,974	966,467	1,058,974
Retention creditors	591,229	547,032	591,229
13 th cheque accrual	210,058	226,069	210,058
Other creditors	1,180,108	1,150,616	1,179,119
Total	10,360,911	8,431,879	10,373,845

LIABILITY MANAGEMENT

The capital cost for the group as a percentage of total operating revenue, is currently 4.89%, which is below the norm of between 6 to 8%. This is a reduction from the previous year where it was sitting at 5.32%.

The City has six interest rate swap contracts (refer to Note 21) which are outside the redemption fund. These contracts will be able to mitigate the risk of any unexpected fluctuation in financing costs.

Long-term debt

For the municipality, the long-term debt (external loans and lease liabilities) decreased from R12.686 billion to R11.728 billion (R957.926 million decrease) during the period under review.

Leases decreased from R592.202 million to R330.447 million. For the group, the long-term debt decreased from R12.689 billion to R11.731 billion (R958.570 million decrease). The City continues to be committed to diversifying its long-term liability portfolio and will continue to engage the market regarding new issues in the coming financial year.

SUSTAINABILITY

For the period under review, the group closed with an accounting accumulated surplus of R27.585 billion compared to R26.303 billion at the end of 2020. This decrease of R1.283 billion is the result of the surplus from operations (i.e. the difference between the total revenue and the total expenditure) for the year and the transfers to or from reserves.

The City's financial ratios noted above indicate challenges regarding the financial sustainability. Currently, the City has low liquidity levels. Whilst debtor's collection days are below the norm, there is a slow and steady improvement. Improved efforts to enhance accurate billing and timely collection will further improve this ratio. Measures to strengthen SCM processes and improve expenditure management will continue to be implemented in order to ensure financial sustainability and reduce the amount of Unauthorised, Irregular and Fruitless and wasteful expenditure incurred.

The City is in the process of finalisation of the development of the Financial Recovery Plan (FRP). The implementation of the FRP aims to improve the financial position of the City over the medium term, with most of the ratios expected to fall within the National Treasury benchmarks.

FINANCIAL PERFORMANCE

Table 94: Financial performance for the financial years ended 2019, 2020 and 2021

Measure	Financial ratio and norm	Norm/ benchmark	GROUP	GROUP	GROUP
			2021	2020 Restated	2019 restated
Efficiency	Net operating surplus margin	Equal to or greater than 0%	3.38	-8.28	-8.10
	Net surplus/(deficit) electricity	Between 0% and 15%	17.76	23.23	0.50
	Net surplus/(deficit) water and sanitation	Equal to or greater than 0%	32.82	44.13	20.60
Distribution losses	Electricity distribution losses (%) – municipality	Between 7% and 10%	18.28	20.32	22,3
	Water distribution losses (%) – municipality	Between 15% and 30%	29.81	27.89	30,2
Revenue management	Growth in number of active consumer accounts	No norm proposed by National Treasury	0.08	5.74	0.08
	Revenue growth (%)	Rate of CPI	9.70	13.83	-1.11
	Revenue growth (%) – excluding capital grants	Rate of CPI	8.15	1.05	0.45
	Growth in grants	Rate of CPI	16.68	1.01	-4.65

Measure	Financial ratio and norm	Norm/ benchmark	GROUP	GROUP	GROUP
			2021	2020 Restated	2019 restated
	Growth in service charges	Rate of CPI	7.49	-16.92	0.23
Expenditure management	Creditors payment period (trade creditors) (days)	30 days	44	47	
	Irregular, fruitless and wasteful and unauthorised expenditure to total operating expenditure	0%	36.93	26.96	27.25
	Remuneration as percentage of total operating expenditure	Between 25% and 40%	33.56	31.46	31.53
	Contracted services as percentage of total operating expenditure	Between 2% and 5%	10.45	9.78	9.93
	Operating expenditure growth (%)	Rate of CPI	-2.11	33.94	15.21
	Capital expenditure growth (%)	Rate of CPI	-6.79	-3.81	-10.29
	Repairs and maintenance to annual operating revenue	Budget policy	4.06	4.37	3.65
Grant dependency	Own funded capital expenditure (internally generated funds + borrowing) to total capital expenditure (%)	No norm proposed by the National Treasury	42.40	28.89	40.52
	Own funded capital expenditure (internally generated funds) to total capital expenditure (%)	No norm proposed by the National Treasury	4.34	5.91	3.07
	Own source revenue to total operating revenue (including agency revenue) (%)	No norm proposed by the National Treasury	80.43	81.77	80.96

CASH FLOW

Table 95: Summary of cash flows for the financial years 2019, 2020 and 2021

Measure	Financial ratio and norm	Norm/ Benchmark	GROUP	GROUP	GROUP
			2021	2020 restated	2019 Restated
Efficiency	Cashbook balance (plus short-term loans) to total operating revenue (%)	Management policy	2.61	3.60	13.90
	Cash to interest coverage	1:1	2.23	0.33	3.14
	Debt to cash ratio	1:1	3.34	23.99	3.00
	Debt to equity (%)	1:1 or 100%	110.17	117.80	-73.64
	Interest cost coverage	2	0.14	0.18	0.22

Measure	Financial ratio and norm	Norm/ Benchmark	GROUP	GROUP	GROUP
			2021	2020 restated	2019 Restated
	Number of days total cash held (cash and investments)	> 45 days	67	617	307.2
	Number of days total cash held (operating cash) (less encumbered investments, loans and grants)	> 45 days	6.9	11.4	-810.1
	Cash and cash equivalents		209 428 651	R 277 865 652	R 334 174 925

CAPITAL EXPENDITURE AND FINANCING

The municipality's original approved capital expenditure budget for 2020/21 amounted to R4.092billion which was amended by means of an adjustment budget approved by council on the 20 September 2020, 25 February 2021 and 24 June 2021 to R3.860 billion. This which resulted in a decrease, which is mainly attributed to re-prioritisation of projects. The following table reflects the net increase/decrease in the various funding sources:

Actual expenditure incurred during the period 1 July 2020 to 30 June 2021 as indicated in the following table amounts to R3 273 893 388 or 84.8.% measured against the adjusted budget. The level of capital spending is determined within prudential limits taking into account debt to revenue ratio, the capital cost to total expenditure and the ability of the City to meet its obligations.

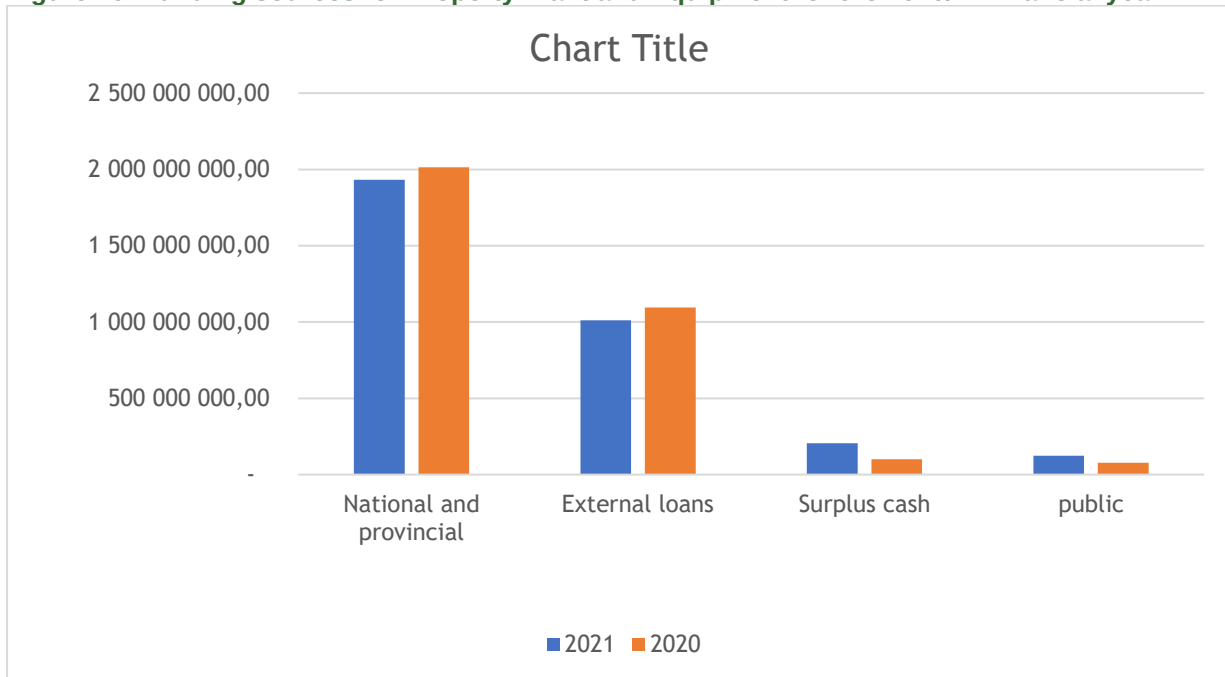
The City's capital expenditure was financed from the following sources:

Table 96: Funding sources for capital expenditure

Actual capital expenditure per sources of finance			
Sources of finance	Actual 2021	Actual 2020	Actual 2019
	R	R	R
External loans (Borrowings)	1 012 069 277	1 080 893 588	1 094 386 808
Surplus cash	206 106 581	207 168 170	101 099 239
Public contributions/donations	123 314 256	145 344 059	78 694 653
National/Provincial government transfers and grants	1 932 403 274	1 517 003 251	2 014 651 132
TOTAL	3 273 893 388	2 950 409 068	3 288 831 832

The following is a graphic presentation according to financing sources:

Figure 40: Funding sources for Property Plant and Equipment for the 2020/21 financial year



When comparing the actual expenditure to the budgeted expenditure, the financing source of capital projects plays an important role. The funding from own sources, which are primarily reserves and the external financing fund (external loans taken up), can largely influence the following aspects:

- Depreciation
- The raising of loans
- The cash flow of the Municipality

TREATMENT OF MATTERS RAISED BY THE AUDITOR-GENERAL DURING THE PREVIOUS AND CURRENT AUDIT

The City of Tshwane received an unqualified audit opinion with material findings in compliance with laws and legislation for the 2020/21 financial year.

There were no material findings on the audit of predetermined objectives, this shows consistency with prior years.

Our success with regards to improved audit outcomes in the coming financial years will be achieved by implementing effective internal controls and preparing action plans (through the Municipal Continuous Audit Monitoring (MCAM) that respond to findings raised by AGSA, which will be reviewed and monitored on a regular basis in order to ensure compliance. Management leadership, strengthening accountability and our commitment to leading by example will be critical ingredients in ensuring resolution of these issues.

In order to ensure an unqualified audit opinion with no findings (clean audit) in the future financial years, all findings that impact both the management report and audit report need to

be appropriately addressed and rectified. All the departments affected are currently in the process of developing appropriate and directive action plans in response to the findings raised by the Auditor-General. The said action plans will be monitored and oversighted through the MCAM Committee (a subcommittee of the executive committee) which convenes on a regular basis in attempt to address audit and general internal control environment issues.

The consolidated management action plan template is detailed in a manner that captures each finding disclosed in the management report, inclusive of the root cause. The action plan also details steps to be taken by management to address the matter accompanied with the internal control to be designed and implemented as to ensure no repeat finding going forward. The said action plan as previously mentioned is then tracked by MCAM committee with a direct reporting line to the Executive Committee (EXCO) and the Office of the City Manager (Accounting Officer) as to bring forth accountability and a sound level of assurance. As an independent unit, Internal Audit department has been tasked with the responsibility of assessing progress, effectiveness and validation of the plan on an on-going basis. It should be noted that a monthly MCAM report is prepared and tabled once a month to EXCO and thereafter tabled at an Audit Committee for assurance and oversighting purposes.

The City's management team is committed to attaining financially unqualified financial statements with no material findings on laws and legislation and predetermined objectives and thus ensuring financial sustainability is underpinned by principles of good governance.

Greater attention to the planned interventions will be given to improving and strengthening our supply chain management and expenditure management processes in order to ensure that we curb unauthorised and irregular expenditure. An improved contract management process will be at the centre of resolving most of the findings raised on expenditure management and contravention of SCM regulations. We will implement stricter controls to close the gap in non-compliance with the SCM regulations.

MUNICIPAL ENTITIES

In the 2020/21 financial year, the City of Tshwane had two active and viable municipal entities that function in compliance with the Municipal Finance Management Act and the Local Government: Municipal Systems Act, namely the following:

- Housing Company Tshwane
- Tshwane Economic Development Agency (TEDA)

Consistent with the previous financial years, separate financial statements were compiled for the City of Tshwane and its operational municipal entities, as mentioned above, for submission to the office of the Auditor-General on 30 August 2021 for auditing. The municipal entities produced the following audit outcomes in the previous financial year and these are summarised in the following table:

Municipal entity	Audit opinion
Tshwane Economic Development Agency (TEDA)	Unqualified audit opinion with findings
Housing Company Tshwane (HCT)	Unqualified audit opinion with findings-

INVESTMENT IN ASSOCIATES: TAHSEZ

Tshwane Automotive Hub Special Economic Zone

During the 2019/20 Financial Year- 06 June 2020, City of Tshwane represented entered into a tripartite agreement with Department of Trade, Industry and Competition (DTIC) and Gauteng Department of Economic Development (GDED) for a duration of five years to industrialize the capital city and mitigate unemployment rates provincially and surrounding Tshwane.

The City of Tshwane holds 33.3 per cent and has a significant influence account for investment in TAHSEZ using the equity method. Under the equity method, on initial recognition the investment in TAHSEZ is recognised at cost and the carrying amount is increased or decreased to recognise the City of Tshwane's share of 33,33% of the surplus or deficit of the investee after then date of acquisition.

CONCLUSION

It is our responsibility as management to ensure that the annual financial statements of the City of Tshwane fairly present the financial position of the City and the financial performance and cash flows for the year as required by the South African Standards of Generally Recognised Accounting Practice and the Municipal Finance Management Act, 2003 (Act 56 of 2003). The management and leadership of the City played a significant role in fulfilling this mandate and responsibility, thereby managing limited resources and economic condition challenges while also focusing on effective service delivery.

As the Chief Financial Officer, I present the annual financial statements for the City of Tshwane for the year ended 30 June 2021.

Umar Banda, CA (SA)
CHIEF FINANCIAL OFFICER

CHAPTER 6: REPORT OF THE AUDITOR-GENERAL

Report of the auditor-general to the Gauteng Provincial Legislature and the council on the City of Tshwane Metropolitan Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the City of Tshwane Metropolitan Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2021, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the City of Tshwane Metropolitan Municipality as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practices (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act 56, 2003 (Act no. 56 of 2003) (MFMA) and the Division of Revenue Act, 2020, (Act no.04 of 2020) (Dora).

Basis for the opinion

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

Key audit matters

6. Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements for the current period. These matters were addressed in the context of my audit of the financial statements as a whole and in forming my opinion, and I do not provide a separate opinion or conclusion on these matters.

Key audit matter	How the matter was addressed in the audit
Significant difficulties encountered in obtaining information requested for audit purposes	
The terms as per the engagement letter signed by the accounting officer, required that requested information be provided within five working days. In some instances, the municipality was unable to provide requested information within agreed timelines. These significant difficulties had an adverse impact on the audit by extending the allocated time for audit execution, the evaluation of audit evidence and the finalisation of the audit process.	• Monitoring the submission of documents in response to the request for information, a tracking mechanism was set up between the municipality and senior members of the audit team. • Notifications to the accounting officer and the Mayor on the status of delays in the receipt of information • Weekly meetings with the Group Chief financial officer (GCFO) to reconcile information received and information outstanding. • Weekly audit steering committee meetings were also held where the non-timeous submission of requested information was also discussed.

7. Except for the matter described in the material uncertainty relating to financial sustainability section, I have determined that there are no other key audit matters to communicate in this auditor's report.

Material uncertainty relating to financial sustainability

8. I draw attention to note 55 to the financial statements, which indicates a declining liquidity position, and a recent rating downgrade with an outlook of rating under review for further downgrade. As stated in note 55, these events or conditions, along with the other matters as set forth in note 55, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.
9. My opinion is not modified in respect of this matter.

Emphasis of matters

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

Restatement of corresponding figures

11. As disclosed in note 54 to the financial statements, the corresponding figures for 30 June 2020 were restated as a result of errors discovered in the financial statements of the municipality as at, and for the year ended, 30 June 2021.

Material uncertainties

12. With reference to note 52 to the financial statements, the municipality is the defendant in various lawsuits. The outcome of these matters could not be determined and/or reliably measured; therefore, no provision for any liabilities that may result was made in the financial statements.

Material impairments

13. As disclosed in note 4 to the financial statements, the consumer debtors' balance has been significantly impaired. The allowance for impairment of consumer debtors' amounts to R10, 57 billion (2019-20: R10, 90 billion), which represents 62.21% (2019-20: 64.01%) of total consumer debtors. The contribution to the provision for debt impairment, as disclosed in note 4 to the financial statements, was R1, 82 billion (2019-20: R1, 39 billion).

Material losses – electricity losses

14. As disclosed in note 67 to the financial statements, material electricity losses of R1, 84 billion (2019-20: R1, 73 billion) was incurred, which represents 19.24% (2019-20: 22.31%) of total electricity purchased. Technical losses amounted to R669, 30 million (2019-20: R611, 75 million) and was due to the electricity that was lost when it was distributed from the source of generation through the transmission and distribution network to the consumers. Non-technical losses amounted to R1, 17 billion (2019-20: R1, 11 billion) and were due to administrative and technical errors, negligence, theft of electricity, tampering with meters and connections which form part of illegal consumption and faulty meters.

Material losses – water losses

15. As disclosed in note 66 to the financial statements, material water losses of R1, 17 billion (2019-20: R988, 88 million) was incurred, which represents 34.60% (2019-20: 29.81%) of total water purchased. Technical losses amounted to R933, 91 million (2019-20: R791, 11 million) and was due to the physical loss of water through the water distribution network. Non-technical losses amounted to R233, 48 million (2019-20: R197, 78 million) and were due to meter inaccuracies, meter estimations, non-metering of water and unauthorised consumption.

Disclosure on the impact of Covid-19

16. I draw attention to note 78 in the financial statements, which deals with the impact and possible effects of Covid-19 on the municipality's current and future performance.

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

19. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practices (SA Standards of GRAP) and the requirements of the Municipal Management Finance Act, 2003 (Act no. 56 of 2003) (MFMA) and the Division of Revenue Act, 2020, (Act no.4 of 2020) (Dora) 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.
20. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

21. 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.
22. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

23. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected strategic pillar presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
24. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
25. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic pillar presented in the municipality's annual performance report for the year ended 30 June 2021:

Strategic pillar	Pages in the annual performance report
Strategic pillar 3 – A city that delivers excellent services and protects the environment	146 – 178

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

Strategic pillar 3 – A city that delivers excellent services and protects the environment

Various indicators

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

determine whether measures taken to improve performance against the target in the annual performance report were necessary for the indicators listed below.

No	Indicator description	Planned target	Reported achievement
1	Number of new water connections meeting minimum standards installed	2000	0
2	Percentage of drinking water compliance to SANS 241	95%	96,26%
3	Percentage of Wastewater quality compliance according to water use license	60%	36,27%
4	Percentage of total water connections metered	88%	85%
5	Kilometres of roads and storm water constructed to the required standard	22 Km	0 Km
6	Number of household with access to sanitation (new sanitation connections)	1913	0
7	Number of informal settlements with access to rudimentary sanitation services	92	101
8	Number of informal settlements with access to rudimentary water services	138	138

Various indicators

29. I was unable to obtain sufficient appropriate audit evidence for the achievement reported against target in the annual performance report, due to the lack of accurate and complete records. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement. Furthermore, I was unable to determine whether measures taken to improve performance against target in the annual performance report were necessary for the indicators listed below.

No	Indicator description	Planned target	Reported achievement
1	Percentage of complaints/callouts responded to within 24 hours (sanitation/waste water)	30%	74,36%
2	Percentage of complaints/callouts responded to within 24 hours(water)	30%	36,99%

Various indicators

30. The achievements reported in the annual performance report materially differed from the supporting evidence provided for the indicators listed below.

No.	Indicator description	Reported achievement
1.	Number of new sewer connections meeting minimum standards installed	1636
2.	Kilometres of required municipal storm water drainage network constructed	22.017Km

Other matters

31. I draw attention to the matters below.

Achievement of planned targets

32. Refer to the annual performance report on pages 146 to 178 for information on the achievement of planned targets for the year and explanations provided for the under achievement of a significant number of targets.

Implementation of new rationalised set of indicators as per MFMA Circular 88 of 2019

33. MFMA Circular 88 of 2019 issued 30 November 2019 on the rationalisation of planning and reporting requirements for the 2019-20 Medium Term Revenue and Expenditure Framework (MTREF), aims to support the alignment of planning and reporting instruments for a prescribed set of performance indicators for metropolitan municipalities from the 2019-20 financial year onwards.

34. The City of Tshwane Metropolitan Municipality did not include all the common set of indicators in the Integrated Development Plan (IDP) and/or "top-layer" Service Delivery and Budget Implementation Plan (SDBIP) for the 2020-21 planning and reporting cycle due to standard operating procedures and internal processes not finalised to realise and commit to the implementation of said indicators within the city.

Report on the audit of compliance with legislation

Introduction and scope

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

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

Annual Financial Statements

37. 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, current assets, noncurrent liabilities and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Revenue management

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

Asset management

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

Expenditure management

40. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R566 041 443 as disclosed in note 56 to the financial statements, in contravention of section 62(1) (d) of the MFMA. The majority of the disclosed unauthorised expenditure was caused by overspending on non-cash items.
41. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R221 559 102, as disclosed in note 57 to the financial statements, in contravention of section 62(1) (d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure of R171 985 234, was incurred due to the gratuitous use of an intermediaries to facilitate back-to-back purchase of land.
42. Reasonable steps were not taken to prevent irregular expenditure amounting to R2 712 700 246 as disclosed in note 58 to the financial statements, as required by section 62(1) (d) of the MFMA. The majority of the disclosed irregular expenditure was caused by non-compliance with SCM regulation 36 amount to R815 700 306. Irregular expenditure amounting to R593 210 608 was incurred on hiring of vehicles, plant, equipment and machinery.

Procurement and contract management

43. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). The accounting officer approved deviations even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was also reported in the prior year.
44. Some of the contracts were awarded through a competitive bidding processes that were not adjudicated by the bid adjudication committee as required by SCM Regulation 29(1) (a) and (b).
45. Sufficient appropriate audit evidence could not be obtained that contracts were awarded only to bidders who submitted a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c).
46. Measures to combat the abuse of the SCM system were not implemented as per the requirements of SCM Regulation 38(1), because some of the contracts were awarded to a provider who committed a corrupt or fraudulent act in competing for the contract. Similar non-compliance was also reported in the prior year.
47. Some of the contracts above R30 million did not include a condition for mandatory subcontracting to advance designated groups, as required by the 2017 Preferential Procurement Regulation 9(1).
48. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2) (b) of the MFMA. Similar non-compliance was also reported in the prior year.
49. Awards were made to providers who were in the service of the municipality and/or whose directors/principal shareholders are in the service of the municipality, in contravention of section

112(j) of the MFMA and SCM Regulation 44. Furthermore, the provider failed to declare that he/she was in the service of the municipality, as required by SCM Regulation 13(c). Similar non-compliance was reported in the previous year and the municipality did not take disciplinary action against the officials involved.

50. Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of the code of conduct for councillors issued in terms of the Municipal Systems Act and the code of conduct for staff members issued in terms of the Municipal Systems Act.
51. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of the code of conduct for staff members issued in terms of the Municipal Systems Act.

Consequence management

52. 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.
53. 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.
54. 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)(c) of the MFMA.
55. Appropriate action was not taken against officials of the municipality where investigations proved financial misconduct, as required by section 171(4) (b) of the MFMA and municipal regulations on financial misconduct procedures and criminal proceedings 6(8).
56. Cases of financial misconduct, which constitute a crime committed by officials, were not always reported to the South African Police Service, as required by the municipal regulations on financial misconduct procedures and criminal proceedings 10(1).
57. Allegations of theft, fraud, extortion and forgery which exceeded R100 000 were not reported to the South African Police Service, as required by section 34(1) of the PRECCA.

Strategic planning and performance management

58. Performance targets were not set for each of the KPIs for the financial year, as required by section 41(1) (b) of the MSA and municipal planning and performance management regulation 12(1).
59. The performance management system and related controls were inadequate as it did not describe how the performance planning, monitoring, measurement, review, reporting/ and improvement processes should be managed, as required by municipal planning and performance management regulation 7(1).

Other information

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

Internal control deficiencies

64. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the reported performance information and compliance with legislation included in this report.
65. The accounting officer did not adequately exercise oversight responsibility regarding financial and performance reporting, compliance with legislation and implementation of consequence management for poor performance and transgressions.
66. Senior management did not ensure that adequate monitoring and reviewing controls were in place, over the preparation of accurate and complete financial and performance reports as well as compliance with legislation, resulting in findings on the audit of predetermined objectives and compliance with laws and regulations.
67. Senior management did not adequately monitor the implementation of action plans to address internal control deficiencies, resulting in repeat audit findings.
68. Internal audit processes did not identify internal control deficiencies and recommend appropriate corrective action effectively and timeously. This resulted in significant and recurring control deficiencies relating to the preparation of the financial statements and compliance with legislation.

Material irregularities

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

70. The material irregularities identified are as follows:

Material irregularities identified during the audit

Rental account at Bothongo plaza not paid within 30 days

71. The municipality did not make payments within 30 days for the rental of the Bothongo Plaza building resulting in interest charged and paid on 30 July 2020 in non-compliance with section 65(2)(e) of the MFMA.
72. The non-compliance is likely to result in a financial loss amounting of R7 106 066 if not recovered. The amount is disclosed in note 76 as a comparative to the 2020-21 annual financial statements.
73. The accounting officer was notified of the material irregularity on 20 May 2021 and invited to make a written submission on the actions taken and that will be taken to address the matter.
74. The accounting officer has not taken appropriate action in response to being notified of the material irregularity. I recommend that the accounting officer should take the following actions to address the material irregularity, which should be implemented by 8 June 2022.
 - The non-compliance with section 65(2)(e) of the MFMA should be investigated to determine if any official might have committed an act of financial misconduct or an offence in terms of Chapter 15 of the MFMA.
 - Any person(s) liable for the losses should be identified and appropriate action should commence to recover the financial loss.
 - Disciplinary or, when appropriate, criminal proceeding should commence against any official who has allegedly committed an act of financial misconduct or an offence, as required by section 62(1)(e) of the MFMA and in the manner prescribed by the Municipal Regulations on Financial misconduct procedures and criminal proceedings.
75. I will follow up on the implementation of the recommendations after the due date.

Overpayment on the fuel purchase

76. The municipality overpaid three suppliers for the supply and delivery of fuel between February 2019 and June 2020. The overpayments resulted in non-compliance with section 65(2) (a) of the MFMA as the municipality's systems of internal control relating to expenditure management were not effective.
77. The non-compliance is likely to result in a material financial loss if not recovered. The amount is disclosed in note 76 as a comparative to the 2020-21 annual financial statements.
78. The accounting officer was notified of the non-compliance on 8 June 2021 and invited to make a written submission on the actions taken and that will be taken to address the matter.

79. The accounting officer has not taken appropriate action in response to being notified of the material irregularity. I recommend that the accounting officer should take the following actions to address the material irregularity, which should be implemented by 8 August 2022.

- Appropriate action should be taken to ensure that the investigation into all overpayments is finalised.
- Appropriate action should be taken to recover all financial losses suffered by the municipality from the three suppliers.
- Disciplinary or when appropriate criminal proceedings should commence against any official who has allegedly committed an act of financial misconduct or an offence, as required by section 62(1)(e) of the MFMA and in the manner prescribed by the Municipal Regulations on Financial misconduct procedures and Criminal Proceedings

80. I will follow up on the implementation of the recommendations after the due date.

Interest not levied on outstanding sundry consumer debtors

81. Interest was not levied on outstanding sundry consumer debtors between 1 July 2019 and 30 June 2020 as required by section 64 (2) (g) of the MFMA and the approved Credit Control and Debt Collection Policy of the municipality.

82. The non-compliance is likely to result in a material financial loss if not recovered.

83. The accounting officer was notified of the non-compliance on 8 June 2021 and invited to make a written submission on the actions taken and that will be taken to address the matter.

84. The accounting officer has not taken appropriate action in response to being notified of the material irregularity. I recommend that the accounting officer should take the following actions to address the material irregularity, which should be implemented by 8 August 2022.

- Quantify the full extent of the interest that should have been charged in accordance with the credit control and debt collection policy of the municipality
- The non-compliance should be investigated to determine if any official might have committed an act of financial misconduct or an offence in terms of Chapter 15 of the MFMA
- Disciplinary or, when appropriate, criminal proceedings should commence against any official who has allegedly committed an act of financial misconduct or an offence, as required by section 62(1)(e) of the MFMA and in the manner prescribed by the Municipal Regulations on Financial misconduct procedures and Criminal Proceedings
- Appropriate action should be taken to ensure that interest is levied against all sundry debtors in accordance with the municipality's credit control and debt collection policy as required by section 64(2) (g) of the MFMA. This should include interest that was not previously charged in accordance with the policy.

85. I will follow up on the implementation of the recommendations after the due date.

Payment to an incorrect beneficiary

86. A payment amounting to R53 444 860 was made to an incorrect beneficiary on 30 August 2019. Effective internal controls relating to expenditure management were not in place as required by section 65(2) (a) of the MFMA.
87. The non-compliance is likely to result in a material financial loss of R53 029 563 if not recovered. The amount is disclosed in note 77 to the 2019-20 annual financial statements.
88. The accounting officer was notified of the material irregularity on 5 March 2021 and invited to make a written submission on the actions taken and that will be taken to address the matter.
89. The following actions have been taken to address the material irregularity by the accounting officer:
 - A phase one investigation into the matter by the internal forensic services unit was concluded on 28 February 2020, which identified that an unauthorised monitoring software was installed into seventy (70) workstations and it was further recommended that an investigation be conducted to identify the person responsible for the installation of the monitoring software over the network.
 - The matter was also reported to the Directorate for Priority Crime Investigation in September 2019 and the investigation is still on going. The accounting officer plans to take actions against the implicated officials based on the outcome of the investigation.
 - The National Prosecuting Authority recovered an amount of R23 169 447 and paid it over to the municipality on 10 November 2021.
 - The process of awarding a banking tender to allow host-to-host solution for payments will be finalised by 31 March 2022.
 - Human resource third party beneficiaries are created on the banking system and the banking details are locked and cannot be edited when payments are made effective September 2019.
90. I will follow up on the implementation of the planned actions during my next audit.

Payment made for an informal trading facility that was not constructed

91. A payment of R4 990 281 was made on 30 June 2016 to a contractor for an informal trading facility that was not constructed at Barolak Taxi rank. Effective internal controls relating to expenditure management were not in place as required by section 65 (2) (a) of the MFMA.
92. The non-compliance is likely to result in a material financial loss of R4 990 281 if not recovered. The amount is disclosed in note 76 as a comparative to the 2020-21 annual financial statements.
93. The accounting officer was notified of the material irregularity on 25 March 2021 and invited to make a written submission on the actions taken and that will be taken to address the matter.
94. The following action has been taken to resolve the material irregularity by the accounting officer:
95. A forensic investigation conducted by external investigators was completed on 17 November 2021. The accounting officer following the conclusions per the investigation report:

- Plans to take disciplinary against implicated officials on or before 31 March 2022.
- Plans to recover the monies paid from implicated officials and the contractor by 31 March 2022.

96. I will follow-up on the implementation of the committed actions during my next audit.

Salary payments made to employees for work not done

97. The municipality paid salaries to employees between November 2019 and October 2020 for work not done due to proper recruitment process not followed as no work was allocated to employees. This resulted in non-compliance with section 65(2)(a) of the MFMA.

98. The non-compliance is likely to result in a material financial loss of R88 412 643 if not recovered. The municipality has disclosed R34 048 301 and R53 846 760 in note 76 of the 2020-21 annual financial statements as the current and prior year financial loss respectively.

99. The accounting officer was notified of the non-compliance on 20 May 2021 and invited to make a written submission on the actions taken and that will be taken to address the matter

100. The following action has been taken to address the material irregularity by the accounting officer:

- A forensic investigation is currently ongoing to determine officials responsible for payments made without any work being performed and the likelihood of recovering monies paid. The investigation is expected to be completed by 31 March 2022.

101. The accounting officer plans to take actions against implicated officials based on the outcomes of the investigation.

102. I will follow up on the implementation of the committed actions during my next audit.

Status of previously reported material irregularities

Inadequate system of internal controls to safeguard assets (Annlin reservoir project)

103. The municipality did not to take all reasonable steps to ensure that it has adequate system of internal controls for the purpose of safeguarding its assets, as assets were stolen and vandalised resulting in non-compliance with section 63(2)(c) of the MFMA.

104. The non-compliance resulted in a material financial loss of R5 523 136 for the municipality based on the value of the assets that were stolen and vandalised on 08 January 2018 as disclosed in note 74 of the 2018-19 financial statements.

105. The accounting officer was notified of the material irregularity on 11 December 2019. The following actions have been taken to resolve the material irregularity:

- Reported the matter to the South African Police Services for investigation on 11 January 2018 and the investigation is not yet concluded.
- Installed electronic locks and welded steel doors on access doors to prevent further losses on 9 January 2018.

- The accounting officer had committed to appoint a security company to safeguard assets and prevent further losses by 31 March 2020. As a result of the late appointment of the technical committee and non-availability of the bid evaluation committee members due to covid-19, the accounting officer deployed security personnel from other departments within the municipality to safeguard the assets from 1 February 2021 as an interim measure. The accounting officer could not appoint a security company by 30 June 2021 due to budgetary constraints. The security tender was advertised and the bid closed on 4 February 2022. The accounting officer plans to finalise the appointment process by 5 May 2022.
- Referred the matter to the internal forensic services division for investigation on 12 February 2020 which was completed on 26 June 2020, however it did not cover adherence to the assets management policy of the municipality at the time of the incident, verification and quantification of the financial loss as well as whether there was any fraud, corruption or misconduct related to the material irregularity.
- The second investigation completed on 19 November 2021 by external investigators could not determine whether the assets management policy and security policy of the municipality were adhered to at the time of the incident as these were not submitted to the investigators. The accounting officer has committed to implement the below by 31 March 2022.
 - Develop a policy or guideline, which will inform the municipality on roles and responsibilities relating to security, frequency of monitoring and evaluation activities.

106. I will follow up on the implementation of the planned actions during my next audit.

Inadequate system of internal controls to safeguard assets (Baviaanspoort wastewater treatment works)

107. The municipality did not take all reasonable steps to ensure that it has adequate system of internal controls for the purpose of safeguarding its assets, as assets were stolen and vandalised resulting in non-compliance with section 63(2)(c) of the MFMA.

108. The non-compliance resulted in a material financial loss of R3 904 346 for the municipality based on the value of the assets that were stolen and vandalised on 10 February 2016 as disclosed in note 74 of the 2018-19 financial statements.

109. The accounting officer was notified of the material irregularity on 17 December 2019. The following actions have been taken to resolve the material irregularity:

- Reported the matter to the South African Police Services for investigation on 10 February 2016. Two arrests were made on 8 and 11 March 2016 respectively. The perpetrators were sentenced to 12 years and 10 years respectively.
- Some of the minor assets that were stolen or vandalised were insured and the insurance company reimbursed the municipality R174 716 on 24 February 2017 for the loss.
- Security personnel was increased and all buildings housing motor control equipment and electrical transformers were reinforced with grating on 6 September 2019.
- Approved the appointment of a contractor to erect a security fence on 5 December 2019 to prevent further losses. Erection of the security fence was completed in March 2021.
- The accounting officer had committed to appoint a security company to safeguard assets and prevent further losses by 31 March 2020. As a result of the late appointment of the

technical committee and availability of the bid evaluation committee members due to covid-19, the accounting officer then committed to have a security company appointed by 30 June 2021. However, due to the delay in the finalisation of the budget process, the accounting officer has deployed security personnel from other departments within the municipality from 1 December 2020 as an interim measure. The security tender was advertised and the bid closed on 4 February 2022. The accounting officer plans to finalise the appointment process by 5 May 2022.

- Referred the matter to the internal forensic services division for investigation on 12 February 2020 which was completed on 26 June 2020, however it did not cover adherence to the assets management policy of the municipality at the time of the incident, verification and quantification of the financial loss as well as whether there was any fraud, corruption or misconduct related to the material irregularity.

110. The second investigation completed on 19 November 2021 by external investigators concluded that the site did not have sufficient controls in place to mitigate theft and vandalism of assets. Further, the report concluded that there was lack of monitoring controls relating to the safeguarding of assets. This was as a result of no security policy and guidelines in place. The accounting officer has committed to implement the below by 31 March 2022.

- Develop policy or guideline, which will inform the municipality on roles and responsibilities relating to security, frequency of monitoring and evaluation activities.
- Determine if the security company can be held responsible for the losses incurred
- Obtain representations from the security company in respect of the theft and vandalism

111. I will follow up on the implementation of the planned actions during my next audit.

Material irregularities in progress

112. I identified material irregularities during the audit and notified the accounting officer of these, as required by material irregularity regulation 3(2). By the date of this auditor's report, I had not yet completed the process of evaluating the responses from the accounting officer. These material irregularities will be included in the next year's auditor's report.

Other reports

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

114. The Special Investigating Unit (SIU) investigated various allegations relating to Covid-19 procurement irregularities. The SIU report covered the period 23 July 2020 to 30 September 2021, and was released by the SIU on 10 December 2021.

Auditor - General

Johannesburg

28 February 2022



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the 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 municipality's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the City of Tshwane Metropolitan Municipality 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 municipality 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

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

5. From the matters communicated to those charged with governance, I determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore key audit matters. I describe these matters in this auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in this auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

APPENDICES

APPENDIX A: COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

DA proportional representation	DA proportional representation councillors	Number of Council meetings	Number of Council meetings attended
DA proportional representation	Williams RM	20	20
DA proportional representation	Mathebe RK	20	20
DA proportional representation	Barendrecht JW	20	20
DA proportional representation	Cox SK	20	20
DA proportional representation	De Klerk MJ	20	20
DA proportional representation	Dhlamini SO	20	20
DA proportional representation	Ditabo DD	20	20
DA proportional representation	Dzumba KY	20	20
DA proportional representation	Fourie M	20	20
DA proportional representation	Fosi TE from 22.02.2021	20	9
DA proportional representation	Helfrich WP	20	19
DA proportional representation	Kgaboesele F	20	20
DA proportional representation	Kgobane T	20	17
DA proportional representation	Kwenaite P	20	20
DA proportional representation	Khumalo ZC	20	20
DA proportional representation	Kruyshaar L	20	20
DA proportional representation	Lee TW	20	20
DA proportional representation	Maake MR	20	19
DA proportional representation	Maas S	20	20
DA proportional representation	Mabena TW	20	20

DA proportional representation	DA proportional representation councillors	Number of Council meetings	Number of Council meetings attended
DA proportional representation	Mabunda L	20	18
DA proportional representation	Mabusela MR	20	20
DA proportional representation	Maimane SS	20	19
DA proportional representation	Makgaleng KG	20	20
DA proportional representation	Makhafula MA	20	20
DA proportional representation	Mehlape MM	20	20
DA proportional representation	Meyer K	20	20
DA proportional representation	Meyer CA	20	20
DA proportional representation	Millar PE	20	19
DA proportional representation	Mkhari M	20	15
DA proportional representation	Moheta RB	20	19
DA proportional representation	Mohlamme T	20	20
DA proportional representation	Mokhotho NL	20	20
DA proportional representation	Moloto LKP	20	20
DA proportional representation	Monaanyane HT	20	20
DA proportional representation	Moreriane OT	20	20
DA proportional representation	Moss D	20	19
DA proportional representation	Motale SK	20	20
DA proportional representation	Motau LG	20	20
DA proportional representation	Motsaneng S	20	20
DA proportional representation	Mthimunye PG	20	20
DA proportional representation	Napier CJ (Prof)	20	20
DA proportional representation	Ndlovu JZ	20	20
DA proportional representation	Nkosi K	20	20
DA proportional representation	Nortje HJ	20	20

DA proportional representation	DA proportional representation councillors	Number of Council meetings	Number of Council meetings attended
DA proportional representation	Phokoje STT	20	19
DA proportional representation	Pretorius GC	20	20
DA proportional representation	Ramohoebo M from April 2021	20	5
DA proportional representation	Selowa D	20	19
DA proportional representation	Semfeng KD	20	20
DA proportional representation	Thwala DS	20	20
DA proportional representation	Vilakazi TC	20	20
DA proportional representation	Wannenbourg DG	20	20
DA proportional representation			
DA proportional representation	Engelbrecht B resigned 17.02.2021	20	8
DA proportional representation	Louw E resigned 09.04.2021	20	14
DA Ward Councillor	COUNCILLOR	NUMBER OF COUNCIL MEETINGS	NUMBER OF COUNCIL MEETINGS ATTENDED
DA Ward Councillor	Bekker CF	20	17
DA Ward Councillor	Billson C	20	20
DA Ward Councillor	Breytenbach AS	20	19
DA Ward Councillor	Chapman B	20	20
DA Ward Councillor	Coetzee JJ	20	19
DA Ward Councillor	De Jager LJ from 19.05.2021	20	3
DA Ward Councillor	Du Plooy J	20	20
DA Ward Councillor	Duvenage Y	20	20
DA Ward Councillor	Farquharson DJ	20	20
DA Ward Councillor	Fourie RP	20	19
DA Ward Councillor	Johnston D	20	20

DA proportional representation	DA proportional representation councillors	Number of Council meetings	Number of Council meetings attended
DA Ward Councillor	Kruger-Muller M	20	20
DA Ward Councillor	Lawrence BW	20	19
DA Ward Councillor	Linde E	20	20
DA Ward Councillor	McDonald CN	20	20
DA Ward Councillor	Middelberg LR	20	20
DA Ward Councillor	Muller S	20	20
DA Ward Councillor	Nel E	20	20
DA Ward Councillor	Nel PA	20	20
DA Ward Councillor	Nhlapo MS from 19.05.2021	20	3
DA Ward Councillor	Pienaar CF	20	19
DA Ward Councillor	Pietersen IJ	20	20
DA Ward Councillor	Prinsloo CD (Adv)	20	20
DA Ward Councillor	Smith FJ	20	20
DA Ward Councillor	Strange MI	20	20
DA Ward Councillor	Strijdom CE	20	20
DA Ward Councillor	Sutherland M	20	20
DA Ward Councillor	Sutton P	20	19
DA Ward Councillor	Uys J	20	20
DA Ward Councillor	Uys R	20	20
DA Ward Councillor	Van Buuren JG	20	20
DA Ward Councillor	Van den Heever, CM	20	20
DA Ward Councillor	Van Heerden PW	20	20
DA Ward Councillor	Van Niekerk AM	20	20
DA Ward Councillor	Van Wyk FW	20	20
DA Ward Councillor	Visser GP	20	20
DA Ward Councillor	Wakelin KH	20	20

DA proportional representation	DA proportional representation councillors	Number of Council meetings	Number of Council meetings attended
DA Ward Councillor	Wilkinson, S	10	10
DA Ward Councillor	Botha EAL resigned 28.02.2021	-	-
ANC PROPORTIONAL REPRESENTATION	ANC COUNCILLORS	NUMBER OF COUNCIL MEETINGS	NUMBER OF COUNCIL MEETINGS ATTENDED
ANC proportional representation	Boshomane MJ	20	18
ANC proportional representation	Lekgema PL	20	17
ANC proportional representation	Mabitsela MM	20	18
ANC proportional representation	Mabona SJ	20	19
ANC proportional representation	Mabusela TE	20	19
ANC proportional representation	Maepa KL (Dr)	20	11
ANC proportional representation	Maine MT	20	20
ANC proportional representation	Makgatho JT	20	15
ANC proportional representation	Masombuka JB	20	18
ANC proportional representation	Mashamba RW	20	18
ANC proportional representation	Mashego RT	20	18
ANC proportional representation	Matlala LS	20	17
ANC proportional representation	Matshiyane MMS	20	20
ANC proportional representation	Mohlala RJB	20	18
ANC proportional representation	Motsei MY from 29.01.2021	20	12
ANC proportional representation	Mokwena PHN	20	20
ANC proportional representation	Morudu MGR	20	19
ANC proportional representation	Mmoko TE	20	8
ANC proportional representation	Ndlovu TA	20	20
ANC proportional representation	Sibisi IB	20	20

DA proportional representation	DA proportional representation councillors	Number of Council meetings	Number of Council meetings attended
ANC proportional representation	Tyobeka-Makeke NP	20	20
ANC proportional representation			
ANC proportional representation	Mojela DL demised January 2021	20	4
ANC WARD COUNCILLORS	ANC COUNCILLORS	NUMBER OF COUNCIL MEETINGS	NUMBER OF COUNCIL MEETINGS ATTENDED
ANC Ward Councillors	Aphane IM	20	19
ANC Ward Councillors	Baloyi JK	20	17
ANC Ward Councillors	Baloyi JJ	20	19
ANC Ward Councillors	Boikanyo TS from 19.05.2021	20	2
ANC Ward Councillors	Boroto AS	20	17
ANC Ward Councillors	Celiphile M	20	16
ANC Ward Councillors	Chiloane EP	20	16
ANC Ward Councillors	Dinale AL	20	19
ANC Ward Councillors	Dhlamini SF	20	12
ANC Ward Councillors	Essop M	20	20
ANC Ward Councillors	Hlatshwayo FE	20	14
ANC Ward Councillors	Hlatshwayo PB	20	20
ANC Ward Councillors	Kgatle TF	20	20
ANC Ward Councillors	Lehobye DJ	20	8
ANC Ward Councillors	Mabelane VP	20	18
ANC Ward Councillors	Machava PL from 19.05.2021	20	3
ANC Ward Councillors	Magodiello TK	20	18
ANC Ward Councillors	Mahlangu TF	20	20
ANC Ward Councillors	Mahwayi MM	20	19
ANC Ward Councillors	Maila ST	20	15

DA proportional representation	DA proportional representation councillors	Number of Council meetings	Number of Council meetings attended
ANC Ward Councillors	Maja SD	20	17
ANC Ward Councillors	Makola MA	20	17
ANC Ward Councillors	Maleka RR	20	20
ANC Ward Councillors	Maluleka AM	20	19
ANC Ward Councillors	Mampuru SF	20	16
ANC Ward Councillors	Mantjane MA	20	20
ANC Ward Councillors	Marishane MS	20	13
ANC Ward Councillors	Masango V	20	20
ANC Ward Councillors	Maseko PL	20	19
ANC Ward Councillors	Masemola VI	20	15
ANC Ward Councillors	Mashapa MA	20	15
ANC Ward Councillors	Mashola MS	20	17
ANC Ward Councillors	Masilela JK	20	14
ANC Ward Councillors	Masilela JW	20	19
ANC Ward Councillors	Masia, CS from 19.05.2021	20	2
ANC Ward Councillors	Masupha NR	20	19
ANC Ward Councillors	Mathe DM	20	18
ANC Ward Councillors	Mathenjwa NL	20	19
ANC Ward Councillors	Matjene MH	20	19
ANC Ward Councillors	Mlotshwa EM	20	19
ANC Ward Councillors	Mokgalotsi NA	20	14
ANC Ward Councillors	Mokhare JN	20	20
ANC Ward Councillors	Molaba PF	20	20
ANC Ward Councillors	Moloi ED	20	19
ANC Ward Councillors	Motaung TB	20	15
ANC Ward Councillors	Mphaga IS	20	18

DA proportional representation	DA proportional representation councillors	Number of Council meetings	Number of Council meetings attended
ANC Ward Councillors	Mulaudzi LG	20	13
ANC Ward Councillors	Ngobeni JM	20	19
ANC Ward Councillors	Nkosi FE	20	15
ANC Ward Councillors	Ntlatleng WT	20	17
ANC Ward Councillors	Ntoha ZS	20	20
ANC Ward Councillors	Phahlane AK	20	13
ANC Ward Councillors	Phalwane V from 19.05.2021	20	3
ANC Ward Councillors	Qebelu SN	20	14
ANC Ward Councillors	Rakabe, MPJ From 19.05.2021	20	3
ANC Ward Councillors	Rallele M	20	14
ANC Ward Councillors	Rangako TM	20	18
ANC Ward Councillors	Ringane MB	20	13
ANC Ward Councillors	Sedibeng SL	20	18
ANC Ward Councillors	Sebotsane MP	20	16
ANC Ward Councillors	Shume TJ from 19.05.2021	20	3
ANC Ward Councillors	Skhosana MN	20	20
ANC Ward Councillors	Sindane JM	20	16
ANC Ward Councillors	Siphutuma BT	20	20
ANC Ward Councillors	Thema FM	20	19
ANC Ward Councillors	Tsela CD	20	12
ANC Ward Councillors	Tshabalala ES	20	19
ANC Ward Councillors	Zitha PB	20	17
ANC Ward Councillors			
ANC Ward Councillors	Baloyi MB demised February 2021	20	7

DA proportional representation	DA proportional representation councillors	Number of Council meetings	Number of Council meetings attended
ANC Ward Councillors	Ndlovu NGJ demised January 2021	20	3
ANC Ward Councillors	Rammushi, JP demised January 2021	20	4
ANC Ward Councillors	Rasegoete MM demised December 2020	20	4
EFF PROPORTIONAL REPRESENTATION	EFF PR COUNCILLORS	NUMBER OF COUNCIL MEETINGS	NUMBER OF COUNCIL MEETINGS ATTENDED
EFF proportional representation	Chilwana NM	20	18
EFF proportional representation	Disoloane KB	20	20
EFF proportional representation	Kgwedi DI	20	20
EFF proportional representation	Lekgothoane JL	20	18
EFF proportional representation	Letlonkoene TK	20	20
EFF proportional representation	Mabelebele TS	20	18
EFF proportional representation	Maboa PP	20	12
EFF proportional representation	Mabogwana MO	20	17
EFF proportional representation	Machaba NE	20	18
EFF proportional representation	Mafole K	20	18
EFF proportional representation	Manaka PN	20	19
EFF proportional representation	Masemola AT	20	12
EFF proportional representation	Masilela L	20	17
EFF proportional representation	Masoleng MA	20	18
EFF proportional representation	Matjie LA	20	18
EFF proportional representation	Mathebula HN	20	6
EFF proportional representation	Mnguni NP	20	18
EFF proportional representation	Monchusi RGM	20	18
EFF proportional representation	Motsa NS	20	19

DA proportional representation	DA proportional representation councillors	Number of Council meetings	Number of Council meetings attended
EFF proportional representation	Moyana MM	20	18
EFF proportional representation	Phukuile B	20	18
EFF proportional representation	Ramabodu OS	20	17
EFF proportional representation	Silaule GV	20	18
EFF proportional representation	Tshabane SB	20	15
EFF proportional representation	Tuwani T	20	20
FF+ PROPORTIONAL REPRESENTATION	FF+ PR COUNCILLORS	NUMBER OF COUNCIL MEETINGS	NUMBER OF COUNCIL MEETINGS ATTENDED
FF proportional representation	Erasmus BHJ	20	20
EFF proportional representation	Erasmus LA	20	20
EFF proportional representation	Erasmus M (from 01.02.2021)	20	13
EFF proportional representation	Du Plooy IP	20	20
EFF proportional representation	Uys PD (resigned December 2021)	20	3
ACDP PROPORTIONAL REPRESENTATION	Kissoonduth A	20	15
COPE PROPORTIONAL REPRESENTATION	Nkwane, S	20	20
PAC PR	PAC PR COUNCILLORS	NUMBER OF COUNCIL MEETINGS	NUMBER OF COUNCIL MEETINGS ATTENDED
ACDP PR	ACDP PR COUNCILLORS	NUMBER OF COUNCIL MEETINGS	NUMBER OF COUNCIL MEETINGS ATTENDED

No.	Committee and purpose	Councillors serving on committee	Meetings held	Meetings attended by councillors
		F Hlatshwayo IB Sibisi BT Siphutuma DC Tsela SN Quebelu PB Zitha EFF NE Machaba OB Mabogana Multiparty BHJ Erasmus (elected as Chairperson of the Section 79 Standing Committee: LGN on 1 February 2021)	5 5 5 5 5 5 5 5 5	4 4 5 0 5 4 1 3 1
7.	Section 79 Oversight Committee: Economic Development and Spatial Planning Purpose - Scrutinise reports in relation to its core function referred to it by Council, emanating from the Executive Mayor and/or Mayoral Committee and advising Council - Play an oversight role in relation to its core function on the performance of the Executive on behalf of Council - Play an advisory legislative role in relation to its core function	DA S Wilkinson (Chairperson) AS Breytenbach P Kweinaite BW Lawrence CA Meyer M Mkhari LKP Moloto S Motale I Pieterse ANC JJ Baloyi SD Maja RR Maleka AM Maluleka SF Mampuru JB Masombuka LS Matlala FE Nkosi	6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6	5 4 5 5 4 3 5 5 4 2 4 1 4 4 2 5 3

No.	Committee and purpose	Councillors serving on committee	Meetings held	Meetings attended by councillors
	from the Executive Mayor and/or Mayoral Committee and advising Council - Play an oversight role in relation to its core function on the performance of the Executive on behalf of Council - Play an advisory legislative role in relation to its core function	K Mtimunye K Prinsloo F Smith J Uys ANC VP Mabelane RT Mashego RW Mashamba N Mathenjwa ED Moloji WT Ntlaleng FM Thema K Maepa EFF JL Lekgothoane MA Masoleng Multiparty LJ Lekgoathi	5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	2 4 5 4 1 2 1 0 2 2 1 0 2 3 4
10.	Section 79 Oversight Committee: Community Safety Purpose - Scrutinise reports in relation to its core function referred to it by Council, emanating from the Executive Mayor and/or Mayoral Committee and advising Council - Play an oversight role in relation to its core function on the performance of the Executive on behalf of Council - Play an advisory legislative role in relation to its core function	ANC MA Makhafula (Chairperson) SO Dhlamini Y Dzumba KG Makgaleng F Bekker F Pienaar CE Strijdom DS Thwala AM van Niekerk ANC AL Dinale M Essop ST Maila	6 6 6 6 6 6 6 6 6 6 6 6 6 6	6 6 5 3 6 6 6 6 6 6 6 6 6 6

Position	Name
Chief of Emergency Services	Mr Previn D Govender
Governance and Support Officer	Ms Lorette Tredoux
Group Head: Group Human Capital Management	Mr Gerald Shingange
Group Head: Shared Services	Mr Musa Kumalo
Group Head: Economic Development and Spatial Planning	Mr Makgorometje Makgata
Group Head: Group Legal and Secretariat Services	Adv Marna Kock
Group Head: Group Property	Ms Verusha Morgan
Group Head: Office of the Speaker	Mr Tiyiselani Babane
Group Head: Office of the Chief Whip	Ms Nasiphi H Moya
Chief Operations Officer	Mr James Murphy
Group Head: Customer Relations Management	Ms Thandi Radebe
Group Head: Health	Mr Koena J Nkoko
Group Head: Utility Services	Mr Stephens Notoane
Group Head: Roads and Transport	Mr Pheko Letlonkane
Group Head: Environment and Agriculture Management	Mr Abel Malaka
Group Head: Community and Social Development Services	Mr Tich Mekhoe
Group Head: Human Settlements	Ms Nonto Memela
Group Head: Regional Operations and Coordination	Mr Cali Phanyane
Regional Head: Region 1	Mr Phillemon Mathane
Regional Head: Region 2	Mr Godfrey Mnguni
Regional Head: Region 3	Ms Leah Poto (acting)
Regional Head: Region 4	Mr Tebello Masehe
Regional Head: Region 5	Ms Nomsa Mabasa
Regional Head: Region 6	Mr Sello Chipu
Regional Head: Region 7	Mr Robert Maswanganyi

APPENDIX D: FUNCTIONS OF THE CITY OR MUNICIPAL ENTITY

Municipal functions	Function applicable to the City (yes or no)	Function applicable to the entity (yes or no)
Constitution Schedule 4, Part B functions		
Air pollution	Yes	No
Building regulations	Yes	No
Childcare facilities	Yes	No
Electricity and gas reticulation	Yes	No
Firefighting services	Yes	No
Local tourism	Yes	No
Municipal airports	Yes	No
Municipal planning	Yes	No
Municipal health services	Yes	No
Municipal public transport	Yes	No
Municipal public works only regarding the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	Yes	No
Storm water management systems in built-up areas	Yes	No
Trading regulations	Yes	No
Water and sanitation services limited to potable water supply systems and domestic waste water and sewage disposal systems	Yes	No
Beaches and amusement facilities	Yes	No
Billboards and the display of advertisements in public places	Yes	No
Cemeteries, funeral parlours and crematoria	Yes	No
Cleansing	Yes	No

Municipal functions	Function applicable to the City (yes or no)	Function applicable to the entity (yes or no)
Control of public nuisances	Yes	No
Control of undertakings that sell liquor to the public	Yes	No
Facilities for the accommodation, care and burial of animals	Yes	No
Fencing and fences	Yes	No
Licencing of dogs	Yes	No
Licencing and control of undertakings that sell food to the public	Yes – issuing of licences, but not control of food quality	No
Local amenities	Yes	No
Local sport facilities	Yes	No
Markets	Yes	No
Municipal abattoirs	Yes	No
Municipal parks and recreation	Yes	No
Municipal roads	Yes	No
Noise pollution	Yes	No
Pounds	Yes	No
Public places	Yes	No
Refuse removal, refuse dumps and solid waste disposal	Yes	No
Street trading	Yes	No
Street lighting	Yes	No
Traffic and parking	Yes	No
*If municipality, indicate yes or no. If entity, provide the name of the entity.		TD

APPENDIX E: WARD REPORTING

The City did not establish ward committees for the 2020/21 financial year.

APPENDIX F: WARD INFORMATION

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
Human Settlements	(710864) Ga-Rankuwa Ext 10 sewer reticulation	30 and 32	Connection of 850 sewer units	Contractor appointed Site establishment completed Contractor clearing and grubbing Excavations in progress	No
Human Settlements	(710863) Water provision – Winterveld 20 Ml Reservoir	19	Reviewed and approved designs	Tender for the appointment of consultant issued Closing date was 25 June 2021	No
Human Settlements	(710864) Sewer provision – Kudube Unit 9	75	Construction of foundation slabs and concrete walls for the pump station	450 mm thick dump rock has been laid at the Temba-Babelegi pump station The layer works of the pump station have been completed Progress affected by groundwater	No
Human Settlements	(710864) Sewer reticulation – Erf 34041, Mamelodi Ext 6 (Phomolong)	40	Construction of sewer reticulation for 200 stands	Excavation, pipe laying, backfilling and compaction	No
Human Settlements	(710865) Construction of roads and storm water – Soshanguve Ext 19	88	Approval of designs and documentation	Consultant has attended to comments made by the Roads and Transport Department	No
Human Settlements	(710865) Construction of roads and storm water – Ga-Rankuwa	30	Construction of 0,5 km of storm water system	Contractor appointed Site establishment completed Contractor clearing and grubbing Excavations in progress	No
Human Settlements	(710863) Water provision – Soshanguve Block MM	96	Design development, appointment of a contractor and site establishment	Contract documentation submitted to the Enterprise Programme Management Unit for approval.	No
Human Settlements	(710863) Water reticulation – Pienaarspoort	100	Approval of designs and appointment of contractor for the construction of bulk water infrastructure	Draft specifications for the appointment of consulting engineer for design development of bulk water infrastructure	No

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
Human Settlements	(710863) Water provision – Refilwe Ext 10	100	Connection of 200 stands Procurement of contractor and site establishment	Site handover was done on 17 June 2021 Site establishment in progress	No
Human Settlements	(710863) Water provision – Bridgeway communal standpipes	59	Installation of four communal stand water pipes	Completed	Yes
Human Settlements	(710864) Sewer provision – Stand 12224 and 12225, Nellmapius Ext 22	40 and 101	Construction of 1,8 km of sewer reticulation network and installation of 200 house connections	1,7 km of excavation Laying and backfilling of sewer reticulation pipeline	No
Human Settlements	(710863) Water provision – Ga-Rankuwa Ext 10 - water connections	30 and 32	850 water connections on the water reticulation system	Contractor clearing and grubbing Excavations in progress	No
Human Settlements	(710863) Water provision – Refilwe Ext 7	100	Construction of water reticulation	Excavation, pipe laying, backfilling and compaction	No
Human Settlements	(710864) Sewer reticulation – Refilwe Ext 7	100	Construction of sewers for 100 stands	Excavation, pipe laying, backfilling and compaction	No
Human Settlements	(710864) Sewer provision – Zithobeni Heights: Bulk sewer	102	Construction of 1,4 km sewer outfall	The scope was revised after consultation with businesses where the servitude traverses.	No
Human Settlements	(710864) Bulk sewer line – Winterveld	25	Appointment of consultant and design review for the construction of bulk sewer line	Tender for the appointment of the consultant issued Closing date was 25 June 2021	No
Human Settlements	(710863) Water provision – Rama City (20 Ml reservoir)	4	Construction of 3,5 km supply line	Group Legal and Secretariat Services is still busy with the appointment of the legal firm to draft the service-level agreement and MoU. Valuation process of the reservoir site in progress	No
Human Settlements	(710863) Water provision - Hammanskraal West Ext 10 (bulk water line)	49 and 74	Construction of 5,2 km of bulk water infrastructure	Testing	No
Human Settlements	(710863) Booysens Ext 4 (30 Ml reservoir)	55	Casting of 5 000 m ³ concrete works	Laying of bidim is at 100%.	No

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
				Progress on layer works is at 65%. The Section 116 report for the amendment of the contract has undergone public participation. The process was concluded on 25 June 2021. Comments from the general public will be evaluated and a further report will be presented to Council. Should the City receive objections, the project will be negatively impacted.	
Human Settlements	(710864) Pienaarspoort Ext 20 bulk sewer	100	Design approval and appointment of contractor for the construction of bulk sewer infrastructure	Draft specifications for the appointment of consulting engineer for design development of bulk water infrastructure	No
Human Settlements	(710864) Sewer provision – Mabopane Ext 12	22	Construction of sewers for 150 stands	Exposing of existing services, setting out and drilling of rocks	No
Human Settlements	(710864) Sewer provision – Pretoriuspark	91	Design development for sewer reticulation and procurement of contractor	Services report completed and designs will commence after approval of township	No
Human Settlements	(710864) Booysens Ext 4	55	5,4 km of sewer reticulation network and installation of 481 house connections	Construction of seven manholes Progress affected by clashes with the recently energised electrical cables. The Section 116 report for the amendment of the contract has undergone public participation. The process was concluded on 25 June 2021. Comments from the general public will be evaluated and a further report will be presented to Council. Should the City receive objections, the project will be negatively impacted.	No

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
Human Settlements	(710863) Water provision – Erf 34041, Mamelodi Ext 6 (Phomolong)	40	Construction of water reticulation for 200 stands	Excavation, pipe laying, backfilling and compaction	No
Human Settlements	(710863) Water reticulation – Booyens Ext 4	55	5,6 km of water reticulation network and installation of 481 house connections	100 m of pipeline has been installed. Progress affected by clashes with the recently energised electrical cables. The Section 116 report for the amendment of the contract has undergone public participation. The process was concluded on 25 June 2021. Comments from the general public will be evaluated and a further report will be presented to Council. Should the City receive objections, the project will be negatively impacted..	No
Human Settlements	(710863) Water provision – Mabopane Ext 12	22	Construction of 200 stands	Contractor appointed Exposing of existing services, setting out and drilling of rocks	No
Human Settlements	(710863) Water provision - Hammanskraal West Ext 10 (15 Ml reservoir)	49	No planned construction of reservoir	Not budget for the current financial year	No
Human Settlements	(710863) Bulk water pipeline – Booyens Ext 4	55	3 km of excavation, laying and backfilling of pipeline	480 m of pipeline has been installed. The Section 116 report for the amendment of the contract has undergone public participation. The process was concluded on 25 June 2021. Comments from the general public will be evaluated and a further report will be presented to Council. Should the City receive objections, the project will be negatively impacted.	No

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
Human Settlements	(710864) Bulk sewer – Hammanskraal West Ext 10	49	Construction of 3,45 km bulk sewer line	Completion and testing	No
Human Settlements	(710863) Refilwe Manor 10 Mℓ reservoir	100	Construction of 10 Mℓ reservoir	Leakages discovered on the bulk water pipeline have been repaired Contractor currently addressing snags for the reservoir	No
Human Settlements	(710865) Construction of roads and storm water – Mabopane Ext 1	22	Construction of 16 km of roads and storm water	Currently surfaced 4 km of roads Construction of subbase, kerbing, channelling, base and surfacing	No
Human Settlements	(710863) Water provision – Rama City	4 and 32	Construction of 400 m bulk water pipeline and 1 607 stand connections	No activity Bulk water completed and negotiations in progress with the terminated contractor to use retention to fix reticulation leakages	No
Human Settlements	(710864) Sewer provision – Rama City	32	Construction of 2,5 km sewer outfall and 1 607 stand connections	The contract lapsed and the tender served at the Bid Adjudication Committee for the appointment of a project management consultant to supervise pipe jacking, testing and commissioning of bulk and internal sewer reticulation.	No
Human Settlements	(711713) Development of Mamelodi Hostels	38	Refurbishment of four hostel units at Block P and S	Contractor attending to snags	No
Human Settlements	(710863) Bulk reservoir – Fort West Ext 4 and 5	7	Design development and appointment of contractor for the construction of new 8,5 Mℓ reservoir	Consulting engineers submitted revised report to the Utility Services Department Comments received from the Utility Services Department with further comments for the installed 315 mm steel outlet for the future 8,5 Mℓ reservoir	No
Human Settlements	(710863) Water provision – Olievenhoutbosch Ext 60	77	Procurement of contractor, site handover and site establishment	Designs approved Procurement of contractor in progress	No
Human Settlements	(710863) Water provision – Fort West Ext 4 and 5	7	Settlement of outstanding payment to contractor	None Construction of internal water reticulation completed	No

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
				Waiting for the construction of 8,5 Ml reservoir to connect to the bulk water line	
Human Settlements	(710863) Water provision – Zithobeni Ext 8	102	Construction of 0,7 km bulk water line	No activities on-site	No
Human Settlements	(710863) Water provision – Kopanong Ext 1 Phase 2	20	Procurement of contractor	Amendment of layout map in progress	No
Human Settlements	(710864) Sewer provision – Zithobeni Ext 8	102	Construction of 1,4 km sewer outfall	No activities on-site Contractor to submit close-out report with final account	No
Human Settlements	(710864) Sewer provision – Kopanong Ext1 Phase 2	20	Approval of designs and procurement of contractor	Amendment of layout map in progress.	No
Human Settlements	(710864) Sewer provision – Fort West Ext 4 and 5	7	Settlement of outstanding payment to contractor	None Construction of internal water reticulation completed Waiting for the construction of 8,5 Ml reservoir to connect to the bulk water line	No
Human Settlements	(710865) Construction of roads and storm water – Soshanguve South Ext 13	37	Construction of 5,5 km roads and storm water drainage systems	Slow progress on-site due to non-payment of workers Matter resolved Contractor instructed to double capacity to catch up	No
Human Settlements	(710865) Construction of roads and storm water – Soshanguve South Ext 12	37	Construction of 4 km of roads and storm water	Sewer is slowly damaging the layers Contractor busy with box cutting, dump rock and roadbed	No
Human Settlements	(710865) Construction of roads and storm water – Fort West Ext 4 and 5	7	Design development, construction and completion of 2,2 km of roads	The Roads and Transport Department provided comments on 18 June 2021 The submitted report was not accepted from a storm water planning perspective Further comments provided to consulting engineers to incorporate in the report	No

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
Human Settlements	(710865) Construction of roads and storm water – Zithobeni Ext 8 and 9	102	Testing and clearing layers (subbase and base) of 3 km of roads, and testing and cleaning storm water pipes	No activities Contractor was informed about the expiry of contract and advised to submit close-out report	No
Human Settlements	(710865) Construction of roads and storm water – Zithobeni Heights (four road intersections)	102	Bulk earthworks and box cutting	Setting out and box cutting in progress at intersection B and C Layer works in progress at intersection A	No
Human Settlements	(710865) Construction of roads and storm water – Olievenhoutbosch Ext 60	77	Site handover and site establishment for construction of 3 km of roads and storm water	Environmental authorisation granted Consultants busy with designs of bridges, roads and storm water	No
Human Settlements	(710865) Construction of roads and storm water – Thorn tree View	90	Upgrading of 2,5 km storm water channel and construction of 3 km of roads and storm water	Surfacing of 3 km in Extension 6 Construction of kerbs in Extension 7	No
Human Settlements	(710865) Construction of roads and storm water – Refilwe Manor Ext 9	100 and 99	Design development of 1 km of roads and bulk storm water	The Roads and Transport Department has provided comments on the construction drawings. The consultant is addressing the comments.	No
Human Settlements	(710865) Construction of roads and storm water – Winterveld	19 and 24	Appointment of consultant and design review for construction of internal roads	Tender for the appointment of the consultant has been issued Closing date was 25 June 2021	No
Roads and Transport	(712591) Line 1B (Wonderboom to Akasia)	50	Appointment of consultant and 30% completion of design reviews for Line 1B	The project has been put on hold in the effort not to increase assets under construction within the department. The project can only start once it can be funded through the MTREF.	No
Roads and Transport	(712591) Menlyn Taxi Interchange (Dallas)	46	Completion of detail design, tender documentation and rezoning of the construction site for Menlyn Taxi interchange (Dallas)	Detail designs 99% completed Tender documentation 50% completed Rezoning is expected to start in July 2021	No

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
Roads and Transport	(712513) Soshanguve Ext 4	37, 39, 89 and 90	Appoint design consultant and consultant to prepare documentation for appointment of surveyor and geotechnical engineers	Milestone achieved Surveyor and geotechnical engineers have been appointed	No
Roads and Transport	(712513) Soshanguve Ext 3	37, 39, 89 and 90	Appoint design consultant and consultant to prepare documentation for appointment of surveyor and geotechnical engineers	Milestone achieved Surveyor and geotechnical engineers have been appointed	No
Roads and Transport	(712220) Soshanguve Block FF East Area 4	26, 88 and 94	Appoint consultant to review designs and appoint contractor for 0,3 km of storm water	Milestone achieved in previous month Setting out for box cutting underway	No
Roads and Transport	(712220) Soshanguve Block FF East Area 3	94	Appoint consultant to review designs and appoint contractor for 0,3 km of storm water	Storm water 0,35 km completed	No
Roads and Transport	(712591) Line 2B: Atterbury remaining scope WP3	44	Construction of the BRT trunk route, mixed traffic lane and the interchange at Dallas in Menlyn	Contractor put on terms and is currently on-site attending to snag items Expected completion of snags by end of April/May 2021	No
Roads and Transport	(712221) Upgrading of roads and storm water: Winterveld, Ward 19 and 24	19	Construction of storm water	Contractor completed site establishment and exposing of services	No
Roads and Transport	(712220) Soshanguve Block L North	34, 35 and 36	Construction of 3,5 km of roads, 0,86 km of storm water and 3,5 km of sidewalks	Milestone has not been achieved Sidewalks 0,317 km completed Milestone has not been achieved due to the pending delivery of paving bricks by the supplier Contractor ordered paving brick in May 2021 and is waiting for delivery	No
Roads and Transport	(712591) Belle Ombre – Phase 2 (overflow car park, electric fencing, etc)	58	100% overall completion of Phase 2 of Belle Ombre Depot	Specialist subcontractors are back on-site to complete the scope of work required to obtain the occupation certificate	No

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
Roads and Transport	(712591) Line 3: Pretoria CBD to Atteridgeville – Section 2 (Pretoria West to Atteridgeville)	3, 7, 58, 60 and 63	100% completion of concept designs for Atteridgeville – Section 2	95% completion of Stage 2 concept design	No
Roads and Transport	(712591) Line 3: Pretoria CBD to Atteridgeville – Section 1 (Pretoria CBD to Pretoria West)	3, 58 and 60	60% completion of concept designs for Atteridgeville – Section 1	83% completion of Stage 2 Concept design completed Milestone has been achieved	No
Roads and Transport	(712591) Wonderboom Intermodal Facility (Hector Pieterse Station)	50	100% overall completion of Hector Pieterse Station	Delays caused by the following: 1) Adverse weather conditions which affected the progress for two weeks. 2) Demolition and reconstruction of non-conforming structural steel works which resulted in the subcontractor being replaced by a new subcontractor who could perform works in accordance with standards. 3) Suspension of services by the architect who had to approve some of the structural works. The suspension of services was related to non-payment of ILISO invoices which was awaiting approval of the Bid Adjudication Committee report and the City Manager's signature.	No
Roads and Transport	(712611) Upgrading of Mabopane Block B	21	Site establishment and construction of 0,3 km of storm water	Appointment letter received on 1 June 2021 Construction will start in July 2021	No
Roads and Transport	(712611) Upgrading of Mabopane Block A	19	Site establishment and construction of 0,3 km of storm water	Contractor completed site establishment and exposing of services Contractor was stopped by the community on 12 May 2021 and resumed works on 24 May 2021	No
Roads and Transport	(711863) Internal roads Mabopane Block R (Phase 1)	22	Appoint contractor Apply for construction work permit Site establishment Exposing of services	Milestone achieved Storm water 0,75 km completed Annual milestone has been achieved after it was reduced to 0,75 km during funds transfer	No

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
			Storm water of 1,5 km		
Roads and Transport	(711863) Internal roads Ga-Rankuwa Zone 5	30 and 31	Tender evaluation Appoint consultant Detail designs of approximately 7 km of roads and associated storm water drainage system	Milestone achieved Design development (detail designs) completed Design development (detail designs) received on 18 June 2021 Annual target has been achieved	No
Roads and Transport	(711863) Internal roads Ga-Rankuwa Zone 4	30 and 31	Appoint contractor Apply for construction work permit Site establishment Exposing of services Storm water of 0,75 km	Milestone achieved Storm water 0,75 km completed	No
Roads and Transport	(711863) Internal roads Mandela Village (north)	49	Appoint contractor Apply for construction work permit Site establishment Exposing of services Storm water of 0,75 km	Milestone achieved Storm water 0,75 km completed	No
Roads and Transport	(712591) Wonderboom Taxi Holding Facility (temporary turnaround facility)	50	100% completion of Wonderboom Taxi Holding Facility	100% completed Completion certificate issued Capitalisation is currently underway	Yes
Roads and Transport	(712591) Wonderboom Intermodal Facility (building works)	58	60% overall completion of Wonderboom building works	39% overall completion of project The milestone has not been achieved due to slow progress by the contractor	Yes
Roads and Transport	(712220) Soshanguve Block L Area 3	36	Appoint design consultant, review designs, appoint contractor, site handover and exposing of services	Milestone achieved Tender briefing session took place on 1 June 2021 Tender closed on 9 June 2021	No
Roads and Transport	(712220) Soshanguve Block L Area 2	34, 35 and 36	Construction of 1 km of road and 1,4 km of storm water	Milestone for road and storm water have been achieved	No

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
				Base of 1,2 km ready for prime and asphalt	
Roads and Transport	(712760) Capital moveables	Administrative headquarters	Purchasing of furniture and equipment	The furniture tender specification was put on hold by the committee as it was decided that a corporate tender would be perused. To date there is no progress with the tender. Procuring is done as and when requested using three quotations, which has proven difficult as some purchase requests were deleted due to overquoting by suppliers. Given that there is no contract, budgeting without having the prices is not ideal. For the licencing part purchase orders have been done and work has commenced. Some of the items ordered were not delivered by the suppliers. Invoices have been processed for items delivered.	No
Roads and Transport	(712533) Tsosoloso Programme - Mamelodi West walkways	6	Construction of approximately 1,2 km of concrete paving walkways	The project is on programme Contractor paved 1 km of block paving walkway during June 2021	No
Roads and Transport	(712946) Upgrading of roads and storm water systems – Phase 1	100	Upgrading approximately 1 km of roads and storm water in Cullinan	The project is delayed due to the late appointment of the service provider Construction work permit application was submitted to the Department of Labour on 26 January 2021 and on 29 April 2021 Site establishment is complete Milling and patching of Oak Street is at 5% progress	No
Roads and Transport	(712513) Soshanguve Block TT	89	Appoint design consultant, review designs, appoint contractor, site handover, exposing of services and storm water of 0,2 km	Milestone not achieved Project has been put on hold Budget of R1,5 million has been transferred to other projects through the transfer of funds report	No

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
Roads and Transport	(712513) Soshanguve Block WW	89	Appoint design consultant, review designs, appoint contractor, site handover, exposing of services and storm water of 0,2 km	Milestone not achieved Box cutting 0,3 km completed Site has been closed temporarily due to the pending payment of contractor invoice The invoice was submitted on 3 June 2021	No
Roads and Transport	(712513) Soshanguve Ext 1	39	Construction of 0,87 km of roads and 0,3 km of storm water	Milestone for road has been achieved and completed Site has been closed temporarily due to the pending payment of SMMs and labourers by the main contractor	No
Roads and Transport	(712223) Mamelodi Ext 2: Area 2	15	Appoint consultant, review designs, advertise tender for appointment of contractor and tender evaluation	Milestone achieved Tender briefing session took place on 1 June 2021 Tender closed on 9 June 2021 Tender evaluation has been scheduled to take place on 30 June 2021	No
Roads and Transport	(712223) Mamelodi Ext 4: Area 1	16	Construction of 1,1 km of roads, 0,26 km of storm water and 1 km of sidewalks	Milestone achieved Snag list 50% completed	No
Roads and Transport	(712220) Soshanguve Block FF East Area 2	26	Construction of 1,26 km of road and 0,8 km of storm water	Milestone achieved Project completed	No
Roads and Transport	(712591) Denneboom Depot	38 and 86	100% completion of the concept and viability report	Project deferred to the next financial year	No
Roads and Transport	(712591) Denneboom Intermodal Facility	86	Full design review, tender documentation and procurement of contractor for the construction of Denneboom Intermodal Facility	The design review is 80% completed. The milestone is put on hold in order to complete the public transport study. This will be completed mid-July 2021.	No
Roads and Transport	(712591) NMT Line 2B (Hatfield to Menlyn)	46, 56 and 82	10% completion of construction of Line 2B NMT facilities	Construction works have not started Detailed designs and tender documentation completed	No

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
				The project is currently at the procurement stage	
Roads and Transport	(712591) Capital Park railway bridges (Line 1A - WP6)	1	95% overall completion of Capital Park bridges	Project on track with expected practical completion to be reached by the end of July 2021. Layer works, retaining wall and storm water for Bridge 1 are items remaining to reach practical completion. The delay was due to non-approval of the relocation of the water line by the Water and Sanitation Division, which was within the road alignment.	No
Roads and Transport	(713006) Automated Fare Collection (AFC - TBS)	Administrative headquarters	Centralised fare evasion solution	Project suspended until next financial year 40% of software has been tested and signed off	No
Roads and Transport	(712591) The design, supply, installation, operation and maintenance of an AFC system	44, 46, 56, 82 and 92	Provision of additional AFC selling points and EMV full software solution with delivery of balance enquiry units and disaster recovery	Monthly milestone was captured incorrectly Installation of AFC equipment at Belle Ombre has been delayed Installation of Belle Ombre fibre optic network link in relation to AFC equipment is 100% complete 30% of the EMV full solution has been completed Procurement of balance enquiry units has been delayed, therefore, milestone will be moved to the next financial year	No
Roads and Transport	(712591) Line 2B: Atterbury Road (between Lynnwood Road and Lois Avenue)	46 and 82	100% completion of design review and appointment of contractor	The appointment of a contractor is dependent on the selection of a Traffic Impact Assessment scenario, which is currently delayed.	No
Roads and Transport	(712591) Line 2B: Lynnwood Road (between University and Atterbury Road)	56 and 82	100% completion of design review and appointment of contractor	The appointment of a contractor is dependent on the selection of a Traffic Impact Assessment scenario, which is currently delayed.	No

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
Roads and Transport	(712591) Wonderboom Intermodal Facility (civil and bulk earthworks)	50	100% completion of Wonderboom Intermodal Facility bulk earthworks and civil works	100% completed Practical completion attained Completion certificate attained in June 2021	No
Roads and Transport	(712220) Soshanguve Block FF East Area 1	94	Construction of 2,2 km of road and 0,8 km of storm water	Milestone achieved Project completed	No
Roads and Transport	(712884) Upgrade and replacement of all runway and taxiway lights, threshold light, papi lights, apron lights, and security and lighting system	50	Completion of Phase 1 of the installation of ground lighting infrastructure	Project suspended	No
Roads and Transport	(712523) Flooding backlog: Network 3A, Kudube Unit 9	73 and 74	Design review and construction of outlet structure and 0,2 km of storm water lined channel	Construction of the storm water lined channel has not started yet due to a delay with three farmers who are demanding compensation for a portion of their areas affected by the construction of the storm water lined channel.	No
Roads and Transport	(712520) Flooding backlog: Ramotse (Network 1A, 1C and 1F)	73	Construction of 0,3 km of storm water in Ramotse	Planned milestone achieved	No
Roads and Transport	(712518) Flooding backlog: Drainage canals along Solomon Mahlangu Drive, Mamelodi Ext 4 and 5	15, 16, 17, 40 and 99	Appoint consultant, review designs and appoint contractor Site establishment and exposing of services Excavations and bedding preparations of 0,3 km	Milestone achieved Excavations and bedding preparations 0,2 km completed	No
Roads and Transport	(712516) Flooding backlog: Network 2D, New Eersterus Ext 2	14 and 95	Construction of 0,7 km of storm water and 1 km of road	Project completed on 24 May 2021 Busy with capitalisation High-value template sent to Akhile on 7 June 2021, waiting for response	No
Roads and Transport	(712515) Flooding backlog: Network 2B, Ramotse	73	Design reviews	Appointment of design consultant delayed at the Supply Chain Management Division since May 2020	No

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
Roads and Transport	(712511) Flooding backlog: Atteridgeville	68	Apply for construction work permit, site establishment, exposing of services and storm water of 2 km	Milestone achieved Storm water 1 km completed The annual target has been achieved	No
Roads and Transport	(712507) Flooding backlog: Network 2H, Kudube Unit 7	8 and 75	Design review and appointment of contractor	Tender evaluations for the appointment of a contractor delayed due to a delay in the appointment of a consultant who was supposed to prepare tender documentation for appoint the contractor. Tenders for the appointment of a consultant were evaluated on 2 March 2021, waiting for a report to serve at the Bid Adjudication Committee.	No
Roads and Transport	(712506) Flooding backlog: Network 5A, Matenteng	13	Appointment of a consultant	Consultant is busy with the detail design Consultant is busy with the review of the design Appointment letter of consultant was received on 18 February 2021	No
Roads and Transport	(712504) Flooding backlog: Network 2F, Kudube Unit 6	75	Outstanding payment for construction of 1,32 km of storm water done by HBC Construction	Capitalisation of project is in progress High-value template completed and sent to Akhile on 4 June 2021, waiting for response	No
Roads and Transport	(712503) Flooding backlog: Network 3, Kudube Unit 11	74 and 75	Construction of 0,98 km of storm water lined channel	Completion certificate has not been issued yet due to a project stopped by labourers from 9 to 22 June 2021 due to labour rates, pay slip issues and termination of contracts. 40 m of storm water lined channel and 800 m of edge beam was done in June 2021. Completion certificate is expected to be issued on 5 July 2021 when the site inspection will be conducted.	No
Roads and Transport	(712502) Traffic flow improvement at intersections	Citywide	Infrastructure improvements at three intersections	The project is delayed due to the late appointment of the contractor	No

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
				Terms of reference was submitted to the Supply Chain Management Division on 22 November 2020 Briefing session took place in December 2020 for the procurement of the contractor The tender evaluation process was conducted on 7 December 2020 Re-evaluation was conducted on 28 January 2021 and redone in April 2021 The Bid Adjudication Committee report served during April 2021 The anticipated date for award was revised to 9 July 2021	
Roads and Transport	(712219) Flooding backlogs: Stinkwater and New Eersterus area	13, 14 and 95	Design review and construction of preparation of road layers	Construction of base layer has not been done yet due to a delay with the relocation of Eskom electrical poles 920 m of box cutting, road bed and selected layer has been completed	No
Roads and Transport	(710229T) Traffic calming and pedestrian safety for Tshwane	Citywide	125 safety measures implemented and 1,4 km of pedestrian paths constructed	Practical completion issued on 14 May 2021 Snag list items to be completed by 30 June 2021	No
Roads and Transport	(710223) Rehabilitation of bridges	Citywide	Assessment of the Louis de Waal Bridge, the design of the Eersterust Pedestrian Bridge and the rehabilitation of five bridge units around Tshwane	The service provider submitted the detailed design report to the client for approval within 14 days	No
Roads and Transport	(710221) Replacement of traffic signs	Citywide	Replacement of 605 poles and 1 100 street name boards	The project was delayed due to community unrest issues The service provider installed 375 poles and 751 street name boards in June 2021	No
Roads and Transport	(710128) Concrete canal: Sam Malema Road, Winterveld	9, 12 and 29	Construction of one culvert structure	Milestones on project delayed. The start of construction on-site is subject to the approval of a report to the Bid Adjudication Committee to commence with	No

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
				the construction contract and the appointment of a new consultant for the design review and supervision.	
Roads and Transport	(710116) Essential/Unforeseen storm water drainage problems	Citywide	Rehabilitation and repair of 1,5 km of storm water drainage problems	Milestone achieved 97 m of storm water upgrading achieved and 6 m of erosion protection completed for June 2021	No
Roads and Transport	(710115) Contributions: Services for township development	Citywide	Contributions: Services for township developments (construction of new road of 12,950 km and new storm water of 3,091 km)	No comment	No
Roads and Transport	(714014) Construction of labour change room and related facilities	50	Construction of labour facilities	Project has reached practical completion	No
Utility Services	(710411K) Ekangala WWTW: Upgrade of existing infrastructure	103	Completion of detailed design, advertisement of tender and submission of evaluation report	Milestone not achieved There was a delay in approving the concept and viability report, and it was finally approved on 15 March 2021 The consultant submitted the design report on 1 June 2021	No
Utility Services	(712279) Wildebees 400/132 kV, 315MVA Infeed Station	101	Expropriate land and servitude for the Wildebees project Complete the designs and technical specifications of the project	Preparing the tender specifications	No
Utility Services	(711862) Prepaid electricity meters – Conventional	Citywide	Installation of conventional meters, new connections and replacements (18 000)	Procured 1 200 units of three-phase smart meters	No
Utility Services	(711862) Prepaid electricity meters – Replacement	Citywide	Installation of 20 000 electricity meters	Procured 1 123 units of LPU smart meters	No
Utility Services	(711862) Prepaid electricity meters – New	Citywide	Installation of 16 000 new electricity meters	Procured 12 300 units of single-phase smart meters	No

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
Utility Services	(710325) Communication upgrade: Optical fibre network	Citywide	Installation of ADSS, FOX and battery charger, and load testing (40 km)	Cap on the tender Project to be implemented once cap is lifted on 132 kV line data before quoting on the work Equipment delivered Installation complete Site preparation	Yes
Utility Services	(712896) Water conservation and demand management	Citywide	5 000 new water meter connections 42 750 water meter replacements Procurement of water meters, fittings and appointment of contractor to install PRV	Only installed six new water meters There are delays with the appointment of contractors to install water meters	No
Utility Services	(710176) Dangerous and obsolete switchgears	Citywide	Replace 18 old and obsolete units on the system with new switchgears	Creation of purchase orders completed Creation of work breakdown structure numbers completed The list of switchgear units to be replaced has been finalised Implementation of all projects on-site in progress All switchgear units replaced as planned Reservation of material competed	Yes
Utility Services	(710556) Region 2 (public lighting)	49	Construction of electricity backbone infrastructure to realise 250 street lights and two high-mast lights	107 street lights 0 high-mast lights	Yes
Utility Services	(710556) Region 4 (public lighting)	61	Construction of electricity backbone infrastructure to realise 400 street lights	80 street lights 0 high-mast lights	Yes
Utility Services	(710556) Region 5 (public lighting)	99	Construction of electricity backbone network	61 street lights 0 high-mast lights	Yes

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
			infrastructure to realise 160 street lights		
Utility Services	(710556) Region 6 (public lighting)	101	Construction of electricity backbone network infrastructure to realise 370 street lights and two high-mast lights	Project completed	Yes
Utility Services	(710556) Region 7 (public lighting)	105	Construction of electricity backbone infrastructure to realise 120 street lights and four high-mast Lights	36 street lights 0 high-mast lights	Yes
Utility Services	(710556) Region 3 (public lighting)	7	Construction of electricity backbone infrastructure to realise 450 street lights and two high-mast lights	97 street lights 0 high-mast lights Payment of invoices and project completed and handed over to Region 3: Energy and Electricity	Yes
Utility Services	(710556) Region 1 (public lighting)	89	Construction of electricity backbone infrastructure to realise 650 street lights and seven high-mast lights	379 streetlights 0 high-mast lights Final payment done	Yes
Utility Services	(710178) Electricity for All – Region 5	99	Construction of electricity backbone infrastructure with 1 000 connections	543 connections achieved	No
Utility Services	(712279) Soshanguve Block JJ 132 kV power line	11, 26, 88, 94 and 96	Procurement: Advertise tender, award contract and conclude contract with appointed contractor Commence with construction designs and preparation of safety file Apply for construction work permit	Tender to be advertised in July 2021	No
Utility Services	(712279) Bronkhorstspuit 132/11 kV Substation	102 and 105	Complete the construction of the new substation building and the installation and	Completed procurement of multicore control cables. Some of the multicore cables have	No

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
			commissioning of three 40 MVA power transformers and 11 kV switchgear panels	been installed and terminated into their respective equipment. Completed compilation of SCADA I/O list which will be used for mapping SCADA. Having an issue with SCADA in Capital Park to add the substation. Contractor completed mapping and testing of SCADA in the plant. We still need to incorporate Stage B panels for the future. Completed testing and commissioning of Stage A 11 kV panels to SCADA (HMI to plant). Stage A 11 kV panels have been energised. Delivery of one 40 MVA power transformer has been completed. The transformer has been cold commissioned. The delivery of 11 kV switchgears has been delayed due to COVID-19 manufacturing constraints from the supplier. Fully completed the testing of the Stage A 11 kV board and 40 MVA power transformer B, and both have been energised. Planning to make arrangements with stakeholders to swing over existing feeder cables to the new 11 kV panels. Once the swinging over has been completed, we will commence with decommissioning the old 11 kV panels and 20 MVA transformers. Thereafter, we will commence with the modification of the existing building. Stage A panels have been installed and tested. Installation of single core cables delayed. The batteries and battery chargers have been installed and tested. Stage B panels have been successfully factory tested.	

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
				Stage A panels have been installed and tested. All 132 kV outdoor equipment for Incomer 2 has been procured and delivered to site. The installation and site testing of the power transformer has been completed. The earthing has been completed. Transformer B and new 11 kV switchgear panels are energised. The refurbishment of the existing building will commence once the load has been transferred to the new panels. SCADA I/O list has been approved. SCADA database in Capital Park needs to be upgraded to accommodate the substation. We have completed the testing and cold commissioning of the 40 MVA 132/11 kV power transformer B. The 132 kV GIS has been delivered, installed and successfully pre-commissioned. Waiting for delivery of Stage B 11 kV switchgear panels.	
Utility Services	(710178) Electricity for All – Region 6	101	Construction of electricity backbone infrastructure network with 1 500 connections	87 connections achieved	No
Utility Services	(710178) Electricity for All – Region 1	32	Construction of electricity backbone infrastructure with 1 400 connections	368 connections achieved	No
Utility Services	(710178) Electricity for All – Region 3	55	Construction of electricity backbone infrastructure with 600 connections	40 connections achieved	No
Utility Services	(710178) Electricity for All – Region 4	70	Construction of electricity backbone infrastructure with 1 000 connections	0 connections achieved	No

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
Utility Services	(712279) Monavoni 132/11 kV Substation	77	Procurement: Advertise tender, award contract and conclude contract with appointed contractor Commence with construction designs and preparation of safety file	Tender to be advertised in July 2021	No
Utility Services	(712279) Soshanguve 132/11 kV Substation	96	Complete the construction of the substation building and installation and testing of 132 kV control and protection panels, 11 kV switchgear panels and two 40 MVA power transformers	33 kV outdoor yard equipment has been installed Stringing the 33 kV outdoor equipment has been completed Installation of roof trusses has been completed Building extension doors have been fitted and roof installation has been completed Busy with building finishes in terms of lighting, plastering, etc Casting of ring beam for roof trusses on the building extensions is complete The roof trusses have been delivered and are being installed Fox panel factory acceptance test has been completed and waiting for the site to be ready for deliver Construction of the building is up to roof level and the casting of ring beam is complete Factory acceptance test for Phase 1 11 kV switchgear has been completed The other phase FAT date (11 kV switchgear) will be communicated in future Construction of the cable tranches in the high-voltage yard in progress Contractor is busy installing the control and protection panels	No

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
				Excavation of the multicore cable trenches in progress on-site Construction of the cables was delayed by the contractor not agreeing on prices with the local subcontractors Completed the factory acceptance testing of the first 26 11 kV switchgear panels at the factory on 24 May 2021 and the panels are being prepared for delivery to the site Installed the two 40 MVA power transformers and the cold commissioning has been completed Installation of roof trusses is complete Steel support structures and bus bars have been delivered and assembled for 132 kV and 33 kV equipment Busy with installation of 132 kV protection and control panels The panel manufacturing and factory acceptance test scheduled is complete Delivery of the panels to site will be effected once the site is ready	
Utility Services	(710411) Waste water treatment facilities upgrades, minor capital projects (citywide)	105	Supply 27 grit pumps and three submersible mixers	Appointment letter completed No orders placed in 2020/21 Procurement of wheel loaders on government tender suspended until 2021/22 Purchase order completed Specification still to be drawn up Supplier was appointed in November 2020 Tender recommended to the Bid Evaluation Committee Vendor registration in progress	No

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
Utility Services	(711921E) Bronkhorstbaai: Refurbishment and upgrade of water purification plant	102	Appointment of contractor, site establishment and installation of 670 m of rising main pipeline from the water purification plant site to the low-level reservoir site	Milestone has not commenced The contractor started with the installation of pipes from Kungwini Country Estate to the low-level reservoir 610 m of pipes was installed The procurement of the Viola package plant is underway	No
Utility Services	(712534) New Parkmore LL Reservoir and HL Reservoir	44	Publication of tender for the appointment of a contractor	Publication of tender for the appointment of the contractor is not yet done. The draft tender document and detailed design have been submitted and are circulating for comments within the Water and Sanitation Division.	No
Utility Services	(710177) Low-voltage network within towns (renewal)	Citywide	Upgrade 18 low-voltage networks	Creation of purchase orders completed Creation of work breakdown structure numbers completed The list of low-voltage network areas to be upgraded has been finalised Implementation of all projects on-site in progress Reservation of material completed Upgrading of six low-voltage networks completed	Yes
Utility Services	(712908) Electricity vending infrastructure	Citywide	Deployment of 200 electricity vending machines	Ordered 200 three-phase data concentrator units Prepaid meters procured 52 monitors for vending system being procured 28 laptops procured	No
Utility Services	(712688) Energy efficiency and demand-side management	Citywide	Construction of 350 kW Combined Heat Power Plant at Zeekoegat Waste Water Treatment Plant	Retrofitted 1 982 of 250 W HPS street lights with 100 W LED street lights in Regions 1, 2, 3, 5, 6 and 7	No

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
Utility Services	(712534) Relining/upgrading reservoirs	58	Procurement of contractor: Bid Adjudication Committee approval and issuing appointment letter	Draft concept and viability report have been submitted and are undergoing approval by the planning and bulk water sections. Submission of final concept and viability report is anticipated on 7 June 2021. Approval of final report is anticipated by 14 June 2021. Draft concept and viability report will be submitted by 30 June 2021. Payment of outstanding certificate 10 linked to VO2 has been submitted to creditors. Feedback from Group Audit and Risk regarding the submitted insurance claim is still outstanding.	No
Utility Services	(712534) Installation of telemetry, bulk meters and control equipment at reservoirs (citywide)	Citywide	Completion of pressure sensing equipment including interfacing with pump stations Backup battery project initiation Telemetry station radio upgrades Repeater radio upgrades	Derdepoort installation completed	Yes
Utility Services	(712534) Doornkloof Reservoir	65	Completion of the fence, overflow, cathodic protection, hauling of spoil and tie-in Registration of servitude	The project is complete The project handover was done on 3 September 2020 Partial capitalisation of all open assets under construction is underway Land acquisition report was approved on 15 June 2021	Yes
Utility Services	(712534) Replace reservoir fencing (citywide)	Citywide	Installation of 2 125 m of fencing at identified utility services infrastructure sites	The compilation of a completion certificate with a list of all sites installed with fencing and quantities thereof is ongoing. Subsequently, the finalisation of the capitalisation of the project will be completed.	No

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
Utility Services	(712483) New connections	Citywide	To provide 350 new connections for the year	Connections are completed	Yes
Utility Services	(710878K) Sewer reticulation Kudube Unit 5	75	Installation of 2 500 m of sewer reticulation and toilet structures at Kudube Unit 5	Milestone achieved 800 m of sewer pipe installed	No
Utility Services	(710484) Secondary substations	56	To complete two secondary substations, namely Eersterust, Wekker and Bon Accord	All active projects were closed off and finalised Projects had to be reprioritised due to many factors outside the control of the project	Yes
Utility Services	(710481) Strengthening 11 kV overhead network	Citywide	To upgrade 25 km of overhead network	Close off all active projects Finalised all outstanding payments Theresapark (1 500 m) completed New Riama Park feeder (Riama Park sub to RMU Hospital) (1 250 m completed) T4 Main/Golf Estate and Steenbok/Range (900 m completed) Mamelodi Ext 12 and 18 network strengthening (370 m completed) BP 181 Line reconfiguration (Region 5) Leeuwfontein (7,8 km) line and cable installation project completed All other subprojects are progressing on-site at this stage	Yes
Utility Services	(710480) Strengthening 11 kV cable network	Citywide	Upgrade 2,1 km of medium-voltage cable network in overloaded supply areas as determined from the winter load readings	2,1 km of new cable network installed at Itereleng (partial contribution to project) and Sosh-Rietgat (project completed from previous financial year)	Yes
Utility Services	(710411I) Temba and Babelegi WWTW: Upgrade of existing infrastructure	74	Approval of design report, tender advertisement and submission of tender evaluation report	Milestone not achieved Design development approved on 5 March 2021	No

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
				Tender documents submitted on 30 April 2021, awaiting departmental approval The Utility Services Department is busy evaluating the submitted tender document	
Utility Services	(710411F) Baviaanspoort WWTW Phase1: Upgrading of existing infrastructure	93	Repair work to existing Module 2: Investigate the leaking structure, seal the existing expansion joints inside the biological reactor with a waterproof bandage system as specified, install security fence and install an 800 mm diameter outfall sewer line	The overall progress is 98% complete including the outfall sewer Reactor Module 2 commissioning 100% Fencing commissioning is 100% Outfall sewer is 76% complete The contractor is busy with the below activities: - Concrete manholes on the new pipeline (45 degrees) are 80% complete - Sealing of damages due to flooding and moving on concrete pipe completed - Installation of concrete piping 180 m completed - Water testing outstanding - Sunderland Ridge scope 100% complete	No
Utility Services	(710411D) Rooiwal WWTW Phase 1: Upgrading of existing infrastructure	96	Completion of primary sedimentation tank walls, launder, floors, pipework, centre core and sludge pipeline refurbishment of Digester 8, 9, 14 and 15 Procurement of dewatering system	The following activities are ongoing: <u>Primary sedimentation tank</u> - The launder floor is complete - Casting of the wall has commenced - Centre core has been casted - Casting of centre core roof is underway - Pipework is behind schedule - Procurement of pipes will be done at the end of July 2021 - The contractor will provide catch-up plan <u>Digesters</u> - Refurbishment of Digester 10 is complete	No

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
				- Pumping out sludge from Digester 11 is 95% complete - Pumping out sludge from Digester 12 is 40% complete - Screeding on top of Digester 11 is at 60% <u>Reactors</u> - Pumping out water from Basin 1 is 90% complete - Removing sludge from Basin 1 is 70% complete <u>Challenges</u> - Contractor is encountering difficulties in the process of pumping out sludge from Digester 11 due to the high concentration of thick materials that cannot be removed by pump - Contractor is also encountering a high volume of settled sludge in Bioreactor 1 which was not anticipated	
Utility Services	(710411C) Klipgat WWTW: Upgrading of existing infrastructure to 40 Ml per day	22	Appointment of contractor, site establishment and installation of 3 000 m of security fencing and commencement of construction work	Milestone not achieved 3 200 m of three-metre high fence (ClearVU) with eight-metre gate was installed 2 900 m of electrical fence and 2 200 m of smart coil was installed to date Anaerobic digester earthworks are completed Foundation steel reinforcement has commenced Module 1, 2 and 3 flow diversion are blocked and Module 4 flow diversion is in operation	No
Utility Services	(710411A2) Sunderland Ridge WWTW Phase 1: Upgrade of existing infrastructure	70	Completion of designs and specification for the contractor Tender advertised	There were slight delays encountered with the review of the specification for appointment of the contractor. The review meeting was held on 17 June 2021 with the consultant.	No

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
				The final tender document will be issued by 2 July 2021.	
Utility Services	(710163) Refurbishment of subtransmission electrical infrastructure	Citywide	Procuring and commissioning 11 high-voltage transformers	Purchase order created Service provider unable to deliver Project suspended Service provider unable to deliver	No
Utility Services	(710026) Replacement of worn-out network pipes	100	23 888 m of water network and bulk water pipe replacement	<u>Babelegi P2</u> The Tshwane-wide three-year replacement tender USD WS 04-2018/19 was approved on 15 April 2021. The Bid Adjudication Committee resolution was signed by the acting City Manager on 3 May 2021. The appointment letters were signed on 2 June 2021 and sent to the department on 9 June 2021. The project manager could continue with the compilation of the work package. <u>Garsfontein P2</u> 2 203 m of water network pipes were replaced in June 2021 <u>Pretoria-North</u> Milestone was achieved. 1 118 m of water network pipes were replaced in June 2021. The project is ahead of schedule. <u>Rietondale</u> 0 m of pipes were replaced in June 2021 due to the workers' strike following their non-payment by the contractor. The contractor has been only busy with connections and switch overs to be granted the next block. <u>Sekampaneng</u>	No

Department	Project name	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
				The contractor failed to perform as scheduled due to cash flow problems. A meeting held with the contractor on 3 June 2021 resolved that the contractor cede the urgently required components of the works. The Bid Adjudication Committee report requesting cession approval will be finalised as soon as the signed cession agreements have been submitted by the contractor. It is still awaited.	
Utility Services	(710006) Payments to townships for reticulated towns (citywide)	Citywide	This project caters for private township development and is application driven. All applications will be completed once service agreements are concluded.	Application driven	No
Utility Services	(710005) Upgrading/Strengthening of existing network schemes citywide	Citywide	New low-voltage service connection points for approved scheme amendment applications (150 units)	20 new service connections completed	Yes

APPENDIX G: RECOMMENDATIONS OF THE AUDIT AND PERFORMANCE COMMITTEE (2020/21 FINANCIAL YEAR)

Date of committee meeting	No.	Committee recommendation during 2020/21 financial year	Recommendations adopted in 2020/21 financial year
		The City of Tshwane's control environment remains weak and deteriorating and requires intervention (September 2020)	Yes
	1.	As previously reported, the control environment in the City is moribund, stagnant and gradually deteriorating. This unfortunately continues to be the trend, and the APC has not noted any significant change to the better in the control environment in the last two quarters of 2019, or indeed in the three months thereafter. Immediate issues to be addressed in respect of improving the control environment (addressed in the previous report) include the following:	Yes
		Ensuring that Section 79 delegations are put in place	Yes

Date of committee meeting	No.	Committee recommendation during 2020/21 financial year	Recommendations adopted in 2020/21 financial year
		Improving the effectiveness of the municipal continuous audit and monitoring (MCAM) response	Yes
		Implementing proper consequence management	Yes
		Embedding the risk management processes and building controls to manage risks down to a specified risk appetite	Yes
		Removing the ability for override of the procurement processes	Yes
		Improving human resources management and leadership	Yes
		Improving the City's understanding of what effective controls are and how to design and implement them	Yes
	2.	The lockdown has also added additional risks to the current systems, such as the move away from paper processing in the payment of creditors. <u>The design of these new processes is yet to be tested</u> and adds significant uncertainty about the quality of already weak implemented systems.	Yes
	3.	Effective leadership at all governing structures of the City is an issue that the AGSA has raised in his report for several years now. Each of the governance bodies providing assurance needs to get involved in creating strategies to solve the dilemma of a weak control environment.	Yes
		Reduced productivity under COVID-19 is creating backlogs and will limit economic recovery	
	4.	Human resources have not properly responded to the APC's requests since the beginning of lockdown to report on how productivity, effectiveness of operations, etc are being monitored in the disaster period. It is also clear from general remarks made at APC meetings that the City is not fully aware of the extent of backlogs that have accumulated and whether all functions (critical and basic) are being executed. The APC has expressed concern that the effect of reduced productivity and the inability to function effectively is not being holistically managed. This will have ongoing effects on the communities served by the City and may indeed limit Tshwane's inhabitants from economic recovery from the effects of the lockdown.	Yes
	5.	The press have indicated that certain key functions, such as the <u>provision of rates clearances</u> and <u>follow-ups on illegal land use</u> , etc are not functioning effectively, if at all. These are extreme examples and clearly there are many other sections in the City that have not been able to function effectively under the lockdown.	Yes
	6.	The APC has requested that additional attention is given to this aspect and that <u>processes be put in place to catch up on backlogs and that areas requiring special intervention</u> be identified and prioritised.	Yes
		The IDP goals are not going to be met – a rescue plan is needed	
	7.	The latest report back on the 2020 Audit of Performance Information included a section on the progress on achieving the five-year IDP. It is clear that the City will miss most of its IDP targets. In particular, and in light of the City's sustainability issues, <u>the targets of reducing non-technical electricity and water losses should receive special attention</u> . The plans presented to the APC still seem inadequate to properly address this issue.	Yes

Date of committee meeting	No.	Committee recommendation during 2020/21 financial year	Recommendations adopted in 2020/21 financial year
	8.	The APC has requested a special meeting (or workshop) with the administrators to discuss the current situation and whether specific targets can be prioritised on an 80:20 principle to avoid the pending bad performance.	Yes
	Going concern and the City's cash flow and liquidity risks		
	9.	In every engagement since the first meeting under lockdown, the APC has requested information about the actual and projected impact of reduced cash flows for the City. In addition, the APC has advised that the economic recovery plan be revisited radically to address this issue.	Yes
	10.	While some information has been provided, the APC has indicated that it is not convinced that <u>sufficient work has been done to properly understand the systemic risks which will arise out of the reduced cash flows from rates and utility revenue over the next 18 to 36 months</u> . While some improvement in cash flow may be evident, there may be significant longer-term knock-on effects on the ability of the population to pay. The ripple effect of business closures and retrenchments on the overall cash flows of the City in the near future is a significant unknown.	Yes
	11.	The most recent draft economic recovery plan is also vague and has very long implementation timelines, does not reflect a sense of urgency, and may not be backed up by short-term specific actionable targets. There is also far too little emphasis on collecting the main debtors' book.	Yes
	12.	The APC has requested that the Chief Financial Officer provides, as part of his going-concern considerations, a stress-tested cash flow incorporating best-case, most-likely case and several downside case scenarios with specific pre-approved action plans and cut-off points as to how expenditure can be reduced if the downside scenarios realise. This document is expected as part of the documentation supporting the draft Annual Financial Statement for 2020 to be provided to the AGSA in the next APC meeting of 16 October 2020.	Yes
	The City's response to the two material irregularities raised by the AGSA is localised and inadequate		
	13.	The City of Tshwane is a test case for the new material irregularity legislation. This will receive considerable scrutiny and needs to be handled correctly.	Yes
	14.	In the 2019 audit, the AGSA identified two material irregularities. They both relate to failures to protect the City's assets. There needs to be a concerted effort to ensure that the City addresses the material irregularities and, more importantly, their underlying root causes.	Yes
	15.	The City's final responses to these material irregularities have not yet been tabled at the APC. The APC has noted that the City's initial responses were highly specific to the underlying incidents, and did not look at the broader control environment, the risks facing the City in protecting its assets and how these can be systematically addressed in accordance with a specified risk appetite. This lack of a proper general response is not appropriate in these circumstances.	Yes
	16.	The APC advises that this issue should be given much more attention than has been the case to date.	Yes
	17.	It is also likely, given the current state of the control environment, that the AGSA will identify further material irregularities in the 2020 audit.	Yes

Date of committee meeting	No.	Committee recommendation during 2020/21 financial year	Recommendations adopted in 2020/21 financial year
	18.	The risk of low productivity emanating from people working from home is a key concern, and brings into sharp focus poor performance management in the City. The APC expects that Group Human Capital Management works on a plan to measure productivity under the current COVID-19 circumstances.	Yes
	19.	The slow rate or failure to address AGSA and internal audit findings remains a key concern as it may hamper the City from achieving a clean audit outcome.	Yes
	20.	The City continuously fails to take reasonable steps to safeguard its assets, which was raised sharply by the AGSA report on material irregularity.	Yes
	21.	It is not apparent that City leadership has considered the enormous expectation that is placed on metros to revive the economy and to pre-empt the impact of the instability in neighbouring countries (such as Zimbabwe and Mozambique) on in-migration into Tshwane, thus impacting on the budgeted revenue. Therefore, the effectiveness and efficiency of the spatial planning (town planning) office becomes critical.	Yes
	22.	The City seems to be losing its grip on the management of water and electricity losses.	Yes
	23.	The plan to raise short-term financing to cover debt is a concern if not balanced with awareness of the extent of revenue losses due to the COVID-19 pandemic and a plan to increase revenue and stabilise the environment.	Yes
	Significant issues relating to risk oversight		
	24.	The APC again noted that the City has not set any desired residual risk targets (it has not determined its risk appetite). Controls are indicated, but are not considered adequate to reduce the inherent risk, implying that they are insufficient to deal with the critical risks.	Yes
	25.	The APC raised a concern regarding the <u>root causes and management actions that are not aligned on the strategic risk register</u> . It was resolved that the Enterprise Risk Management Division must revisit the management actions to improve the management of risks.	Yes
	26.	The emerging risks relating to the migration of immigrants from neighbouring countries to Tshwane needs to be taken into consideration as it will affect service delivery.	Yes
	27.	The risk of the outstanding service delivery agreement for TEDA is a concern and the shareholder unit needs to address it as a matter of urgency.	Yes
	28.	The risks of decline in revenue for Clarina at HCT needs to be reviewed due to COVID-19.	Yes
	29.	Business continuity threats should also be identified from external sources going forward.	Yes
	Significant issues relating to forensic services		
	30.	Investigations covering irregular expenditure amounting to R1 143 287 196 were concluded and referred to the administrator's committee to consider Section 32 activation.	Yes

Date of committee meeting	No.	Committee recommendation during 2020/21 financial year	Recommendations adopted in 2020/21 financial year
	31.	The system and control issues arising from all the reports submitted to the Financial Disciplinary Board (and other recent reports if applicable) must be accumulated and submitted to the MCAM process. New system and control issues arising from forensic reports must be added to the MCAM process as soon as the forensic report is complete.	Yes
	32.	The APC recommends that management should strengthen the review processes and that a root cause analysis exercise should be undertaken to identify appropriate measures to be taken to address the control weaknesses that have been identified in the internal audit findings.	Yes
	33.	Project management within the entity requires a lot of attention as it really impacts negatively on service delivery.	Yes
	34.	The APC also urges executive management to come up with lasting solutions on the matter of Clarina, therefore, the APC recommends that the entity must have a sustainability model aligned to the business plan, which should clearly articulate how the entity will be able to survive under the new normal.	Yes
	35.	Furthermore, management must come up with innovative and practical ways of enhancing revenue collection during this time of COVID-19 and beyond.	Yes
	36.	The APC recommends that TEDA must have a sustainability model, which should clearly articulate how the entity will be able to survive under the new normal, such as when there are no conferences to be held. The entity must therefore come up with innovative ways to remain sustainable even when there is a disaster like COVID-19.	Yes

APPENDIX H: LONG-TERM CONTRACTS AND PUBLIC-PRIVATE PARTNERSHIPS

Long-term contracts (20 largest contracts entered into) during the 2020/21 financial year					
Name of service provider (entity or City of Tshwane department)	Description of services rendered by the service provider	Start date of contract	Expiry date of contract	Project manager	Contract value (rand value)
Axiom Chemlab Supplies (Pty) Ltd	Supply, delivery and offloading of white hydrated lime for various waste treatment works and purification works for the City of Tshwane	1 July 2018	30 June 2021	Stevens Notoane	22 058 874,00
Lesedisedi Construction supplier	Appointment of a contractor for the construction of walkways in Winterveld	1 August 2018	31 July 2021	Godfrey Nsiza	40 000 000,00
GLS Consulting (Pty) Ltd	Proposal to conduct a feasibility study for an integrated and holistic approach in the turnaround strategy for the City of Tshwane water supply systems and re-	1 August 2018	31 July 2021	Umar Banda	13 930 560,00

Long-term contracts (20 largest contracts entered into) during the 2020/21 financial year					
Name of service provider (entity or City of Tshwane department)	Description of services rendered by the service provider	Start date of contract	Expiry date of contract	Project manager	Contract value (rand value)
	establishing financial viability and sustainability				
Ulwembu Business Services	Operating and maintenance of the public Wi-Fi network	1 August 2018	31 July 2021	Musa Khumalo	78 000 000,00
KPA Civils (Pty) Ltd	Supply and erection of a physical perimeter security barrier	1 September 2018	31 August 2021	Stevens Notoane	20 311 830,00
Air Product South Africa	Installation of liquid oxygen, nitrogen equipment and products at Temba Water Treatment Works for the generation of ozone	1 September 2018	31 August 2021	Stevens Notoane	36 886 095,00
TN Molefe or Tecrover	The refurbishment of Baviaanspoort Waste Water Treatment Works and Sunderland Ridge Waste Water Treatment Works	1 September 2018	31 August 2021	Stevens Notoane	39 642 102,73
Harambe Technologies (Pty) Ltd	Supply, delivery and offloading of anti-theft devices for underground cables, cables for feeding distribution lines and service cables (pole mounted), as and when required	1 November 2018	31 October 2021	Stevens Notoane	45 000 000,00
Totobela Trading and Projects CC	Supply, installation and maintenance of road traffic signals and the updating of the inventories on the Management System Database in accordance with the provisions of the National Road Traffic Act, 1996 (Act 93 of 1996)	1 December 2018	30 November 2021	Stevens Notoane	92 431 428,00
Zonke General Trading CC JV	Maintenance of balustrades, barriers, retaining walls, bollards, steel structures and security	1 March 2019	28 February 2022	Cali Phanyane	12 100 661,00
Specialist System Engineering (Pty) Ltd	Supply, commissioning and maintenance of telemetering equipment for remote monitoring and control of the City of Tshwane bulk water system	1 March 2019	28 February 2022	Stevens Notoane	65 255 241,00

Long-term contracts (20 largest contracts entered into) during the 2020/21 financial year					
Name of service provider (entity or City of Tshwane department)	Description of services rendered by the service provider	Start date of contract	Expiry date of contract	Project manager	Contract value (rand value)
Givenchy Trading Enterprise	Supply, delivery and offloading of fittings and connectors for low-voltage aerial bundle conductors	1 March 2019	28 February 2022	Stevens Notoane	45 000 000,00
Ampcor Khanyisa	Supply, delivery, installation, testing and commissioning of lighting masts	1 March 2019	28 February 2022	Stevens Notoane	168 394 734,00
Marce Projects (Pty) Ltd	Supply, delivery and offloading of aluminised close-proximity suits	1 March 2019	28 February 2022	Pravin Govender	16 160 822,00
Rassy Consulting (Pty) Ltd	Delivery of spare parts for buses	1 March 2019	28 February 2022	Bongani Mtambo	69 508 933,29
Bridging Digital Divide Group (Pty) Ltd	Installation and maintenance of fibre and unshielded twisted pair network points	1 May 2019	30 April 2022	Hilgard Matthews	70 376 948,88
Alteram Solutions	Provision of ICT desktop support services	1 May 2019	30 April 2022	Hilgard Matthews	55 489 802,77
Bytes System Integrated	Operation and maintenance of the ICT corporate network equipment and the existing corporate network: three-year period	1 May 2019	30 April 2022	Hilgard Matthews	112 740 701,00
Boitshoko Road Surfacing and Civils Works CC	Contractor for support services for the construction of water reticulation for metered yard connections, including bulk water pipes in Mamelodi Ext 11	1 May 2019	30 April 2022	Bongani Mtambo	164 997 378,20
TH.1					

APPENDIX I (i): MUNICIPAL ENTITY OR SERVICE PROVIDER PERFORMANCE SCHEDULE (HOUSING COMPANY TSHWANE)

Key IDP priority	HCT service indicators	2018/19		2019/20		2020/21	
		Target	Actual	Target	Actual	Target	Actual
Improved access to adequate	Number of new social housing units developed in Townlands	98	0	450	351	340	340

Key IDP priority	HCT service indicators	2018/19		2019/20		2020/21	
		Target	Actual	Target	Actual	Target	Actual
housing (security of tenure)	Number of new social housing units developed in Chantelle	100% installation of bulk services – pipe laying and bedding	86% installation of bulk services – pipe laying and bedding	0	0	15% of construction progress achieved	0%
	Number of new social housing units developed in Timberlands	30% of bulk infrastructure upgrades completed	0%	16,88% of bulk earthworks, site services and foundations completed	0	16,88% of construction progress achieved	0%
	Number of new social housing units developed in Sunnyside	100% of bulk infrastructure upgrades completed	100% of bulk infrastructure upgrades completed	Close-out report	98,5%	15% of construction progress achieved	Not implemented and funds were reassigned to another project
	Number of new social housing units developed in Nellmapius Ext.22	30% of external works completed	0	0	Not implemented (project was removed from the budget)	0	Not implemented (project was removed from the budget)

Key IDP priority	TEDA's KPIs	Year 1 (2018/19)		Year 2 (2019/20)		Year 3 (2020/21)	
		Target	Actual	Target	Actual	Target	Actual
Attracting investment and encouraging growth by making it easy to do business in Tshwane	Rand value of landed investment projects into the City of Tshwane	R1,7 billion	R4,266 billion	R1,8 billion	R2,1 billion	R2 billion	R1,443 billion
	Number of job opportunities facilitated in Tshwane	500	4 416	450	1 000	500	810
Revitalising and supporting Tshwane's entrepreneurs	Number of capacity-building workshops held for Tshwane-based companies	4	4	5	5	6	6
	Number of Tshwane-based companies assisted with export development	New	New	50	81	55	273

Key IDP priority	TEDA's KPIs	Year 1 (2018/19)		Year 2 (2019/20)		Year 3 (2020/21)	
		Target	Actual	Target	Actual	Target	Actual
	Estimated rand value of business agreements signed between Tshwane-based companies and external companies	New	New	R6 million	R6,46 million	R6 million	R8,8 million
Ensuring infrastructure-led growth to catalyse and revitalise existing nodal economies	Number of precinct plans developed	2	2	2	2	2	2
Encouraging tourism and recreation	Number of marketing campaigns developed and implemented	New	New	New	New	8	17
	Number of inward tourism missions hosted	New	New	5	9	4	5

APPENDIX I (II): MUNICIPAL ENTITY OR SERVICE PROVIDER PERFORMANCE SCHEDULE (TSHWANE ECONOMIC DEVELOPMENT AGENCY)

Key IDP priority	TEDA KPIs	Year -1 (2018/19)		Year 0 (2019/20)		Year 1 (2020/21)	
		Target	Actual	Target	Target	Target	Actual
Attracting investments and encouraging growth by making it easy to do business in Tshwane	Rand value of landed investment projects into the City of Tshwane	R1,7 billion	R4 266 billion	R1,8 billion	R2,1 billion	R2 billion	R1,443 billion
	Number of job opportunities facilitated in Tshwane	500	4 416	450	1 000	500	810
Revitalising and supporting Tshwane's entrepreneurs	Number of capacity-building workshops held for Tshwane companies	4	4	5	5	6	6
	Number of foreign outward missions facilitated by TEDA	4	8	8	9	4	30 ⁶
	Number of Tshwane-based companies assisted with export development	-	-	50	81	55	273
Infrastructure-led growth to catalyse and revitalise existing nodal economies	Number of precinct plans developed	2	2	2	2	2	2
Encouraging tourism and recreation	Number of quarterly newsletters published	4	4	-	-	-	-
	Number of exhibitions and trade shows participated in	4	4	50	31	-	-
	Number of marketing campaigns developed and implemented (new)	-	-	-	-	8	17
	Number of inward tourism missions hosted	-	-	5	9	4	5

⁶ These include outward investment attraction missions held through webinars and other online platforms.

APPENDIX J: DISCLOSURE OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July 2020 to 30 June 2021 - Year 0 (Current Year)		
Position	Name	Submission of Financial interests
Acting City Manager	Ms Mmaseabata Mutlaneng	Yes (July 2020 to date)
Chief Financial Officer	Umar Banda	Yes
Governance and Support Officer	Lorette Tredoux	Yes
Chief Operating Officer	James Murphy	Yes
Other S56 Officials		
Chief Audit Executive	Phillip Moeketsi Ntsimane	Yes
Communication and Marketing	Hilgard Matthews	Yes
City Strategies and Organizational Performance	Nosipho Hlatshwayo	Yes (Resigned 31 August 2020)
Chief Emergencies Services	Previn Govender	Yes
Chief of Police	Johannah Nkomo	No

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

Revenue Collection Performance by source				
Description	2020/21	2021/22		
	Actual	Original Budget	Adjustments	Actual
Property rates	8,403,089	8,587,212	8,587,212	4,979,344
Property rates – penalties & collection charges	-	-	-	-
Service Charges – electricity revenue	12,619,391	15,015,588	15,015,588	8,352,126
Service Charges – water revenue	4,293,552	4,887,501	5,104,894	2,911,404
Service Charges – sanitation revenue	1,294,788	1,381,594	1,381,382	817,905
Service Charges – refuse revenue	1,492,728	1,598,946	1,628,946	999,752
Service Charges - other	-	-	-	-
Rentals of facilities and equipment	148,213	169,968	148,460	82,427
Interest earned – external investments	228,282	159,184	89,184	28,575
Interest earned – outside debtors	375,920	823,164	823,164	402,395
Fines	83,664	250,902	244,348	73,740
Licences and permits	40,145	52,447	51,947	20,368
Transfers recognised - operational	5,325,656	5,252,770	5,550,245	3,626,690
Other revenue	1,426,562	981,012	960,961	505,557
Gains on disposal of PPE	18,099	-	-	-
Total Revenue (excluding capital transfers and contributions)	35,750,088	39,160,287	39,586,332	22,800,286
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4				

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MUNICIPAL INFRASTRUCTURE GRANT

Conditional Grants: excluding MIG						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustment Budget	
National Grants:						
Local Government Finance Management Grant	2,000,000	2,000,000	760,449	1,239,551	1,239,551	-
Expanded Public Works Programme Incentive	12,271,000	12,271,000	12,271,000			-
Public Transport Network Grant	771,954,000	631,571,000	601,786,947	170,167,053	29,784,053	-
Integrated City Development Grant	51,512,000	50,899,000	45,152,490	6,359,510	5,746,510	-
Neighborhood Development Partnership Grant	5,000,000	5,000,000	1,837,546	3,162,454	3,162,454	-
Energy Efficiency and Demand Side Management	10,000,000	9,000,000	8,459,539.00	1,540,461.00	540,461.00	-
Urban Settlement Development Grant	1,602,161,000	1,545,948,000	1,545,948,000	56,213,000	-	-
Provincial Grants						
Primary Health Care	55,118,000	55,118,000	55,118,000	-	-	-
HIV and AIDS Grant	24,027,000	24,027,000	24,027,000	-	-	-
Sport and Recreation : Community Libraries	19,500,000	31,170,554	28,593,429	-9,093,429	2,577,125	-
Housing Top Structure - HSDG		149,090,814	26,971,605	-26,971,605	122,119,208	-
TRT Bus Operations Subsidy	42,425,485	42,425,485	37,984,778	4,440,707	4,440,707	
Gautrans	-	-	-	-	-	-
Social Infrastructure Grant		4,517,156	1,075,227	-1075227	3,441,929	-
HCT- SHRA	-	33,258,692	33,258,692	-33258692	-	-
RCG	-	-	-	-	-	-
Other Specify :	-	-	-	-	-	
DBSA: Feasibility study/ Bulk Meter	10,000,000	10,000,000	6,313,446	3,686,554	3,628,554	-
LG SETA	16,000,000	16,000,000	12,883,198	3,116,802	3,116,802	-
Total	2,621,968,485	2,622,296,702	2,442,441,348	179,527,137	179,855,354	-
This includes Neighborhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.						

APPENDIX M (i): CAPITAL EXPENDITURE: NEW ASSETS PROGRAMME

Description	2019/20	Budget Year 2020/21			Planned Capital Expenditure		
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Budget Year 2021/22	Budget Year 2022/23	Budget Year 2023/24
Capital expenditure on new assets by Asset Class/Sub-class							
							R' 000
Infrastructure	1,639,911	1,976,799	1,675,564	1,322,335	1,668,537	1,219,112	1,358,486
Roads Infrastructure	463,276	662,415	526,900	459,036	674,360	276,761	323,775
<i>Roads</i>	385,297	468,497	351,282	324,397	524,000	222,136	250,000
<i>Road Structures</i>	77,979	144,219	98,100	81,554	124,360	53,925	73,075
<i>Road Furniture</i>	–	49,700	77,517	53,086	26,000	700	700
Storm water Infrastructure	16,473	127,750	64,350	65,577	86,000	117,000	100,000
<i>Drainage Collection</i>	5,618	1,500	1,100	880	–	–	–
<i>Storm water Conveyance</i>	10,855	126,250	63,250	64,696	86,000	117,000	100,000
Electrical Infrastructure	317,217	417,732	404,205	386,440	277,045	302,475	400,300
<i>HV Substations</i>	28,360	35,214	15,873	15,551	5,000	–	–
<i>HV Transmission Conductors</i>	3,695	5,000	817	–	1,000	30,000	25,000
<i>MV Substations</i>	47,345	67,000	60,000	60,874	42,800	58,800	77,800
<i>MV Networks</i>	98,774	150,021	144,503	142,847	96,975	112,875	146,500
<i>LV Networks</i>	139,043	160,497	183,012	167,168	109,300	100,800	151,000

Description	2019/20	Budget Year 2020/21			Planned Capital Expenditure		
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Budget Year 2021/22	Budget Year 2022/23	Budget Year 2023/24
Capital expenditure on new assets by Asset Class/Sub-class							
							R' 000
<i>Capital Spares</i>	–	–	–	–	21,970	–	–
Water Supply Infrastructure	329,314	384,581	338,514	249,027	329,908	338,335	333,085
<i>Reservoirs</i>	46,873	61,000	57,223	46,957	58,800	33,484	15,000
<i>Pump Stations</i>	–	6,000	–	–	–	–	–
<i>Water Treatment Works</i>	11,314	7,825	–	–	5,750	–	–
<i>Bulk Mains</i>	106,729	32,538	32,538	29,693	24,000	14,516	31,233
<i>Distribution</i>	126,540	219,014	162,040	96,685	156,358	200,335	186,852
<i>Distribution Points</i>	–	58,203	86,712	75,692	85,000	90,000	100,000
<i>PRV Stations</i>	37,858	–	–	–	–	–	–
Sanitation Infrastructure	485,402	211,121	169,595	153,256	282,223	169,241	181,026
<i>Reticulation</i>	485,402	175,815	149,602	142,263	263,145	159,241	181,026
<i>Waste Water Treatment Works</i>	–	3,000	1,000	–	4,000	–	–
<i>Outfall Sewers</i>	–	32,306	18,993	10,993	15,078	10,000	–
Solid Waste Infrastructure	22	173,200	172,000	9,000	15,000	15,300	20,300
<i>Landfill Sites</i>	–	163,000	163,000	–	–	300	300
<i>Waste Transfer Stations</i>	22	1,200	–	–	–	–	–

Description	2019/20	Budget Year 2020/21			Planned Capital Expenditure		
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Budget Year 2021/22	Budget Year 2022/23	Budget Year 2023/24
Capital expenditure on new assets by Asset Class/Sub-class							
							R' 000
<i>Capital Spares</i>	–	9,000	9,000	9,000	15,000	15,000	20,000
Information and Communication Infrastructure	28,207	–	–	–	4,000	–	–
<i>Distribution Layers</i>	28,207	–	–	–	4,000	–	–
Community Assets	157,268	222,185	206,993	154,845	88,927	53,850	44,946
Community Facilities	153,804	217,785	199,593	147,989	88,927	53,850	29,946
<i>Halls</i>	–	20,000	–	–	100	2,000	–
<i>Centres</i>	–	–	–	–	2,000	–	–
<i>Clinics/Care Centres</i>	6,035	37,000	41,517	16,602	50,600	18,000	–
<i>Fire/Ambulance Stations</i>	10,262	31,000	33,760	32,851	8,000	12,000	4,000
<i>Theatres</i>	–	7,500	2,500	1,513	5,000	6,000	13,000
<i>Libraries</i>	–	–	–	–	12,727	12,250	12,946
<i>Cemeteries/Crematoria</i>	–	1,000	1,000	760	10,500	3,600	–
<i>Public Open Space</i>	–	16,285	16,285	14,214	–	–	–
<i>Taxi Ranks/Bus Terminals</i>	137,507	105,000	104,531	82,050	–	–	–
Sport and Recreation Facilities	3,464	4,400	7,400	6,856	–	–	15,000
<i>Outdoor Facilities</i>	3,464	4,400	7,400	6,856	–	–	15,000

Description	2019/20	Budget Year 2020/21			Planned Capital Expenditure		
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Budget Year 2021/22	Budget Year 2022/23	Budget Year 2023/24
Capital expenditure on new assets by Asset Class/Sub-class							
							R' 000
Investment properties	–	138,317	138,317	39,314	42,000	123,000	2,688
Revenue Generating	–	138,317	138,317	39,314	–	–	–
Improved Property	–	138,317	138,317	39,314	–	–	–
Non-revenue Generating	–	–	–	–	42,000	123,000	2,688
Improved Property	–	–	–	–	42,000	123,000	2,688
Other assets	112,249	109,562	180,712	142,150	506,111	428,260	327,281
Operational Buildings	64,696	6,500	1,500	–	3,000	–	–
Municipal Offices	15,000	–	–	–	–	–	–
Yards	–	5,000	–	–	3,000	–	–
Training Centres	181	1,500	1,500	–	–	–	–
Depots	49,515	–	–	–	–	–	–
Housing	47,553	103,062	179,212	142,150	503,111	428,260	327,281
Staff Housing	–	500	2,000	–	–	–	–
Social Housing	29,727	102,562	177,212	142,150	503,111	428,260	327,281
Capital Spares	17,826	–	–	–	–	–	–
Biological or Cultivated Assets	–	–	–	–	3,500	2,000	–

Description	2019/20	Budget Year 2020/21			Planned Capital Expenditure		
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Budget Year 2021/22	Budget Year 2022/23	Budget Year 2023/24
Capital expenditure on new assets by Asset Class/Sub-class							
							R' 000
Biological or Cultivated Assets	–		–	–	3,500	2,000	
<u>Intangible Assets</u>	37,331	–	–	–	–	–	–
Licences and Rights	37,331	–	–	–	–	–	–
<i>Computer Software and Applications</i>	37,331	–	–	–	–	–	–
<u>Computer Equipment</u>	116,042	124,800	146,180	141,749	35,449	6,800	7,200
Computer Equipment	116,042	124,800	146,180	141,749	35,449	6,800	7,200
<u>Furniture and Office Equipment</u>	12,386	29,337	37,901	32,201	12,400	3,900	4,500
Furniture and Office Equipment	12,386	29,337	37,901	32,201	12,400	3,900	4,500
<u>Machinery and Equipment</u>	81,524	82,056	72,706	79,259	66,900	82,205	86,760
Machinery and Equipment	81,524	82,056	72,706	79,259	66,900	82,205	86,760
<u>Transport Assets</u>	109,077	11,000	14,982	3,766	22,000	33,800	39,500
Transport Assets	109,077	11,000	14,982	3,766	22,000	33,800	39,500
<u>Land</u>	–	491	500	–	–	–	–
Land	–	491	500	–	–	–	–
Total Capital Expenditure on new assets	2,265,788	2,694,547	2,473,855	1,915,618	2,445,824	1,952,926	1,871,361

APPENDIX M (II): CAPITAL EXPENDITURE: UPGRADE/RENEWAL PROGRAMME

Capital Expenditure – Upgrade Programme*							
Description	2019/20	2020/21			Planned Capital Expenditure		
	Audited Outcome	Original Budget	Adjustment Budget	Actual Expenditure	Budget Year 2021/22	Budget Year 2022/23	Budget Year 2023/24
Infrastructure	291,381	586,609	522,327	479,482	516,031	496,828	619,095
Roads Infrastructure	47,282	159,981	86,933	82,101	151,801	225,170	356,262
Roads	47,282	159,981	86,933	82,101	151,801	225,170	356,262
Storm water Infrastructure	–	14,000	–	–	20,000	12,000	10,000
Drainage Collection	–	–	–	–	8,000	10,000	10,000
Storm water Conveyance	–	14,000	–	–	12,000	2,000	–
Electrical Infrastructure	124,593	149,003	205,325	173,610	107,630	25,978	77,069
Power Plants	973	–	–	–	1,130	–	–
HV Substations	39,943	65,000	83,683	83,082	51,000	10,000	20,000
LV Networks	83,677	69,003	106,642	90,528	55,500	15,978	57,069
Capital Spares	–	15,000	15,000	–	–	–	–
Water Supply Infrastructure	46,156	30,000	38,570	35,787	–	–	–
Reservoirs	6,306	–	–	–	–	–	–
Bulk Mains	–	30,000	30,000	28,783	–	–	–
Distribution Points	39,850	–	8,570	7,004	–	–	–
Sanitation Infrastructure	58,553	223,626	180,300	176,847	212,600	189,000	130,764
Reticulation	10,000	–	–	–	–	–	–
Waste Water Treatment Works	48,553	223,626	180,300	176,847	212,600	189,000	130,764
Solid Waste Infrastructure	–	–	1,200	1,200	–	–	–
Waste Drop-off Points	–	–	1,200	1,200	–	–	–
Information and Communication Infrastructure	14,798	10,000	10,000	9,937	24,000	44,680	45,000

Capital Expenditure – Upgrade Programme*							
Description	2019/20	2020/21			Planned Capital Expenditure		
	Audited Outcome	Original Budget	Adjustment Budget	Actual Expenditure	Budget Year 2021/22	Budget Year 2022/23	Budget Year 2023/24
Data Centres	14,798	10,000	10,000	9,937	24,000	44,680	45,000
Community Assets	15,737	122,414	65,700	45,316	168,400	160,000	154,000
Community Facilities	3,120	59,700	50,700	31,112	105,700	90,000	104,000
Centres	–	6,000	4,000	–	–	–	–
Fire/Ambulance Stations	989	–	–	–	–	–	–
Cemeteries/Crematoria	157	3,800	800	730	–	–	–
Public Open Space	–	–	–	–	50,000	–	–
Markets	1,974	4,900	19,900	15,817	15,700	50,000	84,000
Airports	–	15,000	18,000	11,385	–	–	–
Taxi Ranks/Bus Terminals	–	30,000	8,000	3,180	40,000	40,000	20,000
Sport and Recreation Facilities	12,617	62,714	15,000	14,203	62,700	70,000	50,000
Outdoor Facilities	12,617	62,714	15,000	14,203	62,700	70,000	50,000
Heritage assets	–	–	5,000	3,343	–	–	–
Historic Buildings	–	–	5,000	3,343	–	–	–
Other assets	28,816	22,306	18,606	8,347	30,500	215,100	15,692
Operational Buildings	6,236	3,000	4,800	1,972	1,500	180,100	5,692
Municipal Offices	1,635	3,000	4,800	1,972	–	177,000	1,992
Stores	2,822	–	–	–	–	–	–
Manufacturing Plant	1,779	–	–	–	–	–	–
Depots	–	–	–	–	1,500	3,100	3,700
Housing	22,580	19,306	13,806	6,375	29,000	35,000	10,000
Social Housing	13,926	19,306	13,806	6,375	29,000	35,000	10,000
Capital Spares	8,654	–	–	–	–	–	–
Biological or Cultivated Assets	2,000		6,850	4,626			
Biological or Cultivated Assets	2,000	4,000	6,850	4,626	–	–	–

Capital Expenditure – Upgrade Programme*							
Description	2019/20	2020/21			Planned Capital Expenditure		
	Audited Outcome	Original Budget	Adjustment Budget	Actual Expenditure	Budget Year 2021/22	Budget Year 2022/23	Budget Year 2023/24
		4,000			–	–	–
Intangible Assets	–		–	–	5,000	–	–
Licences and Rights	–	–	–	–	5,000	–	–
Solid Waste Licenses	–	–	–	–	5,000	–	–
Computer Equipment	–		2,000	1,739			
Computer Equipment	–	2,000	2,000	1,739	–	–	–
Furniture and Office Equipment	233	1,000	400	255	1,000	2,000	750
Furniture and Office Equipment	233	1,000	400	255	1,000	2,000	750
Machinery and Equipment	1,256	10,200	7,272	4,502	10,100	22,600	19,700
Machinery and Equipment	1,256	10,200	7,272	4,502	10,100	22,600	19,700
Transport Assets	47,225	–	–	–	–	50,000	50,000
Total Capital Expenditure on upgrading of existing assets	386,648	748,529	628,154	547,609	731,031	946,528	859,237

APPENDIX M (III): CAPITAL EXPENDITURE: RENEWAL PROGRAMME

Capital Expenditure – Renewal Programme							
Description	2019/20	2020/21			Planned Capital Expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2020/21	2021/22	2022/23
Infrastructure	239,014	382,120	527,251	476,343	467,699	687,974	665,343
Roads Infrastructure	150,903	161,620	229,612	176,390	188,138	396,673	374,882
Roads	150,903	160,620	224,612	172,096	183,138	391,673	369,882
Road Structures	–	1,000	5,000	4,294	5,000	5,000	5,000
Electrical Infrastructure	23,024	90,500	71,473	69,512	62,311	65,302	36,625
Power Plants	–	10,000	973	973	1,000	–	–
HV Substations	–	5,000	–	–	–	–	–
HV Switching Station	–	–	–	–	5,000	–	–
MV Networks	6,528	20,000	10,000	–	5,200	–	–
LV Networks	16,496	35,500	53,500	62,083	50,000	65,202	36,625
Capital Spares	–	20,000	7,000	6,456	1,111	100	–
Water Supply Infrastructure	63,083	106,000	202,681	207,589	174,250	141,000	165,835
Dams and Weirs	–	3,000	1,500	1,200	–	15,000	50,000
Boreholes	–	–	–	–	–	–	–
Reservoirs	3,196	4,000	5,000	4,955	2,750	30,000	20,000
Pump Stations	–	–	–	–	–	–	–
Water Treatment Works	–	11,000	10,000	9,375	75,500	16,000	–
Bulk Mains	–	3,000	47,871	57,665	–	–	–
Distribution	59,886	85,000	138,310	134,393	96,000	80,000	95,835
Sanitation Infrastructure	2,005	24,000	23,485	22,852	28,000	60,000	60,000
Pump Station	–	–	–	–	–	–	–
Reticulation	2,005	14,000	20,885	20,258	20,000	50,000	50,000
Waste Water Treatment Works	–	10,000	2,600	2,594	8,000	10,000	10,000

Capital Expenditure – Renewal Programme							
Description	2019/20	2020/21			Planned Capital Expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2020/21	2021/22	2022/23
Information and Communication Infrastructure	–	–	–	–	15,000	25,000	28,000
Data Centres	–	–	–	–	15,000	25,000	28,000
Community Assets	11,302	12,200	19,660	14,671	4,800	15,600	3,500
Fire/Ambulance Stations	9,050	5,000	5,490	3,860	4,800	14,500	3,500
Cemeteries/Crematorium	2,252	7,200	4,350	3,589	–	1,100	–
Markets	–	–	5,000	3,192	–	–	–
Sport and Recreation Facilities	–	–	4,820	4,030	–	–	–
Outdoor Facilities	–	–	4,820	4,030	–	–	–
Other assets	1,942	20,050	15,550	11,709	27,000	52,800	52,200
Operational Buildings	1,942	20,050	15,550	11,709	27,000	52,800	52,200
Training Centres	1,942	14,000	14,000	11,077	5,000	–	–
Manufacturing Plant	–	–	–	–	17,000	–	–
Depots	–	5,000	500	–	5,000	50,000	50,000
Capital Spares	–	1,050	1,050	632	–	2,800	2,200
Biological or Cultivated Assets	1,411	8,000	8,600	6,838	7,000	22,000	20,000
Biological or Cultivated Assets	1,411	8,000	8,600	6,838	7,000	22,000	20,000
Intangible Assets	–	10,000	10,000	9,999	127,254	153,254	153,254
Licences and Rights	–	10,000	10,000	9,999	127,254	153,254	153,254
Computer Software and Applications	–	10,000	10,000	9,999	127,254	153,254	153,254
Computer Equipment	31,833	25,000	25,000	24,923	24,764	15,000	30,000
Machinery and Equipment	3,412	190,000	150,000	111,913	21,500	20,671	21,040

Capital Expenditure – Renewal Programme							
Description	2019/20	2020/21			Planned Capital Expenditure		
	Actual	Original Budget	Adjusted Budget	Actual Expenditure	2020/21	2021/22	2022/23
Transport Assets	9,999	1,500	2,000	–	100,000	100,000	210,000
Total Capital Expenditure on renewal of existing assets	298,913	648,870	758,061	656,395	780,017	1,067,299	1,155,337

APPENDIX N: CAPITAL PROGRAMMES BY PROJECT (CAPITAL PROJECTS EXPENDITURE)

Capital Programme by Project: 2020/21						R'000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - Adj) %	
Capital expenditure on renewal of existing assets by Asset Class/Sub-class						
Infrastructure	2,945,528	2,725,142	2,278,160	84%	84%	
Roads Infrastructure	984,016	843,445	717,527	85%	85%	
<i>Roads</i>	789,097	662,827	578,593	87%	87%	
<i>Road Structures</i>	145,219	103,100	85,848	83%	83%	
<i>Road Furniture</i>	49,700	77,517	53,086	68%	68%	
<i>Capital Spares</i>	–	–	–	0%	0%	
Storm water Infrastructure	141,750	64,350	65,577	102%	102%	

Capital Programme by Project: 2020/21					
					R'000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - Adj) %
Capital expenditure on renewal of existing assets by Asset Class/Sub-class					
<i>Drainage Collection</i>	1,500	1,100	880	80%	80%
<i>Storm water Conveyance</i>	140,250	63,250	64,696	102%	102%
<i>Attenuation</i>	–	–	–	0%	0%
Electrical Infrastructure	657,235	681,003	629,562	92%	92%
<i>Power Plants</i>	10,000	973	973	100%	100%
<i>HV Substations</i>	105,214	99,556	98,632	99%	99%
<i>HV Switching Station</i>	–	–	–	0%	0%
<i>HV Transmission Conductors</i>	5,000	817	–	0%	0%
<i>MV Substations</i>	67,000	60,000	60,874	101%	101%
<i>MV Switching Stations</i>	–	–	–	0%	0%
<i>MV Networks</i>	170,021	154,503	142,847	92%	92%
<i>LV Networks</i>	265,000	343,154	319,779	93%	93%
<i>Capital Spares</i>	35,000	22,000	6,456	29%	29%
Water Supply Infrastructure	520,581	579,764	492,403	85%	85%
<i>Dams and Weirs</i>	3,000	1,500	1,200	80%	80%
<i>Boreholes</i>	–	–	–	0%	0%
<i>Reservoirs</i>	65,000	62,223	51,912	83%	83%
<i>Pump Stations</i>	6,000	–	–	0%	0%

Capital Programme by Project: 2020/21					
					R'000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - Adj) %
Capital expenditure on renewal of existing assets by Asset Class/Sub-class					
Water Treatment Works	18,825	10,000	9,375	94%	94%
Bulk Mains	65,538	110,409	116,141	105%	105%
Distribution	304,014	300,350	231,078	77%	77%
Distribution Points	58,203	95,282	82,696	87%	87%
Sanitation Infrastructure	458,747	373,380	352,955	95%	95%
Pump Station	–	–	–	0%	0%
Reticulation	189,815	170,487	162,521	95%	95%
Waste Water Treatment Works	236,626	183,900	179,441	98%	98%
Outfall Sewers	32,306	18,993	10,993	58%	58%
Toilet Facilities	–	–	–	0%	0%
Capital Spares	–	–	–	0%	0%
Solid Waste Infrastructure	173,200	173,200	10,200	6%	6%
Landfill Sites	163,000	163,000	–	0%	0%
Waste Transfer Stations	1,200	–	–	0%	0%
Waste Processing Facilities	–	–	–	0%	0%
Waste Drop-off Points	–	1,200	1,200	100%	100%
Waste Separation Facilities	–	–	–	0%	0%
Electricity Generation Facilities	–	–	–	0%	0%

Capital Programme by Project: 2020/21					
					R'000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - Adj) %
Capital expenditure on renewal of existing assets by Asset Class/Sub-class					
<i>Capital Spares</i>	9,000	9,000	9,000	100%	100%
Information and Communication Infrastructure	10,000	10,000	9,937	99%	99%
<i>Data Centres</i>	10,000	10,000	9,937	99%	99%
<i>Core Layers</i>	–	–	–	0%	0%
<i>Distribution Layers</i>	–	–	–	0%	0%
<i>Capital Spares</i>	–	–	–	0%	0%
<u>Community Assets</u>	356,799	292,353	214,832	73%	73%
Community Facilities	289,685	265,133	189,742	72%	72%
<i>Halls</i>	20,000	–	–	0%	0%
<i>Centres</i>	6,000	4,000	–	0%	0%
<i>Crèches</i>	–	–	–	0%	0%
<i>Clinics/Care Centres</i>	37,000	41,517	16,602	40%	40%
<i>Fire/Ambulance Stations</i>	36,000	39,250	36,711	94%	94%
<i>Testing Stations</i>	–	–	–	0%	0%
<i>Theatres</i>	7,500	2,500	1,513	61%	61%
<i>Libraries</i>	–	–	–	0%	0%
<i>Cemeteries/Crematoria</i>	12,000	6,150	5,079	83%	83%
<i>Police</i>	–	–	–	0%	0%

Capital Programme by Project: 2020/21					
					R'000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - Adj) %
Capital expenditure on renewal of existing assets by Asset Class/Sub-class					
<i>Purls</i>	–	–	–	0%	0%
<i>Public Open Space</i>	16,285	16,285	14,214	87%	87%
<i>Nature Reserves</i>	–	–	–	0%	0%
<i>Public Ablution Facilities</i>	–	–	–	0%	0%
<i>Markets</i>	4,900	24,900	19,009	76%	76%
<i>Airports</i>	15,000	18,000	11,385	63%	63%
<i>Taxi Ranks/Bus Terminals</i>	135,000	112,531	85,230	76%	76%
<i>Capital Spares</i>	–	–	–	0%	0%
<i>Sport and Recreation Facilities</i>	67,114	27,220	25,090	92%	92%
<i>Indoor Facilities</i>	–	–	–	0%	0%
<i>Outdoor Facilities</i>	67,114	27,220	25,090	92%	92%
<i>Capital Spares</i>	–	–	–	0%	0%
<u>Heritage assets</u>	–	5,000	3,343	67%	67%
Historic Buildings	–	5,000	3,343	67%	67%
<u>Investment properties</u>	138,317	138,317	39,314	28%	28%
Revenue Generating	138,317	138,317	39,314	28%	28%
<i>Improved Property</i>	138,317	138,317	39,314	28%	28%
<u>Other assets</u>	151,918	214,867	162,206	75%	75%

Capital Programme by Project: 2020/21					
					R'000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - Adj) %
Capital expenditure on renewal of existing assets by Asset Class/Sub-class					
Operational Buildings	29,550	21,850	13,681	63%	63%
<i>Municipal Offices</i>	3,000	4,800	1,972	41%	41%
<i>Yards</i>	5,000	–	–	0%	0%
<i>Training Centres</i>	15,500	15,500	11,077	71%	71%
<i>Manufacturing Plant</i>	–	–	–	0%	0%
<i>Depots</i>	5,000	500	–	0%	0%
<i>Capital Spares</i>	1,050	1,050	632	60%	60%
Housing	122,368	193,017	148,525	77%	77%
<i>Staff Housing</i>	500	2,000	–	0%	0%
<i>Social Housing</i>	121,868	191,017	148,525	78%	78%
<i>Capital Spares</i>	–	–	–	0%	0%
<u>Biological or Cultivated Assets</u>	8,000	15,450	11,464	74%	74%
Biological or Cultivated Assets	12,000	15,450	11,464	74%	74%
<u>Intangible Assets</u>	10,000	10,000	9,999	100%	100%
Servitudes	–	–	–	0%	0%
Licences and Rights	10,000	10,000	9,999	100%	100%
<i>Water Rights</i>	–	–	–	0%	0%
<i>Effluent Licenses</i>	–	–	–	0%	0%

Capital Programme by Project: 2020/21					
					R'000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - Adj) %
Capital expenditure on renewal of existing assets by Asset Class/Sub-class					
<i>Solid Waste Licenses</i>	–	–	–	0%	0%
<i>Computer Software and Applications</i>	10,000	10,000	9,999	100%	100%
<i>Load Settlement Software Applications</i>	–	–	–	0%	0%
<i>Unspecified</i>	–	–	–	0%	0%
<u>Computer Equipment</u>	149,800	173,180	168,411	97%	97%
Computer Equipment	151,800	173,180	168,411	97%	97%
<u>Furniture and Office Equipment</u>	30,337	38,301	32,455	85%	85%
Furniture and Office Equipment	30,337	38,301	32,455	85%	85%
<u>Machinery and Equipment</u>	282,256	229,977	195,674	85%	85%
Machinery and Equipment	282,256	229,977	195,674	85%	85%
<u>Transport Assets</u>	12,500	16,982	3,766	22%	22%
Transport Assets	12,500	16,982	3,766	22%	22%
<u>Land</u>	491	500	–	0%	0%
Land	491	500	–	0%	0%
<u>Zoo's, Marine and Non-biological Animals</u>	–	–	–	0%	0%
Zoo's, Marine and Non-biological Animals	–	–	–	0%	0%
Total Capital Expenditure on new assets	4,091,945	3,860,070	3,119,622	81%	81%

APPENDIX O: CAPITAL PROGRAMMES BY WARD

Capital Programme by Project: 2019/20					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - Adj) %
Infrastructure	2,945,528	2,725,142	2,278,160	84%	84%
Roads Infrastructure	984,016	843,445	717,527	85%	85%
<i>Roads</i>	789,097	662,827	578,593	87%	87%
<i>Road Structures</i>	145,219	103,100	85,848	83%	83%
<i>Road Furniture</i>	49,700	77,517	53,086	68%	68%
<i>Capital Spares</i>	–	–	–	0%	0%
Storm water Infrastructure	141,750	64,350	65,577	102%	102%
<i>Drainage Collection</i>	1,500	1,100	880	80%	80%
<i>Storm water Conveyance</i>	140,250	63,250	64,696	102%	102%
<i>Attenuation</i>	–	–	–	0%	0%
Electrical Infrastructure	657,235	681,003	629,562	92%	92%
<i>Power Plants</i>	10,000	973	973	100%	100%
<i>HV Substations</i>	105,214	99,556	98,632	99%	99%
<i>HV Switching Station</i>	–	–	–	0%	0%
<i>HV Transmission Conductors</i>	5,000	817	–	0%	0%
<i>MV Substations</i>	67,000	60,000	60,874	101%	101%
<i>MV Switching Stations</i>	–	–	–	0%	0%

Capital Programme by Project: 2019/20					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - Adj) %
<i>MV Networks</i>	170,021	154,503	142,847	92%	92%
<i>LV Networks</i>	265,000	343,154	319,779	93%	93%
<i>Capital Spares</i>	35,000	22,000	6,456	29%	29%
Water Supply Infrastructure	520,581	579,764	492,403	85%	85%
<i>Dams and Weirs</i>	3,000	1,500	1,200	80%	80%
<i>Boreholes</i>	–	–	–	0%	0%
<i>Reservoirs</i>	65,000	62,223	51,912	83%	83%
<i>Pump Stations</i>	6,000	–	–	0%	0%
<i>Water Treatment Works</i>	18,825	10,000	9,375	94%	94%
<i>Bulk Mains</i>	65,538	110,409	116,141	105%	105%
<i>Distribution</i>	304,014	300,350	231,078	77%	77%
<i>Distribution Points</i>	58,203	95,282	82,696	87%	87%
Sanitation Infrastructure	458,747	373,380	352,955	95%	95%
<i>Pump Station</i>	–	–	–	0%	0%
<i>Reticulation</i>	189,815	170,487	162,521	95%	95%
<i>Waste Water Treatment Works</i>	236,626	183,900	179,441	98%	98%
<i>Outfall Sewers</i>	32,306	18,993	10,993	58%	58%
<i>Toilet Facilities</i>	–	–	–	0%	0%
<i>Capital Spares</i>	–	–	–	0%	0%

Capital Programme by Project: 2019/20					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - Adj) %
Solid Waste Infrastructure	173,200	173,200	10,200	6%	6%
Landfill Sites	163,000	163,000	–	0%	0%
Waste Transfer Stations	1,200	–	–	0%	0%
Waste Processing Facilities	–	–	–	0%	0%
Waste Drop-off Points	–	1,200	1,200	100%	100%
Waste Separation Facilities	–	–	–	0%	0%
Electricity Generation Facilities	–	–	–	0%	0%
Capital Spares	9,000	9,000	9,000	100%	100%
Information and Communication Infrastructure	10,000	10,000	9,937	99%	99%
Data Centres	10,000	10,000	9,937	99%	99%
Core Layers	–	–	–	0%	0%
Distribution Layers	–	–	–	0%	0%
Capital Spares	–	–	–	0%	0%
Community Assets	356,799	292,353	214,832	73%	73%
Community Facilities	289,685	265,133	189,742	72%	72%
Halls	20,000	–	–	0%	0%
Centres	6,000	4,000	–	0%	0%
Crèches	–	–	–	0%	0%
Clinics/Care Centres	37,000	41,517	16,602	40%	40%

Capital Programme by Project: 2019/20					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - Adj) %
<i>Fire/Ambulance Stations</i>	36,000	39,250	36,711	94%	94%
<i>Testing Stations</i>	–	–	–	0%	0%
<i>Theatres</i>	7,500	2,500	1,513	61%	61%
<i>Libraries</i>	–	–	–	0%	0%
<i>Cemeteries/Crematoria</i>	12,000	6,150	5,079	83%	83%
<i>Police</i>	–	–	–	0%	0%
<i>Purls</i>	–	–	–	0%	0%
<i>Public Open Space</i>	16,285	16,285	14,214	87%	87%
<i>Nature Reserves</i>	–	–	–	0%	0%
<i>Public Ablution Facilities</i>	–	–	–	0%	0%
<i>Markets</i>	4,900	24,900	19,009	76%	76%
<i>Airports</i>	15,000	18,000	11,385	63%	63%
<i>Taxi Ranks/Bus Terminals</i>	135,000	112,531	85,230	76%	76%
<i>Capital Spares</i>	–	–	–	0%	0%
Sport and Recreation Facilities	67,114	27,220	25,090	92%	92%
<i>Indoor Facilities</i>	–	–	–	0%	0%
<i>Outdoor Facilities</i>	67,114	27,220	25,090	92%	92%
<i>Capital Spares</i>	–	–	–	0%	0%
Heritage assets	–	5,000	3,343	67%	67%

Capital Programme by Project: 2019/20					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - Adj) %
Historic Buildings	–	5,000	3,343	67%	67%
<u>Investment properties</u>	138,317	138,317	39,314	28%	28%
Revenue Generating	138,317	138,317	39,314	28%	28%
<i>Improved Property</i>	138,317	138,317	39,314	28%	28%
<u>Other assets</u>	151,918	214,867	162,206	75%	75%
Operational Buildings	29,550	21,850	13,681	63%	63%
<i>Municipal Offices</i>	3,000	4,800	1,972	41%	41%
<i>Yards</i>	5,000	–	–	0%	0%
<i>Training Centres</i>	15,500	15,500	11,077	71%	71%
<i>Manufacturing Plant</i>	–	–	–	0%	0%
<i>Depots</i>	5,000	500	–	0%	0%
<i>Capital Spares</i>	1,050	1,050	632	60%	60%
Housing	122,368	193,017	148,525	77%	77%
<i>Staff Housing</i>	500	2,000	–	0%	0%
<i>Social Housing</i>	121,868	191,017	148,525	78%	78%
<i>Capital Spares</i>	–	–	–	0%	0%
<u>Biological or Cultivated Assets</u>	8,000	15,450	11,464	74%	74%
Biological or Cultivated Assets	12,000	15,450	11,464	74%	74%
<u>Intangible Assets</u>	10,000	10,000	9,999	100%	100%

Capital Programme by Project: 2019/20					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - Adj) %
Servitudes	–	–	–	0%	0%
Licences and Rights	10,000	10,000	9,999	100%	100%
<i>Water Rights</i>	–	–	–	0%	0%
<i>Effluent Licenses</i>	–	–	–	0%	0%
<i>Solid Waste Licenses</i>	–	–	–	0%	0%
<i>Computer Software and Applications</i>	10,000	10,000	9,999	100%	100%
<i>Load Settlement Software Applications</i>	–	–	–	0%	0%
<i>Unspecified</i>	–	–	–	0%	0%
<u>Computer Equipment</u>	149,800	173,180	168,411	97%	97%
Computer Equipment	151,800	173,180	168,411	97%	97%
<u>Furniture and Office Equipment</u>	30,337	38,301	32,455	85%	85%
Furniture and Office Equipment	30,337	38,301	32,455	85%	85%
<u>Machinery and Equipment</u>	282,256	229,977	195,674	85%	85%
Machinery and Equipment	282,256	229,977	195,674	85%	85%
<u>Transport Assets</u>	12,500	16,982	3,766	22%	22%
Transport Assets	12,500	16,982	3,766	22%	22%
<u>Land</u>	491	500	–	0%	0%
Land	491	500	–	0%	0%
<u>Zoo's, Marine and Non-biological Animals</u>	–	–	–	0%	0%

Capital Programme by Project: 2019/20					
					R'000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - Adj) %
Zoo's, Marine and Non-biological Animals	–	–	–	0%	0%
Total Capital Expenditure on new assets	4,091,945	3,860,070	3,119,622	81%	81%

APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Establishments lacking basic services	Water	Sanitation	Electricity	Solid waste collection
School (name and location)				
None	None	None	None	None
Clinic (name and location)				
None	None	None	None	None
				TP

APPENDIX Q: SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Service backlogs experienced by the community where another sphere of government is the service provider (whether or not the City can act on an agency basis)	
Services and locations	
Scale of backlogs	Impact of backlogs
Informal housing counts: 210 informal settlements, with approximately 345 710 households	The continuation of urban sprawl and undermining of the City of Tshwane by-laws. It is difficult for the City to provide services due to a lack of bulk infrastructure services.
Backyard units: 168 215	The undermining of the City of Tshwane by-laws. It is difficult for the City to sustain the service infrastructure.

Service backlogs experienced by the community where another sphere of government is the service provider (whether or not the City can act on an agency basis)	
Services and locations	
Scale of backlogs	Impact of backlogs
Demand Database or Housing Needs Register: 199 832	There is a high demand for houses that far exceeds the supply capacity of the government due to limited land, budget and service infrastructure.
Residents in old hostels: 25 228	Hostels were introduced to house black male workers cheaply. Hostels should not supposed exist during the post-apartheid era. They are seen as "artefacts of the era of apartheid". The challenge that the new democratic government faces is to transform the hostels into family units that will be integrated into a sustainable livelihood. The issue of cost is at the centre as many of the people living in hostels are unemployed and living in poverty.

APPENDIX R: DECLARATION OF LOANS AND GRANTS MADE BY THE CITY OF TSHWANE

The City did not source any loans and grants in the 2020/21 financial year.

APPENDIX S: NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

Outcomes or output	Progress to date (2020/21 financial year)	Number or percentage achieved (2020/21 financial year)
Output: Improvement of access to basic services	Provided water connections to 11 169 formal households Provided basic water services to 138 informal settlements	11 169 formal households 138 informal settlements
	Provided sanitation connections to 1 636 households Provided basic sanitation services to 101 informal settlements	1 636 formal households 101 informal settlements
	Provided electricity connections to 1 378 formal households (application driven) and 5 349 with connections to the mains electricity through the Electricity for All Programme	5 349 households
	Provided 9 304% service of weekly waste removal from 2 338 areas	9 304% from 2 338 areas
Output: Implementation of the Community Work Programme	Created 8 238 new income-earning opportunities	8 238

Outcomes or output	Progress to date (2020/21 financial year)	Number or percentage achieved (2020/21 financial year)
Output: Administrative and financial capability	Recorded a cost coverage of 0,02% Recorded a debt coverage of 38,05% Recorded service debtors to revenue of 28,1%	0,5% 19,3% 28,1%
T S		

VOLUME II

Audited Consolidated Financial Statements 30 June 2021



CITY OF TSHWANE METROPOLITAN MUNICIPALITY
Audited Consolidated Annual Financial Statements
for the year ended 30 June 2021

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

General Information

Legal form of entity	Category A municipality in terms of Section 1 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) read with Section 155(1) of the Constitution of the Republic of South Africa, 1996
Nature of business and principal activities	The principal activities of the City of Tshwane Metropolitan Municipality are to: • Provide democratic and accountable government to the local communities; • Ensure sustainable services delivery to communities; • Promote social and economic development; • Provide local communities equitable access to the municipal services; • Promote and undertake development in the municipality; • Promote a safe and healthy environment; and • Encourage the involvement of communities in local government affairs.
Executive Mayor	Randall Williams
Speaker	Katlego Mathebe
Chief Whip	Christo van den Heever
Mayoral committee	
Members	Mpho Mehlape-Zimu (MMC: Human Settlements) Sylvester Phokoje (MMC: Human Capital Management and Shared Services) Thabisile Vilakazi (MMC: Community and Social Development Services) Alderman Karen Meyer (MMC: Community Safety) Sakkie du Plooy (MMC: Health) Mare-Lise Fourie (MMC: Finance) Phillip Nel (MMC: Utility Services and Regional Operations and Coordination) Dikeledi Selowa (MMC: Roads and Transport) Dana Wannenburg (MMC: Environment and Agriculture Management) Bruce Lee (MMC: Economic Development and Spatial Planning)
Administration Body	1 July- October 2020
Lead Administrator	Mpho Nawa
Administrator	Lesedi Mere Lefadi Makibinyane Rianda Kruger Lebogang Mahaye Gilberto Martins Thuli Mashanda Shiva Makotoko Mavela Alford Dlamini
Grading of local authority	Category A Grade 6 urban municipality (demarcation code - TSH)
Accounting Officer	Mmaseabata Mutlaneng (Acting City Manager) Telephone : 012 358 4901/4904/0976

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

General Information

Chief Finance Officer (CFO)

Umar Banda CA (SA)
Telephone: 012 358 8100

Registered office

Tshwane House
320 Madiba street
Pretoria
0002

Postal address

PO Box 408
Pretoria
0001

Bankers

ABSA

Auditors

Auditor General South Africa (AGSA)
Registered Auditors

Legislation governing the Municipality's operations

Local Government: Municipal Finance Management Act (Act 56 of 2003)
Local Government: Municipal Systems Act (Act 32 of 2000)
Local Government: Municipal Structures Act (Act 117 of 1998)
Housing Act (Act 107 of 1997)
Constitution of the Republic of South Africa, 1996
Property Rates Act (Act 6 of 2004)
Division of Revenue Act (Act 3 of 2016)

Entities to be consolidated at year end

Consistent with the prior financial year the following municipal entities will be included in the Consolidated Annual Financial Statements
Housing Company Tshwane NPC (Registration nr 2001/029821/08)
Tshwane Economic Development Agency Soc Ltd (TEDA)
(Registration nr 2006/019396/07)

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Index

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

	Page
Accounting Officer's Responsibilities and Approval	4
Statement of Financial Position	5 - 6
Statement of Financial Performance	7 - 8
Statement of Changes in Net Assets	9
Cash Flow Statement	10
Statement of Comparison of Budget and Actual Amounts	11 - 16
Accounting Policies	17 - 51
Notes to the Audited Consolidated Annual Financial Statements	52 - 201

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)

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the audited consolidated annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the audited 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 audited consolidated annual financial statements and was given unrestricted access to all financial records and related data.

The audited 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 audited 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 group 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 group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group 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 audited 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 group's cash flow forecast for the year to 30 June 2022 and, in the light of this review and the current financial position, she is satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the municipality for continued funding of operations. The audited consolidated annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

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

The external auditors are responsible for independently reviewing and reporting on the group's audited consolidated annual financial statements. The audited consolidated annual financial statements have been examined by the group's external auditors and their report is presented on page 5.

The audited consolidated annual financial statements start from page 5, which have been prepared on the going concern basis, were approved by the accounting officer on September 30, 2021 and were signed on its behalf by:

Mmaseabata Mutlaneng
(Acting) City Manager



Umar Banda CA(SA)
Chief Financial Officer

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Position as at 30 June 2021

Figures in Rand	Note(s)	Group		Municipality	
		2021	2020 Restated*	2021	2020 Restated*
Assets					
Current Assets					
Inventories	3	732 421 858	667 136 901	732 421 858	667 136 901
Investments	4	404 233 311	649 748 890	384 208 957	631 159 290
Current tax receivable		1 671 882	1 809 415	-	-
Other receivables from exchange transactions	5	880 538 308	817 148 206	878 293 027	817 085 516
Other receivables from non-exchange transactions	5	516 726 466	416 760 566	505 974 925	404 339 535
VAT receivable	8	4 612 959	14 002 724	-	-
Consumer receivables: Exchange	9	4 973 717 004	4 978 842 968	4 973 717 004	4 978 842 968
Consumer receivables: Non exchange	9	1 446 840 342	1 150 286 499	1 446 840 342	1 150 286 499
Long term receivables short term	6	298 495 905	132 119 244	298 495 905	132 119 244
Redemotion Fund asset	21&12	25 243 356	1 329 639 759	25 243 356	1 329 639 759
Cash and cash equivalents	13	209 428 651	277 865 652	190 954 732	216 844 652
		9 493 930 042	10 435 360 824	9 436 150 106	10 327 454 364
Non-Current Assets					
Living and non living resources	14	323 815	368 264	323 815	368 264
Investment property	15	1 143 026 694	1 099 204 674	1 143 026 694	1 099 204 674
Property, plant and equipment	16	42 123 266 778	41 069 543 852	42 021 668 742	41 016 908 053
Intangible assets	17	918 957 392	812 896 832	918 611 993	812 881 231
Heritage assets	18	3 371 593 600	3 370 081 069	3 371 593 600	3 370 081 069
Investments in controlled entities	19	-	-	1 000	1 000
Interest in associates	20	421 126 538	-	421 126 538	-
Deferred tax	7	662 681	1 074 775	-	-
Long-term receivables: Long term portion	6	59 533 908	1 658 296	59 533 908	1 658 296
Redemption fund asset	12	428 280 364	466 851 283	428 280 364	466 851 283
Interest rates swaps	21	15 168 940	31 298 484	15 168 940	31 298 484
		48 481 940 710	46 852 977 529	48 379 335 594	46 799 252 354
Non-Current Assets		48 481 940 710	46 852 977 529	48 379 335 594	46 799 252 354
Current Assets		9 493 930 042	10 435 360 824	9 436 150 106	10 327 454 364
Total Assets		57 975 870 752	57 288 338 353	57 815 485 700	57 126 706 718
Liabilities					
Current Liabilities					
Loans and Bonds	22	592 251 745	746 696 839	592 251 745	746 696 839
Finance lease obligation	23	235 085 441	333 766 246	234 336 587	333 096 282
Employee benchmark obligation	24	-	852 484 577	-	852 484 577
Payables from exchange transactions	25	10 360 911 759	8 431 879 784	10 375 845 995	8 432 208 855
VAT payable	26	1 002 189 762	2 034 483 606	1 002 189 762	2 034 483 606
Consumer deposits	27	946 912 232	673 376 886	946 912 232	673 376 886
Employee benefit obligation	28	220 959 519	198 677 412	220 959 519	198 677 412
Unspent conditional grants and receipts	29	267 165 645	500 740 602	267 165 645	486 607 374
Provisions	30	11 915 558	8 694 502	-	-
Councillors remuneration obligation		-	21 069 249	-	21 069 249
Service concession arrangement	31	260 441 082	249 166 667	260 441 082	249 166 667
Operating lease liability		778 081	382 577	-	-
		13 898 610 824	14 051 418 947	13 900 102 567	14 027 867 747

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Position as at 30 June 2021

Figures in Rand	Note(s)	Group		Municipality	
		2021	2020 Restated*	2021	2020 Restated*
Non-Current Liabilities					
Loans and Bonds	22	10 805 811 451	11 347 537 101	10 805 811 451	11 347 537 101
Finance lease obligation	23	98 001 051	261 720 005	96 110 863	259 106 534
Employee benefit obligation	28	1 902 573 155	1 665 376 886	1 902 573 155	1 665 376 886
Provisions	30	1 181 602 493	1 284 400 029	1 181 602 493	1 284 400 029
Disclosure on the impact of Covid-19	83	301 625 355	413 339 043	301 625 355	413 339 043
Service concession arrangement	31	2 201 807 168	1 961 384 293	2 201 807 168	1 961 384 293
		16 491 420 673	16 933 757 357	16 489 530 485	16 931 143 886
Non-Current Liabilities		16 491 420 673	16 933 757 357	16 489 530 485	16 931 143 886
Current Liabilities		13 898 610 824	14 051 418 947	13 900 102 567	14 027 867 747
Total Liabilities		30 390 031 497	30 985 176 304	30 389 633 052	30 959 011 633
Assets		57 975 870 752	57 288 338 353	57 815 485 700	57 126 706 718
Liabilities		(30 390 031 497)	(30 985 176 304)	(30 389 633 052)	(30 959 011 633)
Net Assets		27 585 839 255	26 303 162 049	27 425 852 648	26 167 695 085
Accumulated surplus	32	27 585 839 661	26 303 164 032	27 425 852 483	26 167 695 085

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Performance

		Group		Municipality	
Figures in Rand	Note(s)	2021	2020 Restated*	2021	2020 Restated*
Revenue					
Revenue from exchange transactions					
Service charges	33	19 736 652 449	18 360 668 069	19 737 142 086	18 360 974 163
Gain on foreign exchange		-	104 860	-	104 860
Rental of facilities and equipment		153 035 922	125 562 926	144 081 421	116 048 135
Interest received (trading)		375 920 127	818 454 181	375 794 373	818 319 416
Licences and permits	34	40 145 075	37 338 520	40 145 075	37 338 520
Share of profit in joint associate: TAHSEZ		421 126 538	-	421 126 538	-
Other income	35	988 305 610	751 481 396	987 610 756	750 996 046
Investment Revenue	36	228 279 264	237 164 170	227 377 226	235 584 312
Fair value adjustments		95 584 144	-	95 584 144	-
Gain on redemption fund investment		-	182 784 700	-	182 784 700
Total revenue from exchange transactions		22 039 049 129	20 513 558 822	22 028 861 619	20 502 150 152
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	37	8 461 856 621	7 424 488 155	8 462 679 149	7 424 886 562
Interest - Taxation revenue		61 011	-	-	-
Transfer revenue					
Government grants & subsidies	38	7 271 573 624	6 225 357 344	7 224 181 704	6 185 522 134
Public contributions and donations		169 072 085	93 308 829	169 072 085	93 308 829
Fines, Penalties and Forfeits	39	79 477 143	401 162 956	79 477 143	401 162 956
Total revenue from non-exchange transactions		15 982 040 484	14 144 317 284	15 935 410 081	14 104 880 481
		22 039 049 129	20 513 558 822	22 028 861 619	20 502 150 152
		15 982 040 484	14 144 317 284	15 935 410 081	14 104 880 481
Total revenue		38 021 089 613	34 657 876 106	37 964 271 700	34 607 030 633
Expenditure					
Employee related costs	40	(12 197 683 400)	(11 680 743 291)	(12 116 553 265)	(11 620 333 997)
Remuneration of councillors	41	(131 577 429)	(126 485 895)	(131 577 429)	(126 485 895)
Depreciation and amortisation	43	(2 156 221 786)	(2 066 514 953)	(2 154 020 801)	(2 065 720 320)
Impairment loss/Reversal of impairments	44	(169 415 706)	(93 496 146)	(169 415 706)	(93 496 146)
Finance costs	45	(1 504 595 913)	(1 511 803 090)	(1 504 297 252)	(1 511 565 646)
Debt Impairment	46	(1 357 004 590)	(3 242 572 007)	(1 355 860 388)	(3 241 407 060)
Other materials		(627 903 755)	(649 918 495)	(627 903 755)	(649 918 495)
Bulk purchases	47	(12 873 118 328)	(11 992 926 454)	(12 873 118 328)	(11 992 920 795)
Contracted services	48	(3 837 425 586)	(3 671 713 959)	(3 811 785 354)	(3 650 966 002)
Transfers and Subsidies	49	(22 000 596)	(34 477 277)	(125 326 121)	(144 933 696)
Loss on disposal of assets and liabilities		(68 346 004)	(84 529 388)	(68 292 564)	(84 443 632)
Loss on foreign exchange		(394 112)	-	(394 112)	-
Fair value adjustments		-	(161 919 234)	-	(161 919 234)
Loss on redemption fund		(38 570 919)	-	(38 570 919)	-
General Expenses	50	(1 753 616 843)	(2 211 343 818)	(1 728 998 314)	(2 186 856 958)
Total expenditure		(36 737 874 967)	(37 528 444 007)	(36 706 114 308)	(37 530 967 876)
		-	-	-	-
Total revenue		38 021 089 613	34 657 876 106	37 964 271 700	34 607 030 633
Total expenditure		(36 737 874 967)	(37 528 444 007)	(36 706 114 308)	(37 530 967 876)
Operating surplus		1 283 214 646	(2 870 567 901)	1 258 157 392	(2 923 937 243)
		-	-	-	-
		-	-	-	-

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Performance

Figures in Rand	Note(s)	Group		Municipality	
		2021	2020 Restated*	2021	2020 Restated*
Operating surplus/deficit		-	-	-	-
Surplus (deficit) before taxation		-	-	-	-
Taxation		(539 017)	553 967	-	-
Surplus (deficit) for the year		1 282 675 627	(2 870 013 934)	1 258 157 390	(2 923 937 243)

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Group		
Opening balance as previously reported	29 303 189 483	29 303 189 483
Adjustments		
Prior year adjustments	(153 496 042)	(153 496 042)
Balance at 01 July 2019 as restated*	29 149 693 441	29 149 693 441
Changes in net assets		
Surplus for the year	(2 846 529 409)	(2 846 529 409)
Total changes	(2 846 529 409)	(2 846 529 409)
Opening balance as previously reported	26 498 193 799	26 498 193 799
Adjustments		
Prior year adjustments	(195 029 767)	(195 029 767)
Restated* Balance at 01 July 2020 as restated*	26 303 164 032	26 303 164 032
Changes in net assets		
Surplus for the year	1 282 675 629	1 282 675 629
Total changes	1 282 675 629	1 282 675 629
Balance at 30 June 2021	27 585 839 661	27 585 839 661
Municipality		
Opening balance as previously reported	29 097 755 057	29 097 755 057
Adjustments		
Prior year adjustments	(6 122 729)	(6 122 729)
Balance at 01 July 2019 as restated*	29 091 632 328	29 091 632 328
Changes in net assets		
Surplus for the year	(2 923 937 243)	(2 923 937 243)
Total changes	(2 923 937 243)	(2 923 937 243)
Opening balance as previously reported	26 253 146 505	26 253 146 505
Adjustments		
Prior year adjustments	(85 451 414)	(85 451 414)
Restated* Balance at 01 July 2020 as restated*	26 167 695 091	26 167 695 091
Changes in net assets		
Surplus for the year	1 258 157 392	1 258 157 392
Total changes	1 258 157 392	1 258 157 392
Balance at 30 June 2021	27 425 852 483	27 425 852 483

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Cash Flow Statement

Figures in Rand	Note(s)	Group		Municipality	
		2021	2020 Restated*	2021	2020 Restated*
Cash flows from operating activities					
Receipts					
Cash Receipts from customers		27 812 890 523	21 464 479 947	27 814 276 133	21 465 184 448
Grants: Operating		5 057 792 009	4 491 771 985	5 057 792 009	4 491 771 985
Grants : Capex		1 981 195 696	1 988 195 144	1 932 134 281	1 971 078 630
Cash Interest income		345 759 873	295 987 908	344 660 490	294 251 083
Cash receipts from other revenue sources		1 575 067 588	674 677 213	1 565 861 032	664 867 837
Taxes on surplus		908 217	393 387	-	-
		36 773 613 906	28 915 505 584	36 714 723 945	28 887 153 983
Payments					
Cash paid to Suppliers		(20 261 511 563)	(16 583 237 103)	(20 217 966 525)	(16 552 602 746)
Cash paid to employees		(12 179 659 681)	(10 632 145 798)	(12 101 766 035)	(10 573 143 197)
Finance costs paid		(949 633 822)	(1 162 667 137)	(949 338 871)	(1 162 318 014)
Transfers and grants		(22 000 596)	(34 477 277)	(125 326 121)	(144 933 696)
Taxes on surpluses		(897 606)	(1 836 904)	-	-
		(33 413 703 268)	(28 414 364 219)	(33 394 397 552)	(28 432 997 653)
Total receipts		36 773 613 906	28 915 505 584	36 714 723 945	28 887 153 983
Total payments		(33 413 703 268)	(28 414 364 219)	(33 394 397 552)	(28 432 997 653)
Net cash flows from operating activities	53	3 359 910 638	501 141 365	3 320 326 393	454 156 330
Cash flows from investing activities					
Purchase of property, plant and equipment		(3 289 627 390)	(2 915 862 048)	(3 210 105 554)	(2 871 160 437)
Proceeds from sale of property, plant and equipment		-	4 650 431	-	4 650 431
Purchase of investment property		(48 575 426)	(13 777 507)	(48 575 426)	(13 777 507)
Purchase of other intangible assets		(155 977 035)	(154 315 800)	(155 977 035)	(154 315 800)
Purchases of heritage assets		(1 512 530)	-	(1 512 530)	-
Movement in Long term receivables		(224 252 273)	(21 310 163)	(224 252 273)	(21 310 163)
Movement in Financial Assets		(813 032)	857 741 838	(813 032)	857 741 838
Capital (Contribution) / Withdrawal redemption fund		1 304 396 403	(440 992 537)	1 304 396 403	(440 992 537)
Net cash flows from investing activities		(2 416 361 284)	(2 683 865 786)	(2 336 839 447)	(2 639 164 175)
Cash flows from financing activities					
Repayment of the service concession arrangement		(214 998 134)	(207 855 650)	(214 998 134)	(207 855 650)
Repayment of long term borrowings		(685 795 662)	(936 763 721)	(685 795 662)	(936 763 721)
Repayment of Finance lease		(356 346 438)	(348 527 876)	(356 346 438)	(348 527 876)
Proceeds from long term borrowings		-	1 500 000 000	-	1 500 000 000
Net cash flows from financing activities		(1 257 140 234)	6 852 753	(1 257 140 234)	6 852 753
Net increase/(decrease) in cash and cash equivalents		(313 590 881)	(2 175 871 669)	(273 663 287)	(2 178 155 092)
Cash and cash equivalents at the beginning of the year		927 194 408	3 103 066 077	847 583 810	3 025 738 902
Cash and cash equivalents at the end of the year	13	613 603 527	927 194 408	573 930 523	847 583 810

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of comparison of budget and actual amounts

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council- approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Group - 2021											
Financial performance											
Property rates	8 394 690 452	192 521 693	8 587 212 145	-	-	8 587 212 145	8 461 856 621	-	(125 355 524)	99 %	101 %
Service charges	21 482 591 418	(221 086 944)	21 261 504 474	-	-	21 261 504 474	19 736 652 449	-	(1 524 852 025)	93 %	92 %
Investment revenue	159 531 044	(658 195)	158 872 849	-	-	158 872 849	228 279 264	-	69 406 415	144 %	143 %
Transfers recognised - operational	4 914 401 396	529 154 557	5 443 555 953	-	-	5 443 555 953	5 374 438 492	-	(69 117 461)	99 %	109 %
Other own revenue	2 077 270 624	(40 258 464)	2 037 012 160	-	-	2 037 012 160	1 901 601 117	-	(135 411 043)	93 %	92 %
Gan on disposal of PPE	4 999 718	-	4 999 718	-	-	4 999 718	-	-	(4 999 718)	- %	- %
Total revenue (excluding capital transfers and contributions)	37 033 484 652	459 672 647	37 493 157 299	-	-	37 493 157 299	35 702 827 943	-	(1 790 329 356)	95 %	96 %
Employee costs	(11 656 196 779)	151 571 815	(11 504 624 964)	-	(240 000)	(11 504 864 964)	(12 197 683 400)	-	(692 818 436)	106 %	105 %
Remuneration of councillors	(150 602 349)	(3 985 375)	(154 587 724)	-	-	(154 587 724)	(131 577 429)	-	23 010 295	85 %	87 %
Depreciation and asset impairment	(2 372 096 308)	(521 436)	(2 372 617 744)	-	-	(2 372 617 744)	(2 325 637 492)	-	46 980 252	98 %	98 %
Finance charges	(1 455 416 666)	-	(1 455 416 666)	-	-	(1 455 416 666)	(1 504 595 913)	-	(49 179 247)	103 %	103 %
Debt impairment	(2 105 348 167)	-	(2 105 348 167)	-	-	(2 105 348 167)	(1 357 004 590)	-	748 343 577	64 %	64 %
Materials and bulk purchases	(13 318 637 322)	(23 499 946)	(13 352 368 825)	-	10 230 557	(13 342 138 268)	(13 501 022 083)	-	(158 883 815)	101 %	101 %
Contracted Services	(3 943 062 698)	(459 237 936)	(4 402 300 634)	-	(2 690 848)	(4 404 991 482)	(3 837 425 586)	-	567 565 896	87 %	97 %
Transfers and grants	(45 553 093)	1 080 907	(44 472 186)	-	(36 122)	(44 508 308)	(22 000 596)	-	22 507 712	49 %	48 %
Loss on Disposal of PPE	(25 000)	(65 128)	(90 128)	-	-	(90 128)	(68 346 004)	-	(68 255 876)	75 832 %	- %
Other expenditure	(1 973 742 835)	(123 173 350)	(2 096 916 185)	-	(7 263 587)	(2 104 179 772)	(1 792 581 874)	-	311 597 898	85 %	91 %
Total expenditure	(37 020 681 217)	(457 830 449)	(37 488 743 223)	-	-	(37 488 743 223)	(36 737 874 967)	-	750 868 256	98 %	99 %
Total revenue (excluding capital transfers and contributions)	37 033 484 652	459 672 647	37 493 157 299	-	-	37 493 157 299	35 702 827 943	-	(1 790 329 356)	95 %	96 %
Total expenditure	(37 020 681 217)	(457 830 449)	(37 488 743 223)	-	-	(37 488 743 223)	(36 737 874 967)	-	750 868 256	98 %	99 %
Surplus/(deficit)(excluding capital transfers and contributions)	12 803 435	1 842 198	4 414 076	-	-	4 414 076	(1 035 047 024)	-	(1 039 461 100)	(23 449)%	(23 449)%

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of comparison of budget and actual amounts

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	2 101 310 090	(132 506 033)	1 968 804 057	-	-	1 968 804 057	1 897 135 132		(71 668 925)	96 %	90 %
Contributions recognised - capital (in-kind: all)	23 000 000	-	23 000 000	-	-	23 000 000	-		(23 000 000)	- %	- %
Surplus/(Deficit)	12 803 435	1 842 198	4 414 076	-	-	4 414 076	(1 035 047 024)	-	(1 039 461 100)	(23 449)%	(8 084)%
Capital transfers and contributions	2 124 310 090	(132 506 033)	1 991 804 057	-	-	1 991 804 057	1 897 135 132	-	94 668 925	95 %	89 %
Surplus/(deficit) after capital transfers and contributions	2 137 113 525	(130 663 835)	1 996 218 133	-	-	1 996 218 133	862 088 106	-	1 134 130 027	43 %	40 %
Share of profit in associates :TAHSEZ	-	-	-	-	-	-	421 126 538		421 126 538	- %	- %
Taxation	-	-	-	-	-	-	(539 017)		(539 017)	- %	- %
Surplus/(deficit) for the year	2 137 113 525	(130 663 835)	1 996 218 133	-	-	1 996 218 133	1 282 675 627	-	713 542 506	64 %	60 %
	-	-	-	-	-	-	-		-	- %	- %
Capital expenditure and funds sources											
Sources of capital funds											
Transfers recognised - capital	2 124 310 090	(122 247 341)	2 002 062 749	-	-	2 002 062 749	1 932 403 274		(69 659 475)	97 %	91 %
Borrowing	1 500 000 000	-	1 500 000 000	-	-	1 500 000 000	1 012 069 277		(487 930 723)	67 %	67 %
Internally generated funds	467 635 256	(109 627 843)	358 007 413	-	-	358 007 413	206 106 581		(151 900 832)	58 %	44 %
Public Contributions	150 000 000	-	150 000 000	-	-	150 000 000	117 942 810		(32 057 190)	79 %	79 %
Other Contributions	9 000 000	-	9 000 000	-	-	9 000 000	5 371 446		(3 628 554)	60 %	60 %
Total sources of capital funds	4 250 945 346	(231 875 184)	4 019 070 162	-	-	4 019 070 162	3 273 893 388	-	(745 176 774)	81 %	77 %

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of comparison of budget and actual amounts

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Cash flows											
Net cash from (used) operating	3 967 155 000	(933 316 000)	3 033 839 000	-		3 033 839 000	3 359 910 638		326 071 638	111 %	85 %
Net cash from (used) investing	(4 210 279 000)	356 220 000	(3 854 059 000)	-		(3 854 059 000)	(2 416 361 284)		1 437 697 716	63 %	57 %
Net cash from (used) financing	675 162 000	2 068 000	677 230 000	-		677 230 000	(1 257 140 234)		(1 934 370 234)	(186)%	(186)%
Net increase/(decrease) in cash and cash equivalents	432 038 000	(575 028 000)	(142 990 000)	-		(142 990 000)	(313 590 881)		(170 600 880)	219 %	(73)%
Cash and cash equivalents at the beginning of the year	1 362 335 000	-	1 362 335 000	-		1 362 335 000	927 194 408		(435 140 592)	68 %	68 %
Cash and cash equivalents at year end	1 219 345 000	-	1 219 345 000	-		1 219 345 000	613 603 527		(605 741 473)	50 %	50 %

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of comparison of budget and actual amounts

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council- approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Municipality - 2021											
Financial Performance											
Property rates	8 394 690 452	192 521 693	8 587 212 145	-		8 587 212 145	8 462 679 149		(124 532 996)	99 %	101 %
Service charges	21 482 591 418	(221 336 411)	21 261 255 007	-		21 261 255 007	19 737 142 086		(1 524 112 921)	93 %	92 %
Investment revenue	159 531 044	(658 195)	158 872 849	-		158 872 849	227 377 226		68 504 377	143 %	143 %
Transfers recognised - operational	4 914 401 396	529 154 558	5 443 555 954	-		5 443 555 954	5 327 046 572		(116 509 382)	98 %	108 %
Other own revenue	2 077 270 624	(40 008 998)	2 032 012 441	-		2 032 012 441	1 891 764 997		(140 247 444)	93 %	91 %
Share of profit in associates :TAHSEZ	-	-	-	-		-	421 126 537		421 126 537	- %	- %
Gain on disposal of PPE	4 999 718	-	4 999 718	-		4 999 718	-		(4 999 718)	- %	- %
Total revenue (excluding capital transfers and contributions)	37 028 484 934	459 672 647	37 482 908 396	-		37 487 908 114	36 067 136 567		(1 420 771 547)	96 %	97 %
Employee costs	11 656 196 779	(151 571 816)	11 504 624 963		(240 000)	11 504 384 963	(12 116 553 265)	-	(612 168 302)	(105)%	(104)%
Remuneration of councillors	150 602 349	3 985 376	154 587 725	-	-	154 587 725	(131 577 429)	-	23 010 296	(85)%	(87)%
Debt impairment	2 105 348 167	-	2 105 348 167			2 105 348 167	(1 355 860 388)	-	749 487 779	(64)%	(64)%
Depreciation and asset impairment	2 372 096 308	521 437	2 372 617 745			2 372 617 745	(2 323 436 507)	-	49 181 238	(98)%	(98)%
Finance charges	1 455 416 666	-	1 455 416 666	-	-	1 455 416 666	(1 504 297 252)	-	(48 880 586)	(103)%	(103)%
Materials and bulk purchases	13 318 637 322	23 499 946	13 342 137 268	-	10 230 557	13 352 367 825	(13 501 022 083)	-	(148 654 258)	(101)%	(101)%
Contracted Services	3 943 062 698	459 237 935	4 402 300 633		(2 690 848)	4 399 609 785	(3 811 785 354)	-	587 824 431	(87)%	(97)%
Transfers and subsidies	45 553 093	(1 080 907)	44 472 186	-	(36 122)	44 436 064	(125 326 121)	-	(80 890 057)	(282)%	(275)%
Loss on redemotion fund assets	-	-	-		-	-	(38 570 919)	-	(38 570 919)	- %	- %
Loss on sale of PPE	25 000	65 128	90 128		-	90 128	(68 292 564)	-	(68 202 436)	(75 773)%	(273 170)%
Other expenditure	1 973 742 835	123 173 350	2 096 916 185	-	(7 263 587)	2 089 652 598	(1 729 363 334)	-	360 289 264	68 %	72 %
Total expenditure	37 020 681 217	457 830 449	37 478 511 666	-	-	37 478 511 666	(36 706 085 216)	-	772 426 450	(98)%	(99)%
Total revenue (excluding capital transfers and contributions)	37 028 484 934	459 672 647	37 482 908 396	-	-	37 487 908 114	36 067 136 567	-	(1 420 771 547)	96 %	97 %
Total expenditure	37 020 681 217	457 830 449	37 478 511 666	-	-	37 478 511 666	(36 706 085 216)	-	772 426 450	(98)%	(99)%
Surplus/(Deficit)	7 803 717	1 842 198	9 645 915	-		9 645 915	(638 977 293)		(648 345 097)	(6 624)%	(8 188)%

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of comparison of budget and actual amounts

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital (monetary National/Provincial)	2 101 310 090		(155 506 033)	1 945 804 057	-	1 945 804 057	1 897 135 132		(48 668 925)	97 %	90 %
Contributions recognised - capital and contributed assets	23 000 000		-	23 000 000	-	23 000 000	-		(23 000 000)	- %	- %
Surplus/(Deficit)	2 132 114 000		(253 663 802)	1 878 449 915	-	1 878 449 915	1 258 157 839	-	(620 292 076)	66 %	59 %
Capital transfers and contributions	-		-	-	-	-	-	-	-	- %	- %
Surplus (Deficit) after capital transfers and contributions	2 132 114 000		(253 663 802)	1 878 449 915	-	1 878 449 915	1 258 157 839		(620 292 076)	66 %	59 %
Capital expenditure and funding sources											
Sources of capital funds											
Capital Transfers Recognised	2 124 310 090		(122 247 341)	2 002 062 749	-	2 002 062 749	1 932 403 274		(69 659 475)	97 %	91 %
Public contributions and donations	150 000 000		-	150 000 000	-	150 000 000	117 942 810		(32 057 190)	78 %	78 %
Borrowing	1 500 000 000		-	1 500 000 000	-	1 500 000 000	1 012 069 277		(487 930 723)	67 %	67 %
Transfers recognised - capital	9 000 000		-	9 000 000	-	9 000 000	5 371 446		(3 628 554)	60 %	60 %
Internally generated funds	467 635 256		(109 627 843)	358 007 413	-	358 007 413	206 106 581		(151 900 832)	57 %	44 %
Total sources of capital funds	4 250 945 346		(231 875 184)	4 019 070 162	-	4 019 070 162	3 273 893 388		(745 176 774)	81 %	77 %

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Statement of comparison of budget and actual amounts

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Cash flows											
Net cash from (used) operating	3 967 155 000		(933 316 000)	3 033 839 000	-	3 033 839 000	3 320 326 393		286 487 393	109 %	84 %
Net cash from (used) investing	(4 210 279 000)		356 220 000	(3 854 059 000)	-	(3 854 059 000)	(2 336 839 447)		1 517 219 553	61 %	56 %
Net cash from (used) financing	675 162 000		2 068 000	677 230 000	-	677 230 000	(1 257 140 234)		(1 934 370 234)	(186)%	(186)%
Net increase/(decrease) in cash and cash equivalents	432 038 000		(575 028 000)	(142 990 000)	-	(142 990 000)	(273 663 287)		(130 673 287)	191 %	(63)%
Cash and Cash equivalent at begin	1 055 256 000		-	1 055 256 000	-	1 055 256 000	847 583 810		(207 672 190)	80 %	80 %
	-		-	-	-	-	-		-	- %	- %
Cash and cash equivalents at year end	1 487 294 000		-	1 487 294 000	-	1 487 294 000	573 930 523		(913 363 477)	39 %	39 %

The explanations for major variances between the budget and the actual for the period under review are done in Note 82.

The explanations for changes between the original budget and the final budget for the period under review are done in Note 82.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

Figures in Rand	Note(s)	Group		Municipality	
		2021	2020	2021	2020

1. Basis of preparation of Consolidated Annual Financial Statements

The audited 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 audited 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. They are presented in South African Rand.

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 audited consolidated annual financial statements, are disclosed below.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, is disclosed below. Certain accounting policies are supported by reasonable and prudent judgments and estimates.

1.1 Presentation currency

These audited consolidated annual financial statements are presented in South African Rand, which is the functional currency of the group and amounts have been rounded to the nearest Rand.

1.2 Going concern assumption

These audited consolidated annual financial statements have been prepared based on the expectation that the group will continue to operate as a going concern for at least the next 12 months. Refer to note 54. The basis presumes that funds will be available for future operations and that the realisation of assets and settlement of liabilities, contingent liabilities and commitments will occur in the ordinary course of business.

1.3 Transfer of functions between entities under common control

Assets acquired [transferred] and liabilities assumed [relinquished]

The recognition of assets and liabilities is subject to the following conditions:

The assets acquired and the liabilities assumed are part of what had been agreed in terms of the binding arrangement (if applicable), rather than the result of separate transactions.

Other criteria for the entity (as acquirer)

The assets acquired and liabilities assumed that qualify for recognition as set out in the binding arrangement meets the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements and the recognition criteria in the applicable Standards of GRAP at the transfer date.

Costs that the group expects, but which it is not obliged to incur in the future to effect its plan to exit an activity of the transferor or to terminate the employment of, or relocate the transferor's employees, are not accounted for as part of the liabilities at the transfer date. The group does not recognise those costs as part of a transfer of functions. Instead, the group recognises these costs in its audited consolidated annual financial statements after the transfer has occurred, in accordance with the applicable Standards of GRAP.

Accounting by the entity as acquirer

Initial recognition and measurement

As of the transfer date, the group recognises the purchase consideration paid to the transferor and all the assets acquired and liabilities assumed in a transfer of functions. The assets acquired and liabilities assumed are measured at their carrying amounts.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.3 Transfer of functions between entities under common control (continued)

Acquisition-related costs

The Economic entity accounts for acquisition-related costs as expenses in the period in which the costs are incurred and the services are received, with the exception of the costs incurred to issue debt or equity securities, which are recognised in accordance with the Standard of GRAP on Financial Instruments.

Subsequent measurement

The group subsequently measures any assets acquired and any liabilities assumed in a transfer of functions in accordance with the applicable Standards of GRAP.

At the transfer date, the group classifies or designates the assets acquired and liabilities assumed as necessary to apply other Standards of GRAP subsequently. The group makes those classifications or designations on the basis of the terms of the binding arrangement, economic conditions, its operating or accounting policies and other relevant conditions that exist at the transfer date. An exception is that the group classifies the following contracts on the basis of the contractual terms and other factors at the inception of the contract (or, if the terms of the contract have been modified in a manner that would change its classification, at the date of that modification, which might be the transfer date):

- classification of a lease contract as either an operating lease or a finance lease in accordance with the Standard of GRAP on Leases; and
- classification of a contract as an insurance contract in accordance with the International Financial Reporting Standard on Insurance Contracts.

1.4 Significant judgements and sources of estimation uncertainty

The preparation of these consolidated financial statements in conformity with GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the City of Tshwane's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in the notes to the financial statements where applicable.

Receivables /Investments and/or loans

The group assesses its trade receivables, investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, judgements has to be made as to whether there were observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The impairment is measured at the reporting date taking into account the different classes of debtors and the history of payment success of debtors.

Impairment of consumer receivables, long-term receivables and other receivables

The group assesses its consumer debtors, other receivables and long-term receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, judgements have to be made as to whether there were observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The group has developed a detailed impairment model used for assessing whether there is objective evidence that consumer debtors, housing receivables and long-term receivables should be impairments. The impairment model is in line with the requirements of GRAP 104, as it categorises debtors into similar credit risk characteristics and assesses them for impairment.

The group employed the services of a professional actuary to calculate the present value of the future cash flows of the receivables discounted at the receivables' original effective rate. The Projected Unit Credit discounted cash flow method was used in calculating the present value of the future cash flows. Prior payment patterns were considered to calculate the probability of debt being repaid in future periods, with the necessary adjustments. In determining these assumptions, it was assumed the payments per account in the payment data provided were first allocated to the oldest debt incorporated. A discount rate assumption of 7% to discount future cash flows to 30 June 2020 was used.

Probability to debt

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

The ultimate impact of COVID-19 on the economy and debt collections is highly uncertain with an anticipated decrease in the of City of Tshwane's debt repayments and ultimate increase in impairments. The City has partly implicitly allowed for this impact by updating and calculating the repayment probabilities considering payments made during the pandemic. This however is expected to only partially allow for the long-term impact of COVID-19. The City has therefore shown the potential impact of the pandemic by considering more severe assumptions. Prior payment patterns are used to calculate the probability of debt being repaid in future periods, with the necessary adjustments. We have weighted the probabilities more to payments for the year ended 30 June 2021 than previous years. This implicitly allows for the lower payments as a result of COVID-19, which occurred from April to June 2021. It was assumed that the payments per account in the payment data provided were first allocated to the oldest debt incorporated in the age analyses provided. In order to project the impact of COVID-19, we have adjusted the repayment probabilities per risk category after considering prior payment patterns before and during the pandemic in order to foresee the future within each category.

Allowance for slow moving, damaged and obsolete stock

An allowance is made for stock to be written down to the lower of cost or net realisable value. Management has made estimates of the selling price and direct cost to sell on certain inventory items. In cases of inventories held for distribution through a non-exchange transaction or held for consumption in the production process of goods to be distributed at no charge or for a nominal charge, the write-down is the lower of cost and current replacement cost. The write down is included in the operational surplus (general expense). Refer to note 3.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

Impairment of non-cash-generating assets

The group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the group then estimates the recoverable service amount of the non-cash-generating asset. The recoverable service amount of non-cash-generating assets has been determined on the higher of value-in-use calculations and fair value less cost to sell. These calculations require the use of estimates and assumptions.

The excess of the carrying amounts over the recoverable service amount is recognised as impairment loss in the statement of financial performance.

Provisions

Management's judgement is required when recognising and measuring provisions as well as contingent liabilities and contingent assets. Provisions are raised based on the information available to management, and past knowledge. A provision is recognised when the municipality has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

The estimates are discounted at a discount rate that reflects current market assessments of the time value of money. Additional disclosure of these estimates of provisions are included in note 30.

Useful lives of Assets (property, plant and equipment ,investment and intangible assets)

The group's management determines the estimated useful lives and related depreciation and amortisation charge for assets. This estimate is based on industry norm. The industry norm is adjusted for the entity's specific considerations. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 28.

Effective interest rate

The group used the weighted average cost of capital (WACC) to discount future cash flows in the calculation of provisions (refer to Note 30).

The group has certain borrowings which are linked to the Jibar rate which fluctuated from 6.15% to 8.733% for the year under review. Refer to Note 22.

Budget information

The group deems a 10% deviation on operational revenue and expenditure and a 5% or more for capital expenditure between budget and actual amounts to be material. These percentages are based on management's estimate and is considered to be appropriate. All material differences are explained in the notes to the consolidated annual financial statements.

Estimation of revenue for water and electricity

The City has established the basis or model for determining the estimation of revenue taking into account the timing of reading of meters and other circumstances that continually challenge the City. From a high-level review of the basis, operational circumstances have been taken into account in arriving at what the City considers reasonable and therefore a basis for providing reliable accounting for revenue.

The City has developed and implemented an estimation model and the use and functionality of parameters is specified in the system.

The process of estimating meter readings involves the use of historical actual readings when a meter reading is unobtainable so as to ensure customers are billed between actual meter reads. For City of Tshwane, estimates are based on seasonal factors, previous reading history and previous consumption history for a similar period, considering the minimum portion and reference value. If no reading history is available, then a set of default averages are used to estimate the meter. Estimates may also be used to replace invalid meter readings.

1.5 Investment property

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 group, and the cost or fair value of the investment property can be measured reliably.

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

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

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.5 Site rehabilitation and restoration (continued)

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.

Land held for a currently undetermined future use is recognised as investment property.

The gain or loss on the disposal or retirement of investment property is determined as the difference between the sales proceeds and the carrying value of the asset on the date of disposal and is recognised in the surplus or deficit for the year. In terms of GRAP 16: Investment property, all useful lives of investment properties are reviewed annually on an indicator basis.

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

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

Item	Useful life (years)
Property - land	Indefinite
Property - buildings	6 - 50

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.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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.

The group separately discloses expenditure to repair and maintain investment property in the notes to the audited consolidated annual financial statements (see Note 15).

The group discloses relevant information relating to assets under construction or development, in the notes to the audited consolidated annual financial statements (see Note 15).

1.6 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the group; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.6 Property, plant and equipment (continued)

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.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

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.

.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

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

Item	Depreciation method	Average useful life
Land	Not depreciated	indefinite
Infrastructure	Straight-line	
Roads and storm water	Straight-line	4-60
Electricity	Straight-line	5-65
Water	Straight-line	4-100
Sewer	Straight-line	1-100
Network and telecommunication	Straight-line	2-37
Waste water purification works	Straight-line	4-100
Solid waste	Straight-line	9-17
Security	Straight-line	1-41
Airport	Straight-line	5-56
Community	Straight-line	
Buildings	Straight-line	2-60
Recreational facilities	Straight-line	4-51
Library books	Straight-line	4-15
Other property, plant and equipment # 1	Straight-line	
Furniture and fittings	Straight-line	1-41
Water craft	Straight-line	2-16
Office equipment	Straight-line	1-41
plant and equipment	Straight-line	1-41
Buildings	Straight-line	1-61
Specialised vehicles	Straight-line	1-46
Other vehicles	Straight-line	1-106
Computer equipment	Straight-line	1-45
Livestock	Straight-line	7-16
Other equipment	Straight-line	1-42
Books	Straight-line	3-16
Housing	Straight-line	
Housing	Straight-line	15-91
Service concession	Straight-line	
Building Tshwane house	Straight-line	25
Leased assets	Straight-line	

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.6 Property, plant and equipment (continued)

Vehicles and equipments ect

Straight-line

3-20

The Data Dictionary contained in the Asset Management Policy contains the details of the components and the specific useful life estimates.

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

The residual value and the useful and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the charge is accounted for a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the group to amend the previous estimate unless expectations differ from the previous estimates

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 method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the group. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The group assesses at each reporting date whether there is any indication that the group expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the group revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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.

Assets which the group holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The group separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 72).

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.6 Property, plant and equipment (continued)

The group discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see Note 16).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential over the total life of the asset in excess of the most recently assessed standard of performance of the existing asset will flow to the municipality. All other repairs and maintenance are charged to surplus or deficit for the year in which they are incurred

The group tests for impairment where there is an indication that an asset might be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount) it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to surplus or deficit for the year. Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is ready for use.

Disposal of a significant asset(s) or a group of assets and liabilities or a component of the entity

Damaged or outdated and no longer fit for usage assets of the municipality will be placed in the auction yard and marked for disposal.

Such assets are furniture and equipment, fleet, computer equipment, machinery and equipment and minor infrastructure items.

The disposal can be effected through an auction and land sales initiated by Group Property Management Department, pending accounting officers approval.

1.7 Site rehabilitation and restoration

The group has an obligation to rehabilitate and restore items of property, plant and equipment. Such obligations are referred to as 'rehabilitation provisions'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of rehabilitation and restoring the site on which it is located, the obligation for which a group incurs such costs when the item is a consequence of having used the item during a particular period.

As the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the group considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.8 Intangible assets

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 group; and
- the cost or fair value of the asset can be measured reliably.

Expenditure which enhances and extends the benefits of computer software programs beyond the original life of the software is capitalised. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives. Costs associated with the maintenance of existing computer software programs are expensed as incurred.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.8 Intangible assets (continued)

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.

Add this sentence Intangible assets are carried at cost less accumulated amortisation and any impairment losses. Software is amortised on a straight-line-basis over its anticipated useful life. Generally, costs associated with developing computer software programs are recognised as an expense as incurred. However, costs that are clearly associated with an identifiable and unique product, which will be controlled by the municipality and have a probable benefit exceeding the cost beyond one year, are recognised as an intangible asset.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Servitudes	Straight-line	Indefinite
Computer software, other	Straight-line	3-30

Servitudes when registered does not expire after a period of time. There is no time condition coupled to it, therefore the indefinite useful life

The group discloses relevant information relating to assets under construction or development in the notes to the financial statements (see Note 17).

The group discloses relevant information relating to the repair and maintenance of intangible assets in the notes to the financial statements (see Note 17).

Intangible assets are derecognised:

on disposal; or

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.8 Intangible assets (continued)

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

The gain or loss (difference between the net disposal proceeds and the carrying amount) arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.9 Heritage assets

Heritage Assets held by the group hold value in cultural, environmental, educational and historical terms, have an indefinite life and their value appreciates over time due to their cultural, environmental, educational, natural scientific, technological, artistic or historical significance. Immoveable Heritage Assets are registered with the South African National Heritage Council and are protected, kept unencumbered, cared for and preserved

Heritage Assets held by the group comprise of works of art, antiquities and exhibits, historical monuments, such as graves and burial grounds; conservation areas, such as national parks; historical buildings and land that have a significant historical association; movable objects, such as military insignia, medals, coins, stamp collections or objects of decorative or fine art; and recreational parks used for leisure to be preserved for the benefit of present and future generations. Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

The group separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see Note 18).

The group discloses relevant information relating to assets under construction or development in the notes to the financial statements (see Note 18)

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 to initial measurement heritage assets are carried at cost less any accumulated impairment losses.

The group assess at each reporting date whether there is an indication that a heritage asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset. Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

The group 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 (the difference between the net disposal proceeds and the carrying value) 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).

The group separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see Note 18).

The group discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see Note 18).

1.10 Investments in controlled entities

In the municipality's separate audited consolidated annual financial statements, investments in investments in controlled entities are carried cost.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.11 Interest in jointly controlled assets

In respect of its interest in jointly controlled assets, the municipality recognises in its audited consolidated annual financial statements:

- its share of the jointly controlled assets, classified according to the nature of the assets;
- any liabilities that it has incurred;
- its share of any liabilities incurred jointly with the other venturers in relation to the joint venture;
- any revenue from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and
- any expenses that it has incurred in respect of its interest in the joint venture.

1.12 Investments in Associates

An associate is an entity over which the investor has significant influence.

Significant influence is the power to participate in the financial and operating policy decisions of another entity but is not control or joint control of those policies.

Investment in associates is accounted at cost in the separate financial statement of the municipality. A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control.

1.13 Financial instruments

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

Class	Category
Exchange:	
Consumer receivables: services	Financial asset measured at amortised cost
Other receivables	Financial asset measured at amortised cost
Long-term receivables: Housing loans	Financial asset measured at amortised cost
Long-term receivables: Loans to sport clubs	Financial asset measured at amortised cost
Long-term receivables: Sale of land	Financial asset measured at amortised cost
Long-term receivables: Arrangement debtors	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Investments (short-term deposits of 3 months or less)	Financial asset measured at amortised cost
Investments (long-term of more than three months)	Financial asset measured at amortised cost
Interest rate swap	Financial asset measured at fair value
Redemption fund assets	Financial asset measured at fair value

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

Class	Category
Exchange:	
Long-term loans: Term loans	Financial liability measured at amortised cost
Long-term loans: Local registered stock	Financial liability measured at amortised cost
Long-term loans: Annuity loans	Financial liability measured at amortised cost
Long-term loans: Municipal bonds	Financial liability measured at amortised cost
Trade payables:	
Payables from exchange transactions	Financial liability measured at amortised cost
Retention creditors	Financial liability measured at amortised cost
Deposits	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at amortised cost
Lease liabilities	Financial liability measured at amortised cost
Service concession arrangement	Financial liability measured at amortised cost
Interest rate swap	Financial liability measured at fair value
Redemption fund liabilities	Financial liability measured at fair value

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.13 Financial instruments (continued)

Initial recognition

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

The group recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The group 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 not subsequently measured at fair value.

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

Subsequent measurement of financial assets and financial liabilities

The municipality 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 (if applicable)

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

The municipality does not apply hedge accounting.

Fair value measurement considerations

The fair value of a financial liability with a demand feature (eg 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 municipality 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.

Where the municipality cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the municipality 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 municipality reclassifies the instrument from cost to fair value.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.13 Financial instruments (continued)

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 uncollectability of financial assets

The municipality assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets are 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 through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed 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.

Derecognition

Financial assets

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 the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised 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 — ie when the obligation specified in the contract is discharged, cancelled, expires or waived.

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).

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.13 Financial instruments (continued)

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense, respectively 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.

1.14 Tax

Current tax assets and liabilities

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the

reporting date, and any adjustment to tax payable in respect of previous years. Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that the future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.14 Tax (continued)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to net assets; or
- a business combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

The City of Tshwane Metropolitan Municipality is exempt from tax in terms of Section 10(1)cB(i)(ff) of the Income Tax Act, 1962 (Act 58 of 1962).

The Housing Company Tshwane HCT) is exempt from tax in terms of Section 10(1)cA(ii) of the Income Tax Act.

The Tshwane Economic Development Agency (TEDA) has been registered for tax since the 2013/14 financial year.

1.15 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 group 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 group's net investment in the finance lease.

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Finance leases - lessee

The municipality leases certain property, plant and equipment. Leases of property, plant and equipment where the City of Tshwane assumes substantially all the risks and rewards of ownership are classified as finance leases. The municipality will not incur a foreign currency lease liability other than that allowed by the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003).

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 return on the remaining balance of the liability.

The finance lease assets are depreciated at the same rates as owned property unless the municipality will not obtain ownership. Where there is no reasonable certainty that the municipality will obtain ownership by the end of lease term, the leased assets are depreciated over the shorter of the lease and its useful life.

Any contingent rents are expensed in the period in which they are incurred.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.15 Leases (continued)

The finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The difference between the amounts recognised as revenue and the contractual receipts is recognised as an operating lease asset or liability.

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.

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset.

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.

Operating leases are those leases which do not fall within the scope of the above definition of finance leases. Payments made under operating leases are charged against income on a straight-line basis over the period of the lease.

The operating lease liability is derecognised when the entity's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the entity no longer anticipates economic benefits to flow from the asset.

1.16 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.

Inventories (consumable stores, raw materials, work in progress and finished goods) are measured at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities.

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. Consumables are written down with regard to their age, condition and utility.

Water inventory:

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.16 Inventories (continued)

Water is regarded as inventory when the municipality purchases 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, that is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, is therefore not recognised in the statement of financial position. The basis of determining the cost of water purchased and not yet sold at the reporting 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.

Derecognition of inventory:

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.

1.17 Impairment of non-cash-generating assets

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The group 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 group estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

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

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.17 Impairment of non-cash-generating assets (continued)

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.

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

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.

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.

1.18 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an group after deducting all of its liabilities.

1.19 Employee benefits

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.

Short-term employee benefits

When an employee has rendered service to the entity during a reporting period, the entity recognise the un-discounted 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.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.19 Employee benefits (continued)

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

Multi-employer plans and/or State plans and/or Composite social security programmes

The entity classifies a multi-employer plan and/or state plan and/or composite social security programme as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the entity accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the entity account for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the entity account for the plan as if it was a defined contribution plan.

Post-employment benefits: Defined contribution plans

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, 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 contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Post-employment benefits: Defined benefit plans

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.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.19 Employee benefits (continued)

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 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 audited consolidated annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

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.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.19 Employee benefits (continued)

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 benefits to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

The rate used to discount post-employment benefit obligations (both funded and unfunded) 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 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.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.19 Employee benefits (continued)

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. The cost for the benefits will be an expense through surplus or deficit.

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.

TEDA has a pension fund defined contribution plan where employees pay a fixed amount and the employer pays for the administration fees. The entity further has a group risk plan where employees pay a fixed amount and the employer pays the administration fees which is considered to be a defined contribution plan

1.20 Provisions and contingencies

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 group 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).

.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 64.

.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.20 Provisions and contingencies (continued)

Levies

.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time (i.e. if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time).

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The group recognises an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

The following provisions exist within the municipality:

Clearing of alien vegetation

In terms of the Conservation of Agricultural Resources Act, 1983 (Act 43 of 1983) the provision for the clearing of alien vegetation was established in 2005/06 as a start to address the backlogs that exist

Landfill sites

The municipality has an obligation to rehabilitate its landfill sites in terms of its license stipulations. A provision was established from 2007/08. The amount of the provision is recognised at the present value of the expenditure expected to be required to settle the obligation and is carried at amortised cost.

Quarries

In terms of the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002), Section 52(2)(d), the City of Tshwane is required to rehabilitate its quarries and borrow pits after these quarries and borrow pits have been closed. The amount of the provision is recognised at the present value of the expenditure expected to be required to settle the obligation and is carried at amortised cost..

Legal proceedings

A provision for legal cost with regard to certain cases is created due to the fact that it was probable (more likely than not) that a present obligation exist at the reporting date and that the municipality will be liable for the legal cost in these cases

The history and nature of these cases further indicate that the liability is more of a long-term nature. The cases included in the provision are still pending and disclosing details will prejudice the position of the municipality in a dispute with other parties on the subject matter. Refer to note 30.

Certain legal claims that have arisen in the normal course of business are disclosed due to a possible outflow in settlement.

The amounts disclosed as contingencies are based on the attorney's best estimates of the possible amounts payable.

1.21 Commitments

Commitments represent goods/services that have been ordered, but for which no delivery has taken place at the reporting date. These amounts are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, however are disclosed as part of the disclosure notes. Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- An official communication of an award letter to the successful service provider
- Awards should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.21 Commitments (continued)

The Municipality discloses capital commitments in the notes to the annual financial statements. A distinction is made between approved and contracted for AND approved but not yet contracted for

The disclosure of commitments entered into before the end of the financial year/reporting date shall be done in the financial statements as prescribed in the following GRAP standards:

- GRAP 1 – Presentation of Financial Statements (GRAP 1) requires the disclosure of unrecognised contractual commitments
- GRAP 17 – Property, Plant and Equipment (GRAP 17) requires the disclosure of contractual commitments for the acquisition of property, plant and equipment
- GRAP 31 – Intangible Assets (GRAP 31) requires the disclosure of contractual commitments for the acquisition of intangible assets.

1.22 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.

Sale of goods

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

- the group has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the group 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 group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.22 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- 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 group;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service charges

Service charges relating to electricity, water and sanitation are based on consumption. Waste removal is based on the size of the bin and the number of times it is collected. Meters are read and billed on a monthly basis and revenue is recognized when invoiced. Estimates of consumption are made monthly when meter readings have not been performed. The estimates of consumption are recognized as revenue when invoiced. Adjustments to estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognised as revenue in the invoicing period.

Waste removal services are billed on a monthly basis.

Services provided on a prepayment basis

Various services are provided on a prepayment basis in which case no formal billing takes place and revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date

Income from agency services

Income from agency services is recognised on a monthly basis, limited to the agency feed, once the income collected on behalf of agents has been quantified. The income recognised is in terms of an agency agreement. Amounts collected on behalf of the principal are accounted as a liability in the statement of financial position.

Housing rental and installments

Income in respect of housing rental and installments are accrued monthly in advance. Finance income from the sale of housing by way of installment sales agreements or finance leases is recognised on a time proportionate basis.

Collection charges

Collection charges are recognised when such amounts are incurred/earned.

Rental of facilities and equipment

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.22 Revenue from exchange transactions (continued)

Interest Income

Revenue arising from the use by others of entity assets yielding interest 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.

Interest earned on investments is recognised on a time proportionate basis that takes into account the effective yield on the investments. Interest earned on outstanding debtors is recognised on a time proportionate basis.

1.23 Revenue from non-exchange transactions

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.

Revenue received from 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. A liability is recognised to the extent that the criteria, conditions or obligations have not been met.

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.

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.

Taxes (property rates for municipalities)

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 municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

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.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Transferred assets are measured at their fair value as at the date of acquisition.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.23 Revenue from non-exchange transactions (continued)

Fines

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.

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.

Bequests

Bequests that satisfy the definition of an asset 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.

Public contributions, sponsorships and donations, including goods in-kind

Gifts, sponsorships 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.

Services in-kind

The municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognises the related 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.

Grants, donations and receipts

Revenue received from 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. A liability is recognised when the criteria, conditions or obligations have not been met.

1.24 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.25 Accounting by principals and agents

Identification

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.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

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).

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.25 Accounting by principals and agents (continued)

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

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.

Binding arrangement

The group assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the group in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the group concludes that it is not the agent, then it is the principal in the transactions.

The group is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the group has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The group applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the group is an agent.

Recognition

The group, 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 group, 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.

The group recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.26 Translation of foreign currencies

Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the municipality (ie SA rand) using the rate of exchange prevailing on the date of the transaction. Trade creditors denominated in foreign currency are reported at the statement of financial position date by using the exchange rate at that date. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded during the period are recognised as revenue or as expense in the period in which they arise.

Where a transaction is covered by a forward exchange contract, the rate specified in the contract is used. The municipality will not incur a foreign currency liability other than that allowed by the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003).

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.27 Comparative amounts

Where necessary, comparative amounts have been reclassified to conform to changes in presentation in the current year. Refer to note 56

Where accounting errors have been identified in the current financial year the correction is made retrospectively as far as it is practical and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as it is practical and the prior year comparatives are restated accordingly.

The comparative amounts (accounting policy and disclosures) may not be consistent with the current year accounting policies and disclosures due to the implementation of the amended GRAP standards.

1.28 Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with Section 15 or 11(3) of the Municipal Finance Management Act (Act No. 56 of 2003), and includes:

- ___ overspending of the total amount appropriated in the municipality's approved budget;
- ___ overspending of the total amount appropriated for a vote in the approved budget;
- ___ expenditure from a vote unrelated to the department or functional area covered by the vote;
- ___ expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- ___ spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- ___ a grant by the municipality otherwise than in accordance with the Municipal Finance Management Act.

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.

The City follows the guidance provided in annexure D of MFMA Circular no 68 to account for Council decision to recover or write-off unauthorised expenditure.

1.29 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure which is 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 surplus or deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense.

The City follows the guidance provided in annexure D of MFMA Circular no 68 to account for Council decision to recover or write-off fruitless and wasteful expenditure.

1.30 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) or the Public Office Bearers Act, 1998 (Act 20 of 1998), or in contravention of the municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure is accounted for as an expense in surplus or deficit in the period it occurred.

The City follows the guidance provided in annexure D of MFMA Circular no 68 to account for Council decision to recover or write-off irregular expenditure.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.31 Housing development fund

Section 15(5) and 16 of the Housing Act (Act 107 of 1997), which came into operation on 1 April 1998, require that the municipality maintain a separate housing operating account. This legislated separate operating account will be known as the Housing Development Fund. The Housing Act also requires in terms of Section 14(4)(d)(iii)(aa) read with, inter alia, Section 16(2) that the net proceeds of any letting, sale of property or alienation, financed previously from government housing funds, be paid into a separate operating account and be utilised by the municipality for housing development subject to the approval of the MEC responsible for housing. Loans from National and Provincial Government that were used to finance housing selling schemes were extinguished on 1 April 1998 and transferred to the Housing Development fund. The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The Housing Development Fund must have its own separate bank account or allocated investments and must be backed by cash or related assets.
- Any contributions to or from the fund must be shown as transfers in the statement of changes in net assets.
- Interest earned on the investments backing up this fund must be recorded as part of interest earned in surplus or deficit for the year and can be transferred via the statement of changes in net assets to the Housing Development Fund.

1.32 Internal reserves

Self insurance reserve

A self-insurance reserve was established and subject to external insurance where deemed necessary, covers claims that might occur. Premiums are charged to the respective services taking into account claims history and replacement value of the insured assets.

Contributions to and from the reserve are transferred via the statement of changes in net assets to the reserve in line with the amount provided for in the operating budget.

- The total amount of insurance premiums paid to external insurers are regarded as expenses and must be shown as such in surplus or deficit for the year. These premiums do not affect the Self-insurance reserve.
- Claims received from external insurers are utilised in the calculation of a profit or loss on the scrapping of damaged assets and are therefore effectively recorded in surplus or deficit for the year.
- Claims received to meet repairs of damages on assets are reflected as income in surplus or deficit for the year.

The Self-insurance reserve is based on recognised insurance industry principles. In determining the level of capacity required an agreed methodology has been adopted. The calculation of the required capacity of the Self insurance reserve is consistently applied annually based on the following methodology:

- Determination of the forecast surplus (free) capacity within the Self-insurance reserve.
- The following liabilities are taken into account in determining this surplus capacity:
Reported known outstanding claims and statistically forecast losses for the remainder of the underwriting period (IBNR = claims incurred but not yet reported).
- Probability and quantification of a catastrophic loss.
- Comparison of the surplus (free) capacity to the declared value of the highest service delivery asset to determine the shortfall that exist based on the assumption that sufficient capacity will be built up to cover that asset through the self-insurance reserve over an agreed period of time.
- Spread the shortfall over a 5-year period (in terms of the Long-Term Insurance Strategy).
- Adjust for inflation with the agreed relevant indices.
- Determine the annual premium contribution to reach the target capacity over a five-year period.
- Apply a probability and affordability factor to the ideal premium contribution to determine the budgeted premium contribution over a five-year period.

Compensation for occupational injuries and diseases (COID) reserve

The municipality has been exempted from making contributions to the Compensation Commissioner for Occupational Injuries and Diseases (COID). In terms of this exemption the municipality established a COID Reserve to offset claims from employees. Amounts are transferred to the COID reserve from the accumulated surplus based on the statutory rate of contributions set out in the Compensation for Occupational Injuries and Diseases Act, 1993 (Act 130 of 1993) as well as additional amounts deemed necessary to ensure that the balance of the reserve is adequate to offset potential claims.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.32 Internal reserves (continued)

Contributions to the COID reserve are based on 1% of the annual remuneration of employees that qualify for COID benefits. All employees earning more than a predetermined amount per annum are reinsured by what is called a "COID Wrap Around" policy. Claims are paid as determined by the Compensation Commissioner and are reflected in surplus or deficit for the year. Claims are settled by transferring a corresponding amount from the COID reserve to the accumulated surplus in the statement of changes in net assets.

The Compensation Commissioner required a ceded investment or guarantee. This amount is calculated annually by the Department of Labour. The municipality opted to supply the Compensation Commissioner with a bank guarantee.

1.33 Budget information

A 10% deviation on operational revenue and expenditure versus the final budget are deemed to be material and for capital expenditure the percentage deviation is 5%. This percentage is based on management's estimate and is considered to be appropriate. All material differences are explained in the notes to the annual financial statements.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives. The approved budget covers the fiscal period from Wednesday, 01 July 2020 to Wednesday, 30 June 2021.

The audited consolidated annual financial statements and the budget are on the same basis of accounting (ie accrual basis); therefore a comparison with the budgeted amounts for the reporting period has been included in the Statement of comparison of budget and actual amounts (appropriation statement in terms of Circular 67 of National Treasury). The Statement of comparison of budget and actual amounts has been included in the audited consolidated annual financial statements as the recommended disclosure when the audited consolidated annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.34 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.

The City controls two municipal entities (TEDA and HCT) and has investment in joint venture (TAHSEZ). These forms part of related parties. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Management is considered a related party, and comprises Councillors, Executive Mayor, Mayoral Committee Members, City Manager and all other Section 56 and 57 employees (refer to Note 34, 35 and 36).

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the Municipality (refer to Note 57).

The municipality discloses the nature of the related party relationship as well as information about those transactions and outstanding balances as a note to the financial statements.

1.35 Events after reporting date

The group will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The group 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.

1.36 Service concession arrangements: Entity as grantor

Recognition of asset and liability

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.36 Service concession arrangements: Entity as grantor (continued)

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 distinguished from other assets within the same asset category, and are clearly indicated as or set aside from owned and/or leased assets.

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

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

Measurement of asset and liability

The entity initially measures the service concession asset as follows:

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

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

Financial liability model

Where the entity has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, the entity accounts for the liability as a financial liability.

The entity allocates the payments to the operator and accounts for them according to their substance as a reduction in the liability recognised, a finance charge, and charges for services provided by the operator.

The finance charge and charges for services provided by the operator in a service concession arrangement are accounted for as expenses.

Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments from the entity to the operator are allocated by reference to the relative fair values of the service concession asset and the services.

Where the asset and service components are not separately identifiable, the service component of payments from the entity to the operator is determined using estimation techniques.

Grant of a right to the operator model

Where the entity does not have an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the entity accounts for the liability as the unearned portion of the revenue arising from the exchange of assets between the entity and the operator.

The entity recognises revenue and reduces the liability according to the substance of the service concession arrangement.

Dividing the arrangement

If the entity pays for the construction, development, acquisition or upgrade of a service concession asset partly by incurring a financial liability and partly by the grant of a right to the operator, it accounts separately for each part of the total liability.

Other liabilities, contingent liabilities and contingent assets

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.36 Service concession arrangements: Entity as grantor (continued)

The entity accounts for other liabilities, contingent liabilities and contingent assets arising from a service concession arrangement in accordance with the policy on Provisions, Contingent liabilities and contingent assets, and Financial instruments.

Other revenues

The entity accounts for revenues from a service concession arrangement, other than those relating to the grant of a right to the operator model, in accordance with the Standard of GRAP on Revenue from exchange transactions.

Recognition of the performance obligation and the right to receive a significant interest in a service concession asset

If the entity controls a significant residual interest in a service concession asset at the end of the service concession arrangement through ownership, beneficial entitlement or otherwise, and the arrangement does not constitute a finance or an operating lease, the entity recognises its right to receive the residual interest (ie a receivable) in the service concession asset at the commencement of the arrangement.

The right to receive a residual interest in the service concession asset to be received at the end of the arrangement, is an exchange consideration. This is because the entity will receive an asset in exchange for granting the operator access to the asset while providing a mandated function on its behalf in accordance with the substance of the arrangement.

In terms of the policy on Revenue from exchange transactions, the exchange consideration are recognised and measured at fair value. The value of the receivable (the right to the residual interest in the asset) receivable at the end of the service concession arrangement, reflects the value of the service concession asset as if it were already in the age and in the condition expected at the end of the service concession arrangement.

When the entity recognises the right to receive a residual interest in the service concession asset, it also recognises its performance obligation for granting the operator access to the service concession asset in accordance with the substance of the arrangement. The value of the performance obligation is the same as the receivable interest recognised at the commencement of the service concession arrangement.

The performance obligation is reduced and revenue is recognised based on the substance of the arrangement.

Where service concession arrangements include provisions to adjust the arrangement for changes, the effect of such changes is deemed to have taken place at the inception of the service concession arrangements.

1.37 Living and non-living resources

Living resources are those resources that undergo biological transformation.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted.

Agricultural activity is the management by an group of the biological transformation and harvest of biological assets for:

- (a) sale;
- (b) distribution at no charge or for a nominal charge; or
- (c) conversion into agriculture produce or into additional biological assets for sale or distribution at no charge or for a nominal charge.

A bearer plant is a living plant that:

- (a) is used in the production or supply of agricultural produce;
- (b) is expected to bear produce for more than one period; and
- (c) has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Biological transformation (for purposes of this Standard) comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.37 Living and non-living resources (continued)

Carrying amount is the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or development and, where applicable, the amount attributed to the asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

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.

Group of resources means a grouping of living or non-living resources of a similar nature or function in an entity's operations that is shown as a single item for the purpose of disclosure in the audited consolidated annual financial statements.

The residual value of an asset is the estimated amount that an group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Useful life is the period over which an asset is expected to be available for use by an group, or the number of production or similar units expected to be obtained from the asset by an group.

Number	Name of site	Resource	Use	Contact
1	Rietvlei Dam	Dam	Water Supply to Tshwane and Recreation	Water and Sanitation Dept and Environmental management Dept
2	Tshwane Dam	Dam		Water and Sanitation
3	Sinowich Dam	Dam	Recreational and Irrigation	Horticulture and Parks
4	Centurion Lake	Dam	Recreational	Roads and Storm Water
5	Boardwalk Dam	Dam	Recreational	Roads and Storm Water Dept and Environmental management Dept
6	Struben Dam	Dam	Recreational	Roads and Storm Water Dept and Environmental management Dept
7	Hennops River	River/Spruit	Stormwater, Recreation ect.	Roads and Storm Water Dept and Environmental management Dept
8	Apies River	River/Spruit	Stormwater, Recreation ect.	Roads and Storm Water Dept and Environmental management Dept

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.37 Living and non-living resources (continued)

9	Pienaars River	River/Spruit	Stormwater, Recreation ect.	Roads and Storm Water Dept and Environmental management Dept
10	Moreleta Spruit	River/Spruit	Stormwater, Recreation ect.	Roads and Storm Water Dept and Environmental management Dept

1.38 Value Added Tax

The group is registered with the South African Revenue Services (SARS) for VAT on the payment basis in accordance with Section 15(2) of the VAT Act (Act 89 of 1991). The group accounts for VAT on the cash basis.

VAT output refers to tax charged by municipality and the entities on a taxable supply and is declared in the Part A of the VAT 201 return. Input tax and other deductions are deducted from the output tax liability to arrive at the net VAT payable (or refundable) for any particular tax period.

Revenue, expenses and assets are recognised net of the amount of VAT except:

Where the VAT incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense it applicable; and

Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from or payable to the taxation authority is reported separate from other receivables or payables in the statement of financial position.

1.39 Segment information

Additional text 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. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2021	2020	2021	2020

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year the municipality has incorporated and applied the following effective new standards and interpretations that became effective during the 2020/19 Financial year

Accounting standard	Description	Impact
GRAP 1(amended)	Presentation of Financial Statements	The impact of the standard is not material
GRAP 18	Segment Reporting	The adoption of this standard has no material impact but has resulted in additional disclosure
GRAP 34	Seperate Financial Statements	The impact of the standard is not material
GRAP 35	Consolidated Financial Statements	No impact on seperate financial statements, but will impact consolidated statements
GRAP 36	Investments in associates	The impact of the standard is not material, as the city does not have investments in associates
GRAP 37	Joint Arrangements	Refer to to impact on the accounting or JV for TAHSEZ
GRAP 38	Disclosure of Interest in Other Entities	The adoption of this standard has no material impact but has resulted in additional disclosure
GRAP 110	Living and Non-living Resources	Refer to note 82 & accounting policy 1.33
IGRAP 20	Adjustments to Revenue (and related amendments to IGRAP 1)	The impact of the standard is not material
IGRAP 1 (revised)	Applying the Probability Test on Initial Recognition of Revenue	The impact of the standard is not material
Guidelines	Accounting for Arrangements Undertaken i.t.o the National Housing Programme	The impact of the standard is not material

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

2. New standards and interpretations (continued)

2.2 Standards and interpretations issued, but not yet effective

The group has not applied the following standards and interpretations, as they are only effective for the group's Financial periods beginning on or after 1 July 2020

Accounting standard	Description	Impact
GRAP 104	Financial Instruments (Amended)	The Municipality will apply this standard in accounting for financial instruments.
GRAP 25	Employee Benefits	Impact is currently being assessed
Guideline	Guideline on the Application of Materiality Statements	Impact is currently being assessed
IGRAP 21	The effect of past decisions on materiality	Unlikely there will be a material impact.

As per the background to this Interpretation of the Standards of GRAP, there are a number of legislative and regulatory processes that govern how entities levy, charge or calculate revenue, in the public sector. Adjustments to revenue already recognised in terms of legislation or similar means arise from the completion of an internal review process within the entity, and/or the outcome of an external appeal or objection process undertaken in terms of legislation or similar means. Adjustments to revenue include any refunds that become payable as a result of the completion of a review, appeal or objection process. The adjustments to revenue already recognised following the outcome of a review, appeal or objection process can either result in a change in an accounting estimate, or a correction of an error.

As per the scope, this Interpretation of the Standards of GRAP clarifies the accounting for adjustments to exchange and non-exchange revenue charged in terms of legislation or similar means, and interest and penalties that arise from revenue already recognised as a result of the completion of a review, appeal or objection process. Changes to the measurement of receivables and payables, other than those changes arising from applying this Interpretation, are dealt with in accordance with the applicable Standards of GRAP. The principles in this Interpretation may be applied, by analogy, to the accounting for adjustments to exchange or non-exchange revenue that arises from contractual arrangements where the fact patterns are similar to those in the Interpretation.

The interpretation sets out the issues and relating consensus with accounting for adjustments to revenue.

The effective date of the interpretation is for years beginning on or after 01 April 2020.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2021	2020	2021	2020
3. Inventories				
Raw materials, components	466 327 307	400 105 343	466 327 307	400 105 343
Water for distribution	17 352 485	17 352 485	17 352 485	17 352 485
Fuel (Diesel, Petrol)	110 133 348	108 828 203	110 133 348	108 828 203
ARY Card Stock	2 136 075	4 618 233	2 136 075	4 618 233
Plants (nursery)	50 776	82 615	50 776	82 615
Quarries	461 781	1 419 740	461 781	1 419 740
Coal (power stations)	138 881 884	138 881 884	138 881 884	138 881 884
	735 343 656	671 288 503	735 343 656	671 288 503
Inventories (write-downs)	(2 921 798)	(4 151 602)	(2 921 798)	(4 151 602)
	732 421 858	667 136 901	732 421 858	667 136 901

Inventory pledged as security

No inventory is pledged as security.

Write-down of inventory (included in general expenditure)

The write down of the general inventory is only done at year end. The amount shown below is the net of surpluses and losses.

2020/21:

According to Logistic Division the value of damaged and Obsolete inventory decreased significantly from prior year to current year. Also, there was a significant increase in shortages in the current year as compared to the prior year, major contributor being R1 300 000 pertaining to stationery. Theft of inventories keeps going up, while there was a improvement on the revaluation of inventory.

2019/20:

According to Logistic Division the value of the theft and damaged inventory increased significantly from prior year to current year, whilst shortages and obsolete inventory improved from prior year. According to the Utility Services Department based on the measurement of the coal at the power stations, the coal deteriorated, however showing a significant improvement on the amount needed to be written down compared to prior year

	2021	2020	2021	2020
Surplus inventory (items identified during stock take)	19 778	1 659	19 778	1 659
Shortages	(1 802 785)	(108 961)	(1 802 785)	(108 961)
Theft	(434 291)	(393 261)	(434 291)	(393 261)
Revaluation of inventory	(196 123)	(257 309)	(196 123)	(257 309)
Damaged inventory	(101 714)	(1 309 518)	(101 714)	(1 309 518)
Obsolete Inventory	(406 927)	(666 986)	(406 927)	(666 986)
Coal inventory (power stations) write down	-	(1 417 226)	-	(1 417 226)
Rounding difference	264	-	264	-
	(2 921 798)	(4 151 602)	(2 921 798)	(4 151 602)

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2021	2020	2021	2020
4. Investments				
Investments at amortised cost.				
Short-term investments (highly liquid)	403 000 145	649 328 756	382 975 791	630 739 156
Short-term investments	1 233 166	420 134	1 233 166	420 134
	404 233 311	649 748 890	384 208 957	631 159 290
	-	-	-	-
Current assets				
Short-term investments (at amortised cost)	1 233 166	420 134	1 233 166	420 134
Short-term investments (at amortised cost - refer note 9) (highly liquid)	403 000 145	649 328 756	382 975 791	630 739 156
	404 233 311	649 748 890	384 208 957	631 159 290
	-	-	-	-

The investments listed below are all permitted in terms of Regulation 308 (Local Government: Municipal Finance Management Act 2003: Municipal Investment Regulations).

The market value (indicated below) was obtained from balance certificates or statement from the various financial institutions.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2021	2020	2021	2020
4. Investments (continued)				
Market value of listed investments and management's valuation of unlisted investments:				
unlisted investments: Insurance Policy DGA 30118 no 28 (insurance policy) (unceded) (highly liquid)	802 034	787 960	802 034	787 960
Insurance Policy DYA 301182 no 29 (insurance policy) (unceded) (highly liquid)	2 514 294	2 469 933	2 514 294	2 469 933
ABSA Money Market investment no 32 (interest capitalised monthly) (unceded) (highly liquid)	40 471 831	39 008 903	40 471 831	39 008 903
ABSA Money Market investment no 33 (interest capitalised monthly) (unceded) (highly liquid)	14 182 786	13 670 123	14 182 786	13 670 123
ABSA Money Market investment no 34 interest capitalised monthly) (unceded) highly liquid)	10 622 643	10 238 668	10 622 643	10 238 668
ABSA Money Market investment no 35 (interest capitalised monthly) (unceded) (highly liquid)	233 869	225 415	233 869	225 415
Ninety One Money Market investment no 37(interest capitalised monthly) (unceded) (highly liquid)	35 795 042	34 314 876	35 795 042	34 314 876
Ninety One Money Market investment no 38 (interest capitalised monthly) (unceded) (highly liquid)	11 440 793	10 967 703	11 440 793	10 967 703
Ninety One Money Market investment no 39 (interest capitalised monthly) (unceded) (highly liquid)	1 532 655	1 469 278	1 532 655	1 469 278
Stanlib Money Market investment no 40 (interest capitalised monthly) (unceded) (highly liquid)	129 622 547	124 991 185	129 622 547	124 991 185
Stanlib Money Market investment no 41 (interest capitalised monthly) (unceded) (highly liquid)	4 023 319	3 879 568	4 023 319	3 879 568
Investec Money Market investment no 108 (interest capitalised monthly) (highly liquid)	40 099 267	38 585 913	40 099 267	38 585 913
investment no 260 (interest capitalised (highly liquid)	90 966 641	87 932 490	90 966 641	87 932 490
Standard Bank Call Investment no 408 (highly liquid)	18 620	-	18 620	-
Standard Bank Call Investment no 414 (highly liquid)	7 856	-	7 856	-
Standard Bank Call Investment no 415 (highly liquid)	21 005	-	21 005	-
Nedbank Call Investment no 508 (highly liquid)	294 065	-	294 065	-
ABSA Call Investment no 338 (highly liquid)	33 880	-	33 880	-
Nedbank term investment no 501 - short term investment (highly liquid) 342	-	106 013 751	-	106 013 751
First National Bank(highly liquid)	14 854	-	14 854	-
Stanlib Contingency Fund investment -short-term investment (on call) 106/411 (highly liquid)	292 644	288 703	292 644	288 703
ABSA (Short term)(highly liquid)ABSA Term Investment no 499 (highly liquid)	433 744	156 183 391	433 744	156 183 391
ABSA Term Investment no 526 (highly liquid)	784 568	-	784 568	-
Standard Bank (Short term)	-	131 430	-	131 430
TEDA: Short-term deposit Investec Bank	4 528 054	8 320 140	-	-
HCT:Short-term deposit ABSA	15 496 300	10 269 460	-	-
	404 233 311	649 748 890	384 208 957	631 159 290
Average rate of return				
On long-term investments	4,25 %	5,75 %	4,25 %	5,75 %
On short-term investments	3,38 %	5,34 %	3,38 %	5,34 %
Secured and unsecured investments				
Unsecured investments(unceded)	404 174 876	649 748 890	384 150 522	631 159 290

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2021	2020	2021	2020
5. Other Receivables From Exchange and Non- Exchange Transactions				
AARTO fine debtor	1 370 988 790	1 365 114 039	1 370 988 790	1 365 114 039
RTMC: AARTO debtor	1 256 293	1 256 293	1 256 293	1 256 293
Overpayment to creditors	31 271 153	31 271 153	31 271 153	31 271 153
Housing debtors	259 860 589	220 197 905	259 860 589	220 826 841
Insurance claim: fraud	2 496 909	2 496 909	2 496 909	2 496 909
Pre-payment Sanral	131 657 735	131 667 104	131 657 735	131 657 735
Lease revenue	28 919 020	28 919 020	28 919 020	28 919 020
HCT: Government grant	10 751 541	12 421 031	-	-
Waste management	12 954 938	6 276 365	12 954 938	6 276 365
Sundry rentals	179 302 454	157 029 120	179 302 454	157 029 120
Sundry Persons	528 935 414	449 219 277	528 935 414	449 219 277
Public contributions	141 264 620	141 264 620	141 264 620	141 264 620
Miscellaneous	282 538 516	248 959 641	279 065 964	247 113 688
Year End Grant debtor	12 779 013	5 759 774	12 779 013	5 759 774
	2 994 976 985	2 801 852 251	2 980 752 892	2 788 204 834
Impairment : non exchange	(879 049 171)	(967 790 571)	(879 049 171)	(967 790 571)
Impairment allowance: Exchange	(718 663 040)	(600 152 908)	(717 435 769)	(598 989 212)
	1 397 264 774	1 233 908 772	1 384 267 952	1 221 425 051
Included in above is receivables from exchange transactions				
Various debtors	1 599 201 348	1 417 301 114	1 595 728 796	1 416 074 728
Impairment allowance: Exchange	(718 663 040)	(600 152 908)	(717 435 769)	(598 989 212)
	880 538 308	817 148 206	878 293 027	817 085 516
Included in above is receivables from non-exchange transactions				
AARTO fines	1 370 988 790	1 365 114 039	1 370 988 790	1 365 114 039
RTMC: AARTO debtor	1 256 293	1 256 293	1 256 293	1 256 293
Year end grant debtor	12 779 013	5 759 774	12 779 013	5 759 774
Impairment allowance: Non exchange	(879 049 171)	(967 790 571)	(879 049 171)	(967 790 571)
HCT: Government Grant	10 751 541	12 421 031	-	-
	516 726 466	416 760 566	505 974 925	404 339 535
Reconciliation of allowance for impairment				
Opening balance	(1 567 943 479)	(1 213 687 920)	(1 566 779 783)	(1 213 687 920)
Additional contribution - review of impairment	249 889 390	(323 948 003)	249 952 965	(322 784 307)
Contribution to allowance (monthly contribution)	(279 446 154)	(30 307 556)	(279 446 154)	(30 307 556)
Write off against allowance	97 030 897	-	97 030 897	-
Corrections of write-offs against allowance	(97 242 865)	-	(97 242 865)	-
	(1 597 712 211)	(1 567 943 479)	(1 596 484 940)	(1 566 779 783)

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2021	2020	2021	2020
6. Long-term receivables				
Consumer: Arrangement debtors (refer to note 4)	348 543 525	89 092 690	348 543 525	89 092 690
Housing loans	11 314 508	11 464 609	11 314 508	11 464 609
Loans to sport clubs	981 880	1 019 744	981 880	1 019 744
Sale of land	71 378 544	109 059 607	71 378 544	109 059 607
	432 218 457	210 636 650	432 218 457	210 636 650
Current portion of long-term receivables	(298 495 905)	(132 119 244)	(298 495 905)	(132 119 244)
	133 722 552	78 517 406	133 722 552	78 517 406
Impairment allowance	(74 188 644)	(76 859 110)	(74 188 644)	(76 859 110)
	59 533 908	1 658 296	59 533 908	1 658 296
Reconciliation of impairment allowance				
Balance at the beginning of year	(76 859 110)	(77 427 987)	(76 859 110)	(77 427 987)
Contributions to allowance (monthly)	2 670 466	(1 995 579)	2 670 466	(1 995 579)
Adjustment to contribution - review of impairment	-	2 564 456	-	2 564 456
	(74 188 644)	(76 859 110)	(74 188 644)	(76 859 110)

Consumer: Arrangement debtors

A policy exists granting consumer receivables an opportunity to make arrangements to pay off their arrear debt over a period of 12, 24 or 36 months with a deposit payable.

Housing loans

Housing loans were granted to qualifying individuals in terms of the Provincial Administration's Housing Program. These loans attracted interest of 13.5% per annum and are repayable over periods of 20 and 30 years. These loans have various terms applicable. No new loans were issued in the current financial year.

Loans to sport clubs

Sport clubs that qualified, signed a 99 year lease hold agreement with the municipality at a nominal amount and were provided with financial assistance from the municipality to build or improve a facility for which the funds are repayable over a period and the Club has no claim to the improvements after the expiration of the lease hold agreement.

Sale of land debtors

Vacant properties are sold through a process administered by Group Property Management. Contracts are signed and advices for the opening of individual accounts, which indicates the amount of the deposit (10%) and VAT (15% from 1 April 2018) are issued. The contract stipulates as from when interest is payable (immediately after signing the contract or after 12 months). The interest rate used is the Municipality's mortgage bond rate which currently is 9%. Interest is calculated monthly on the outstanding balance of the property.

As from 1 March 2014 all land sales are conducted on payment of the full amount to the Municipality by the purchaser. No extended payment terms are offered and full payment is required on registration.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2021	2020	2021	2020

7. Deferred tax

Deferred tax liability

Property plant and equipment	(303 481)	(348 291)	-	-
Assessed loss for the period	-	463 110	-	-
Provision for doubtful debts	45 802	45 802	-	-
Provision for leave	773 902	907 651	-	-
Finance lease	(71 405)	(97 996)	-	-
Straight lining of operating lease	217 863	107 122	-	-
Pre-payment	-	(2 624)	-	-
Total deferred tax asset	662 681	1 074 774	-	-

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability	-	-	-	-
Deferred tax asset	662 681	1 074 774	-	-
Total net deferred tax asset	662 681	1 074 774	-	-

Reconciliation of deferred tax asset/(liability)

At beginning of year	1 074 775	159 621	-	-
Movement on property, equipment and intangible fixed assets	(463 111)	-	-	-
Movement in provision for leave pay	(133 748)	441 555	-	-
Operating lease straight lining	110 741	85 932	-	-
Pre-payment	2 624	398 606	-	-
Movement in finance lease	26 591	(97 996)	-	-
Movement on property plant and equipment as well intangible assets	44 809	87 057	-	-
	662 681	1 074 775	-	-

Recognition of deferred tax asset

An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:

- the utilisation of the deferred tax asset is dependent on future taxable surpluses in excess of the surpluses arising from the reversal of existing taxable temporary differences; and
- the group has suffered a deficit in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

8. VAT receivable

VAT	4 612 959	14 002 724	-	-

9. Consumer receivables

Gross balances

Rates	3 819 420 752	3 443 062 845	3 819 420 752	3 443 062 845
Electricity	4 406 536 984	4 103 914 992	4 406 536 984	4 103 914 992
Water	3 053 723 589	3 381 698 244	3 053 723 589	3 381 698 244
Other fees and levies	1 211 531 987	1 535 821 476	1 211 531 987	1 535 821 476
Sanitation	613 209 762	652 775 173	613 209 762	652 775 173
Refuse	1 109 069 010	934 479 894	1 109 069 010	934 479 894
Interest	3 124 068 012	3 067 592 662	3 124 068 012	3 067 592 662
Arrangement debtors	(348 543 526)	(89 092 690)	(348 543 526)	(89 092 690)
	16 989 016 570	17 030 252 596	16 989 016 570	17 030 252 596

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2021	2020	2021	2020
9. Consumer receivables (continued)				
Less: Allowance for impairment				
Rates	(2 372 580 410)	(2 292 776 346)	(2 372 580 410)	(2 292 776 346)
Electricity	(1 906 697 705)	(1 731 758 130)	(1 906 697 705)	(1 731 758 130)
Water	(1 793 526 050)	(2 167 349 638)	(1 793 526 050)	(2 167 349 638)
Other fees and levies	(961 782 337)	(1 494 737 302)	(961 782 337)	(1 494 737 302)
Sanitation	(350 409 354)	(408 843 651)	(350 409 354)	(408 843 651)
Refuse	(703 402 201)	(608 998 717)	(703 402 201)	(608 998 717)
Interest	(2 480 061 167)	(2 196 659 345)	(2 480 061 167)	(2 196 659 345)
	(10 568 459 224)	(10 901 123 129)	(10 568 459 224)	(10 901 123 129)
Net balance				
Rates	1 446 840 342	1 150 286 499	1 446 840 342	1 150 286 499
Electricity	2 499 839 279	2 372 156 862	2 499 839 279	2 372 156 862
Water	1 260 197 539	1 214 348 606	1 260 197 539	1 214 348 606
Other fees and levies	249 749 650	41 084 174	249 749 650	41 084 174
Sanitation	262 800 408	243 931 522	262 800 408	243 931 522
Refuse	405 666 809	325 481 177	405 666 809	325 481 177
Interest	644 006 845	870 933 317	644 006 845	870 933 317
Arrangement debtors	(348 543 526)	(89 092 690)	(348 543 526)	(89 092 690)
	6 420 557 346	6 129 129 467	6 420 557 346	6 129 129 467
Statutory receivables included in consumer debtors above are as follows:				
Rates	1 446 840 342	1 150 286 499	1 446 840 342	1 150 286 499
Statutory Receivables General Information				
Transaction arising from statute: Property Rates is levied in terms of the Local Government Municipal Property Rates Act No.6 of 2004, approved Property Rates Policy and by-laws.				
Determination of transaction amount – Tariffs are reviewed annually as part of the MTREF process and applied as per Property Rates Policy which is guided by the Local Government Property Rates Act No.6 of 2004.				
Interest or other charges levied/charged: According to the Credit Control and Debt Collection Policy, interest is levied on arrear municipal debt in excess of 59 days. Interest is levied monthly at the prime lending rate of the Municipality's Banker as at 01 January and 01 July of each year for the six months following these two respective dates.				
Basis used to assess and test whether a statutory receivable is impaired: GRAP 104 financial instruments sets out the requirements and guidelines for the impairment of financial assets subsequently carried at amortised cost				
Discount rate applied to the estimated future cash flows: The prime lending rate is applied as stipulated in point 3 above.				
Main events and circumstances that led to the recognition or reversal of impairment losses on statutory receivables: Recognition is as per GRAP 104 requirements and guidelines. Reversal will be due to the amount being settled which will automatically be excluded from future impairment calculations.				
Significant Impairment losses recognised: The impairment figure is disclosed above				
Included in above is receivables from exchange transactions				
Electricity	2 499 839 279	2 372 156 862	2 499 839 279	2 372 156 862
Water	1 260 197 539	1 214 348 606	1 260 197 539	1 214 348 606
Other fees and levies	249 749 650	41 084 174	249 749 650	41 084 174
Sanitation	262 800 408	243 931 522	262 800 408	243 931 522
Refuse	405 666 809	325 481 177	405 666 809	325 481 177
Interest	644 006 845	870 933 317	644 006 845	870 933 317
Arrangement debtors	(348 543 526)	(89 092 690)	(348 543 526)	(89 092 690)
	4 973 717 004	4 978 842 968	4 973 717 004	4 978 842 968

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2021	2020	2021	2020
9. Consumer receivables (continued)				
Included in above is receivables from non-exchange transactions (taxes and transfers)				
Rates	1 446 840 342	1 150 286 499	1 446 840 342	1 150 286 499
	1 446 840 342	1 150 286 499	1 446 840 342	1 150 286 499
Net balance	6 420 557 346	6 129 129 467	6 420 557 346	6 129 129 467
Rates				
Current (0 -30 days)	790 391 117	754 519 891	790 391 117	754 519 891
31 - 60 days	95 319 045	135 025 480	95 319 045	135 025 480
61 - 90 days	110 051 155	108 377 815	110 051 155	108 377 815
91 - 120 days	101 145 184	67 907 112	101 145 184	67 907 112
121 - 150 days	97 374 877	66 901 103	97 374 877	66 901 103
151-180 days	92 490 747	74 579 811	92 490 747	74 579 811
181-365 days	410 707 061	341 388 846	410 707 061	341 388 846
>365 days	2 121 941 566	1 894 362 787	2 121 941 566	1 894 362 787
	3 819 420 752	3 443 062 845	3 819 420 752	3 443 062 845
Electricity				
Current (0 -30 days)	1 721 647 067	1 944 871 688	1 721 647 067	1 944 871 688
31 - 60 days	99 871 025	199 628 158	99 871 025	199 628 158
61 - 90 days	148 688 179	199 755 176	148 688 179	199 755 176
91 - 120 days	135 157 751	217 577 986	135 157 751	217 577 986
121 -150 days	75 977 251	69 818 358	75 977 251	69 818 358
151 - 180 days	114 590 152	107 918 836	114 590 152	107 918 836
181- 365 days	528 131 535	227 520 515	528 131 535	227 520 515
> 365 days	1 582 474 024	1 136 824 275	1 582 474 024	1 136 824 275
	4 406 536 984	4 103 914 992	4 406 536 984	4 103 914 992
Water				
Current (0 -30 days)	802 465 896	808 965 651	802 465 896	808 965 651
31 - 60 days	72 202 530	129 395 264	72 202 530	129 395 264
61 - 90 days	96 971 609	158 859 084	96 971 609	158 859 084
91 - 120 days	88 402 989	83 494 560	88 402 989	83 494 560
121 - 150 days	50 681 699	90 092 140	50 681 699	90 092 140
151-180 days	78 663 696	80 924 771	78 663 696	80 924 771
181- 365 days	389 541 421	439 669 099	389 541 421	439 669 099
> 365 days	1 474 793 749	1 590 297 675	1 474 793 749	1 590 297 675
	3 053 723 589	3 381 698 244	3 053 723 589	3 381 698 244
Other fees and levies				
Current (0 -30 days)	112 859 487	147 344 196	112 859 487	147 344 196
31 - 60 days	(2 675 277)	40 506 221	(2 675 277)	40 506 221
61 - 90 days	22 015 168	40 188 205	22 015 168	40 188 205
91 - 120 days	27 325 433	63 204 795	27 325 433	63 204 795
121 - 150 days	12 086 268	22 292 440	12 086 268	22 292 440
151- 180 days	23 212 288	33 972 036	23 212 288	33 972 036
181- 365 days	117 910 374	172 824 648	117 910 374	172 824 648
> 365 days	898 798 246	1 015 488 935	898 798 246	1 015 488 935
	1 211 531 987	1 535 821 476	1 211 531 987	1 535 821 476

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2021	2020	2021	2020
9. Consumer receivables (continued)				
Sanitation				
Current (0 -30 days)	164 103 892	167 513 743	164 103 892	167 513 743
31 - 60 days	10 865 356	26 865 733	10 865 356	26 865 733
61 - 90 days	23 403 913	35 002 056	23 403 913	35 002 056
91 - 120 days	17 961 446	16 811 712	17 961 446	16 811 712
121 - 150 days	12 168 380	18 223 674	12 168 380	18 223 674
151- 180 days	18 534 997	14 417 228	18 534 997	14 417 228
181- 365 days	71 036 983	78 926 034	71 036 983	78 926 034
> 365 days	295 134 795	295 014 993	295 134 795	295 014 993
	613 209 762	652 775 173	613 209 762	652 775 173
Refuse				
Current (0 -30 days)	166 359 940	159 512 305	166 359 940	159 512 305
31 - 60 days	23 498 389	23 575 848	23 498 389	23 575 848
61 - 90 days	34 573 196	27 055 051	34 573 196	27 055 051
91 - 120 days	35 040 901	23 370 524	35 040 901	23 370 524
121 - 150 days	18 448 263	19 013 379	18 448 263	19 013 379
151- 180 days	22 659 015	17 770 454	22 659 015	17 770 454
181- 365 days	126 501 859	88 481 630	126 501 859	88 481 630
> 365 days	681 987 447	575 700 703	681 987 447	575 700 703
	1 109 069 010	934 479 894	1 109 069 010	934 479 894
Interest				
Current (0 -30 days)	186 901 233	159 115 471	186 901 233	159 115 471
31 - 60 days	57 633 993	65 589 231	57 633 993	65 589 231
61 - 90 days	65 441 150	88 077 198	65 441 150	88 077 198
91 - 120 days	315 092 264	66 539 543	315 092 264	66 539 543
121 - 150 days	117 102 081	76 520 213	117 102 081	76 520 213
151- 180 days	2 132 337	65 541 158	2 132 337	65 541 158
181- 365 days	64 147 284	393 900 864	64 147 284	393 900 864
> 365 days	2 315 617 670	2 152 308 984	2 315 617 670	2 152 308 984
	3 124 068 012	3 067 592 662	3 124 068 012	3 067 592 662
Ageing: Total gross receivables				
Current (0 -30 days)	3 847 740 807	4 141 842 944	3 847 740 807	4 141 842 944
31 - 60 days	356 715 061	620 585 935	356 715 061	620 585 935
61 - 90 days	501 144 370	657 314 584	501 144 370	657 314 584
91 - 120 days	720 125 967	538 906 232	720 125 967	538 906 232
121 - 365 days	383 838 819	362 861 307	383 838 819	362 861 307
> 365 days	352 283 231	395 124 295	352 283 231	395 124 295
	1 707 976 516	1 742 711 636	1 707 976 516	1 742 711 636
	9 370 747 499	8 659 998 353	9 370 747 499	8 659 998 353
	17 240 572 270	17 119 345 286	17 240 572 270	17 119 345 286
Summary of consumer receivables by customer classification				
Consumers				
Household/residential	8 825 684 653	9 442 279 911	8 825 684 653	9 442 279 911
Industrial/Commercial	5 709 394 334	5 717 973 007	5 709 394 334	5 717 973 007
National and Provincial Government	1 648 356 926	1 147 605 068	1 648 356 926	1 147 605 068
Other	1 057 136 357	811 487 300	1 057 136 357	811 487 300
	17 240 572 270	17 119 345 286	17 240 572 270	17 119 345 286

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2021	2020	2021	2020
9. Consumer receivables (continued)				
Households				
Current (0 -30 days)	1 795 951 600	2 174 453 125	1 795 951 600	2 174 453 125
30-60 days	140 305 734	256 748 099	140 305 734	256 748 099
60-90 days	254 262 497	310 964 441	254 262 497	310 964 441
91 - 120 days	369 436 861	177 907 181	369 436 861	177 907 181
121 - 150 days	185 001 739	205 016 072	185 001 739	205 016 072
151 - 180 days	167 402 760	188 219 890	167 402 760	188 219 890
181 -365 days	762 100 152	1 047 161 876	762 100 152	1 047 161 876
365 + days	5 151 223 310	5 081 809 227	5 151 223 310	5 081 809 227
	8 825 684 653	9 442 279 911	8 825 684 653	9 442 279 911
Industrial/ commercial				
Current (0 -30 days)	1 542 868 076	2 041 398 428	1 542 868 076	2 041 398 428
30-60 days	134 161 626	248 365 173	134 161 626	248 365 173
60-90 days	177 260 211	244 055 295	177 260 211	244 055 295
91 - 120 days	269 455 600	259 728 540	269 455 600	259 728 540
121 -150 days	134 422 633	112 020 859	134 422 633	112 020 859
151 - 180 days	129 865 226	136 191 434	129 865 226	136 191 434
181 - 365 days	587 597 441	503 343 194	587 597 441	503 343 194
365 + days	2 733 763 522	2 172 870 084	2 733 763 522	2 172 870 084
	5 709 394 335	5 717 973 007	5 709 394 335	5 717 973 007
National and provincial government				
Current (0 -30 days)	459 577 753	592 164 769	459 577 753	592 164 769
31 - 60 days	92 625 819	76 002 410	92 625 819	76 002 410
60-90 days	68 369 351	67 919 490	68 369 351	67 919 490
90-120 days	75 947 102	70 616 688	75 947 102	70 616 688
121 - 150 days	61 282 177	25 731 588	61 282 177	25 731 588
151 - 180 days	52 876 004	37 349 132	52 876 004	37 349 132
181 - 365 days	331 688 661	79 005 437	331 688 661	79 005 437
365 + days	505 990 060	198 815 554	505 990 060	198 815 554
	1 648 356 927	1 147 605 068	1 648 356 927	1 147 605 068
Other				
Current (0 -30 days)	49 343 378	93 592 412	49 343 378	93 592 412
31 - 60 days	(10 378 118)	2 743 852	(10 378 118)	2 743 852
61 - 90 days	1 252 311	(4 830 370)	1 252 311	(4 830 370)
91 - 120 days	5 286 403	(700 117)	5 286 403	(700 117)
121- 150 days	3 132 269	(612 861)	3 132 269	(612 861)
151-180	2 139 242	9 778 477	2 139 242	9 778 477
181 - 365 days	26 590 262	6 156 895	26 590 262	6 156 895
365 + days	979 770 608	705 359 012	979 770 608	705 359 012
	1 057 136 355	811 487 300	1 057 136 355	811 487 300
Reconciliation of allowance for impairment				
Balance at beginning of the year	(10 901 123 129)	(7 785 176 789)	(10 901 123 129)	(7 785 176 789)
Contributions to allowance	(1 823 612 085)	(1 393 997 460)	(1 823 612 085)	(1 393 997 460)
Adjustments to allowance - review of impairment at year end	(240 717 909)	(2 276 277 380)	(240 717 909)	(2 276 277 380)
Debt impairment written off against allowance-council resolution 24 June 2021	1 944 045 980	-	1 944 045 980	-
Debt impairment written off against allowance during the financial year	716 616 841	718 235 871	716 616 841	718 235 871
Write back/corrections against allowance	(263 668 922)	2 275 932 892	(263 668 922)	2 275 932 892
Reversal of Accrual	-	(2 439 840 263)	-	(2 439 840 263)
	(10 568 459 224)	(10 901 123 129)	(10 568 459 224)	(10 901 123 129)

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2021	2020	2021	2020

10. Operating lease

The City is leasing office equipment for a period of three years from various service providers in accordance with the National Treasury Transversal contract- RT3-2015 and RT3-2018. The City of Tshwane, may at its sole discretion extend this Agreement for a maximum period of 24 (twenty four) months on the same terms and conditions, except for the rental which shall be reduced by 75% (seventy five percent) of the rental specified therein.

TEDA

Operating lease commitment is the rental of offices used by TEDA situated at: 3rd Floor, Lakeview building, 1277 Mike Crawford Road, Centurion effective from 1st November 2019 for a period of 5 years. TEDA was previously located at 5th Floor; The Anker Building; 1279 Mike Crawford Road; Centurion for the period of three years which ended on the 31st October 2019. No contingent rent is payable.

HCT

Operating lease liability represent rentals payable by the entity for its copier machine. This lease was negotiated for a term of 3 years commencing from 01 July 2017 to 30 June 2020 and at the end of lease the machine reverts back to the owner Velaphanda Trading and Projects. The lease was extended by a month until 31 July 2021. The lease has no escalation clause per annum for the period of 3 years. The lease payments for the period amounts to R5,959. The entity entered into a new lease with Dalitso Business Equipment and the lease was negotiated for a 3 year term commencing from 01 September 2020 to 31 August 2023. The lease payments for the period amounts to R125,460. At the end of the lease the machine reverts back to the owner Dalitso Business Equipment. The entity leased the parking space from First Property Trust for the period of 3 months and the lease payment for the period amounts to R34,676..:

Operating lease payments	8 143 206	11 557 148	7 977 111	11 485 647
Payable within a year	5 931 866	11 666 097	1 500 929	7 665 737
Payable within two to five years	12 405 245	17 092 681	1 079 022	1 661 717
	26 480 317	40 315 926	10 557 062	20 813 101

11. Change in Estimates

Property Plant and Equipment

All remaining useful lives were reviewed and adjusted during 2020/21 financial year to accurately reflect the period of economic benefits or service potential derived from these assets. Refer to note 10 under property, plant and equipment for an accounting policy on the basis on which the review of useful lives was done.

Residual values of all asset classes after review was changed to zero as of 2019/20 financial year due to the fact that the City uses its assets for its entire economic life.

The effect of changing the remaining useful lives during 2020/21 has decreased the depreciation charge for the current and future periods. The total number of assets affected was 1 971 972.

Effect change in estimates	2021	2020	2021	2020
All asset classes	(104 504 431)	(100 771 209)	(104 397 999)	(100 771 209)

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

12. Redemption fund asset

The redemption fund previously referred to as the sinking fund is a financial solution to assist the City of Tshwane (COT) in meeting its financial obligations to repay previously issued bonds and bullet profile loans. The COT pays contributions into the fund so as to enable the Municipality to receive contributions plus growth to repay for the redemption of the bonds and bullet profile loans when they fall due for redemption.

The assets and liabilities are disclosed below:

Collateral:

The total investments pledged as collateral for City of Tshwane Bonds cannot be sold until the related liability is settled in full. The terms and conditions are such that the collateralised asset upon maturity should be of the same value as the liability to ensure that the liability can be redeemed.

The Nedbank and FFO collateral is the collateral paid plus accrued interest.

Composition of fund assets and liabilities:

The maturity date of bonds is: 21 December 2026.

The maturity dates are 12 January 2033, 19 January 2028 and 15 June 2028 respectively.

The fair value of the redemption fund portfolio is R 453 523 720 . 65 (2020 = R1 796 491 042).

Other financial assets measured at fair value through profit or loss

Bonds	198 833 618	199 776 430	198 833 618	199 776 430
Cash collateral-FFO securities(Pty)	14 251 763	13 935 148	14 251 763	13 935 148
Swaps	215 194 984	253 139 705	215 194 984	253 139 705
Non-current assets	428 280 365	466 851 283	428 280 365	466 851 283

Other financial assets measured at fair value through profit or loss

Cash and cash equivalents	25 243 356	1 329 639 759	25 243 356	1 329 639 759
Current assets	25 243 356	1 329 639 759	25 243 356	1 329 639 759
	-	-	-	-

Financial assets carried at fair value through profit or loss

453 523 721	1 796 491 042	453 523 721	1 796 491 042

Financial assets carried at fair value through profit or loss

Derivatives designed and effective as hedging instruments carried at fair value	453 523 721	1 796 491 042	453 523 721	1 796 491 042

13. Cash and cash equivalents

Cash and bank consist of:

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

13. Cash and cash equivalents (continued)

Cash on hand	661 720	674 861	658 238	659 938
Bank balances	208 766 931	277 190 791	190 296 494	216 184 714
Cash and bank (per statement of financial position)	209 428 651	277 865 652	190 954 732	216 844 652

Cash and cash equivalents for cash flow purposes:

Cash and cash equivalents for the purpose of the cash flow statement consist of:

Cash and bank	209 428 651	277 865 652	190 954 732	216 844 654
Short-term investments (highly liquid) (refer to Note 8)	404 174 876	649 328 756	382 975 791	630 739 156
Cash and cash equivalents (per cash flow statement)	613 603 527	927 194 408	573 930 523	847 583 810

The Group had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
Absa - 4060738263	216 997 204	303 134 254	143 743 746	167 667 852	144 765 980	150 733 922
FNB - 51420107207	25 384 419	22 935 264	11 623 435	(27 839 415)	643 255	11 619 517
Standard - 410801453	13 305 599	41 528 032	61 819 233	(22 780 065)	16 744 427	54 396 970
Tshwane Market - Absa - 4068829119	40 510 134	50 075 389	45 377 217	40 510 134	44 716 858	44 587 730
Nedbank - 1454121963	16 401 124	9 425 006	1 414 753	32 737 987	9 314 193	2 623 528
HCT - Absa -9110 408 066 - Eloff	144 118	103 051	1 227 065	144 118	103 051	1 227 065
HCT - Absa - 4065 722 829 - Eloffcheque	1 511 193	5 570 860	7 455 931	1 511 193	5 570 860	7 455 931
HCT - Absa - 4057 481 879 - Cheque	1 210 303	41 459 707	53 069 156	1 210 303	41 459 707	53 069 156
HCT -Absa - 4091 569 887 Townlands	3 411 718	2 145 852	2 146 938	3 411 718	2 145 852	2 146 938
HCT - Absa - 10089094-ZAR-2201-01 Tenants deposit call	1 292 452	1 249 734	-	1 292 452	1 249 734	-
HCT -Absa - 10372656-ZAR-2201-01 Call deposit	9 024 781	4 011 836	-	9 024 781	4 011 836	-
HCT - Absa - 10810943-ZAR-2201-01 Call deposite - maintenance reserve	5 179 068	5 007 890	-	5 179 068	5 007 890	-
TEDA - Absa - Type- Primary Account -4093241083	12 193 104	11 726 607	5 650 191	12 193 104	11 726 607	5 650 191
TEDA - Investec Bank- Investment Account- 1100521102531	4 528 054	8 320 140	7 766 680	4 528 054	8 320 140	7 766 680
Total	351 093 271	506 693 622	341 294 345	228 791 284	295 780 390	341 277 628

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

14. Living and non living resources

2021	Cost	Accumulated depreciation	Carrying amount
Living and non living resources	590 100	(266 285)	323 815
2020	Cost	Accumulated depreciation	Carrying amount
Living and non living resources	625 390	(257 126)	368 264

15. Investment property

Group	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	275 104 815	(199 201 114)	75 903 701	275 104 815	(195 259 545)	79 845 270
Land	960 422 418	-	960 422 418	948 874 255	-	948 874 255
Investment AUC	110 252 718	(3 552 143)	106 700 575	74 037 292	(3 552 143)	70 485 149
Total	1 345 779 951	(202 753 257)	1 143 026 694	1 298 016 362	(198 811 688)	1 099 204 674

Municipality	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	275 104 815	(199 201 114)	75 903 701	275 104 815	(195 259 545)	79 845 270
Land	960 422 418	-	960 422 418	948 874 255	-	948 874 255
Investment AUC	110 252 718	(3 552 143)	106 700 575	74 037 292	(3 552 143)	70 485 149
Total	1 345 779 951	(202 753 257)	1 143 026 694	1 298 016 362	(198 811 688)	1 099 204 674

Reconciliation of investment property - Group- 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Investment property	1 099 204 675	48 575 426	(811 838)	(3 941 569)	1 143 026 694

Reconciliation of investment property - Group - 2020

	Opening balance	Additions	Disposals	Transfers purification	Transfers Capitalisation	Depreciation	Total
Investment property	1 092 508 031	20 915 307	(13 840 629)	2 934 968	676 405	(3 989 407)	1 099 204 674

Reconciliation of investment property - Municipality - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	79 845 270	-	-	(3 941 569)	75 903 701
Land	948 874 255	12 360 000	(811 837)	-	960 422 418
Investment AUC	70 485 149	36 215 426	-	-	106 700 575
Total	1 099 204 674	48 575 426	(811 837)	(3 941 569)	1 143 026 694

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

15. Investment property(continued)

Reconciliation of investment property - Municipality - 2020

	Opening balance	Additions	Disposals	Transfers purification	Transfers capitalisation	Depreciation	Total
Buildings	95 423 783	-	(11 589 105)	-	-	(3 989 407)	79 845 271
Land	940 376 606	7 137 800	(2 251 524)	2 934 968	676 405	-	948 874 255
Investment AUC	56 707 642	13 777 507	-	-	-	-	70 485 149
	1 092 508 031	20 915 307	(13 840 629)	2 934 968	676 405	(3 989 407)	1 099 204 675

Pledged as security

No investment property was pledged as security

Expenditure incurred to repair and maintain Investment properties

General expense	167 271	211 443	167 271	211 443

Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)

Project stoppage due to transactional make-up and contractual disputes	65 037 292	63 760 842	65 037 292	63 760 842
Awaiting supporting documentation (Completion certificate, processing of invoices/payment)	-	1 276 450	-	1 276 450
	65 037 292	65 037 292	65 037 292	65 037 292

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

16. Property, plant and equipment

Group	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Electricity infrastructure	10 630 866 889	(5 143 367 900)	5 487 498 989	10 495 890 395	(4 849 663 572)	5 646 226 823
Land	2 036 930 800	-	2 036 930 800	2 032 825 689	-	2 032 825 689
Community assets	3 570 475 564	(1 912 074 792)	1 658 400 772	3 637 291 782	(1 642 002 899)	1 995 288 883
Building AUC Entities	482 519 678	-	482 519 678	312 201 849	-	312 201 849
Tshwane house: service concession	1 129 911 631	(156 933 960)	972 977 671	1 129 911 631	(119 269 643)	1 010 641 988
Denneboom service concession	1 239 253 310	-	1 239 253 310	1 038 927 540	-	1 038 927 540
Library materials	308 774 290	(268 771 096)	40 003 194	308 078 569	(255 236 295)	52 842 274
Computer equipment	523 012 973	(458 292 579)	64 720 394	507 818 098	(418 009 757)	89 808 341
AUC Other	865 316 462	(48 253 005)	817 063 457	701 209 864	(48 253 005)	652 956 859
Other assets: Entities	17 592 469	(7 188 060)	10 404 409	15 453 238	(5 512 953)	9 940 285
Machinery and equipment	696 315 898	(543 878 683)	152 437 215	680 139 653	(498 650 023)	181 489 630
Infrastructure: assets under construction	9 196 954 427	(193 436 033)	9 003 518 394	7 575 738 860	(193 436 033)	7 382 302 827
Community assets AUC	446 687 601	(7 714 984)	438 972 617	343 545 928	-	343 545 928
Furniture and office equipment	317 180 565	(274 242 705)	42 937 860	313 262 206	(259 814 527)	53 447 679
Buildings: Entities	3 384 922	(315 118)	3 069 804	2 311 372	283 956	2 595 328
Land: Entities	2 300 000	-	2 300 000	2 300 000	-	2 300 000
Information and communication infrastructure	1 175 808 341	(875 860 494)	299 947 847	1 141 965 477	(808 415 874)	333 549 603
Library material AUC	-	-	-	409 538	-	409 538
Rail infrastructure	158 160 325	(43 075 583)	115 084 742	156 250 212	(39 209 879)	117 040 333
Rehabilitation assets	563 370 425	(514 430 915)	48 939 510	558 575 802	(506 920 357)	51 655 445
Transport assets	1 169 247 678	(705 439 736)	463 807 942	1 067 083 094	(608 577 921)	458 505 173
Sanitation infrastructure	4 522 956 215	(1 629 093 079)	2 893 863 136	4 505 581 903	(1 394 932 819)	3 110 649 084
Solid waste infrastructure	74 661 095	(33 938 477)	40 722 618	74 661 095	(30 215 323)	44 445 772
Leased assets	1 370 299 059	(1 024 757 992)	345 541 067	1 316 292 234	(767 810 365)	548 481 869
Roads infrastructure	11 058 524 958	(4 365 668 590)	6 692 856 368	10 717 119 048	(3 946 679 426)	6 770 439 622
Storm water infrastructure	2 703 608 819	(780 049 900)	1 923 558 919	2 599 845 715	(695 731 719)	1 904 113 996
Water supply infrastructure	6 926 450 812	(2 017 901 065)	4 908 549 747	6 747 603 837	(1 848 788 164)	4 898 815 673
Transport AUC	154 627 319	-	154 627 319	90 118 355	-	90 118 355
Other assets	1 929 717 680	(978 642 216)	951 075 464	1 929 717 680	(894 034 781)	1 035 682 899
Operational buildings	1 826 449 141	(994 765 606)	831 683 535	1 826 449 141	(928 154 574)	898 294 567
Total	65 101 359 346	(17 834 724 668)	42 123 266 778	61 828 579 805	(20 759 035 953)	41 069 543 852

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

Municipality

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Electricity infrastructure	10 630 866 889	(5 143 367 900)	5 487 498 989	10 495 890 395	(4 849 663 572)	5 646 226 823
Information and communication infrastructure	1 175 808 341	(875 860 494)	299 947 847	1 141 965 477	(808 415 874)	333 549 603
Rail infrastructure	115 084 742	-	115 084 742	117 040 333	-	117 040 333
Roads infrastructure	3 954 856 259	2 738 000 109	6 692 856 368	2 881 734 879	3 888 704 743	6 770 439 622
Sanitation infrastructure	4 522 956 215	(1 629 093 079)	2 893 863 136	4 505 581 903	(1 394 932 819)	3 110 649 084
Solid waste infrastructure	74 661 095	(33 938 477)	40 722 618	74 661 095	(30 215 323)	44 445 772
Storm water infrastructure	2 703 608 819	(780 049 900)	1 923 558 919	2 599 845 715	(695 731 719)	1 904 113 996
Water supply infrastructure	6 926 450 812	(2 017 901 065)	4 908 549 747	6 747 603 837	(1 848 788 164)	4 898 815 673
Computer equipment	523 012 973	(458 292 579)	64 720 394	507 818 098	(418 009 757)	89 808 341
Community assets	3 967 170 849	(1 912 074 492)	2 055 096 357	3 911 693 446	(1 642 002 899)	2 269 690 547
Community: Asset under construction	438 972 617	-	438 972 617	343 545 928	-	343 545 928
Denneboom service concession (refer note 23)	1 239 253 310	-	1 239 253 310	1 038 927 540	-	1 038 927 540
Furniture and office equipment	317 180 565	(274 242 705)	42 937 860	313 262 206	(259 814 527)	53 447 679
Land	2 036 930 800	-	2 036 930 800	2 032 825 689	-	2 032 825 689
Operational Buildings	-	-	-	-	458 121 027	458 121 027
Library Material	253 593 637	-	253 593 637	(204 887 410)	-	(204 887 410)
Libraries: AUC	55 180 653	(268 771 097)	(213 590 444)	513 375 517	(255 236 295)	258 139 222
Machinery and equipment	696 315 898	(543 878 683)	152 437 215	680 139 653	(498 650 023)	181 489 630
Transport assets	1 169 247 678	(705 439 736)	463 807 942	1 067 083 094	(608 577 921)	458 505 173
Transport AUC	154 627 319	-	154 627 319	90 118 355	-	90 118 355
Other assets	1 929 717 680	(978 642 216)	951 075 464	1 929 717 680	(894 034 781)	1 035 682 899
Tshwane House: Service concession (refer note 23)	972 977 671	-	972 977 671	1 010 641 988	-	1 010 641 988
Rehabilitation assets	563 370 425	(514 430 915)	48 939 510	558 575 802	(506 920 357)	51 655 445
Leased assets	1 370 299 059	(1 024 757 992)	345 541 067	1 316 292 234	(767 810 365)	548 481 869
Operational buildings	1 826 449 141	(994 765 606)	831 683 535	1 826 449 141	(928 154 574)	898 294 567
Other: Capitalised	-	-	-	-	-	-
Infrastructure: Asset under construction	9 196 954 427	(193 436 033)	9 003 518 394	7 575 738 860	(193 436 033)	7 382 302 827
Other: Asset under construction	290 752 773	(48 253 005)	242 499 768	243 088 836	(48 253 005)	194 835 831
Total	57 106 300 647	(15 659 195 865)	41 447 104 782	53 318 730 291	(12 301 822 238)	41 016 908 053

Reconciliation of property, plant and equipment - Group- 2021

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

	Opening balance	Additions	Disposals	Transfers purification	Transfers capitalisatio	Other changes, movements	Depreciation	Impairment loss	Total
Transport AUC	90 118 355	144 715 053	-	-	(80 206 090)	-	-	-	154 627 318
Library AUC	409 538	-	-	-	(409 538)	-	-	-	-
Tshwane house service concession	1 010 641 988	-	-	-	-	-	(37 664 317)	-	972 977 671
Transport assets	458 505 173	19 015 345	(1 638)	-	83 297 412	-	(97 008 350)	-	463 807 942
Other assets	1 035 682 899	-	-	-	-	-	(83 978 889)	(628 546)	951 075 464
Rehabilitation assets	51 655 445	4 794 623	-	-	-	-	(7 510 558)	-	48 939 510
Rail infrastructure	117 040 333	1 738 855	-	-	171 241	-	(3 865 705)	-	115 084 724
Storm water infrastructure	1 904 113 996	10 869 973	-	-	92 893 131	-	(84 318 181)	-	1 923 558 919
Information and communication infrastructure	333 549 603	351 514	-	-	33 491 350	-	(67 444 620)	-	299 947 847
Furniture and office equipment	53 447 679	3 939 416	(2 168)	(16 065)	-	-	(14 431 002)	-	42 937 860
Other assets AUC	652 956 859	199 352 186	-	-	(35 245 587)	-	-	-	817 063 458
Leased assets	548 481 869	56 897 759	(756 156)	-	-	-	(259 082 405)	-	345 541 067
Land	2 032 825 689	680 000	(984 160)	-	4 409 271	-	-	-	2 036 930 800
Roads infrastructure	6 770 439 622	10 994 502	-	-	330 411 409	-	(418 984 665)	(4 500)	6 692 856 368
AUC infrastructure	7 382 302 827	2 220 860 257	-	-	(599 644 690)	-	-	-	9 003 518 394
Land : Entities	2 300 000	-	-	-	-	-	-	-	2 300 000
Buildings: Entities	1 568 038	1 816 883	-	-	-	-	(315 118)	-	3 069 803
Electricity infrastructure	5 646 237 548	147 753 152	(14 134 736)	(387 763)	12 442 022	-	(292 976 544)	(11 434 690)	5 487 498 989
Water infrastructure	4 898 815 673	130 086 432	(56 167 382)	29 641	127 059 806	-	(190 322 200)	(952 223)	4 908 549 747
Operational buildings	898 294 567	-	-	-	-	-	(66 452 440)	(158 592)	831 683 535
Machinery and equipment	181 489 630	12 178 612	(37 996)	10 396	4 099 268	-	(45 302 695)	-	152 437 215
Other assets: Entities	9 623 822	2 332 897	(53 440)	-	-	-	(1 498 870)	-	10 404 409
Computer equipment	89 808 341	15 936 811	(203 345)	-	5 669	-	(40 827 082)	-	64 720 394
Community assets	1 995 288 883	10 291 329	(1 377)	387 756	45 196 223	(122 293 619)	(255 993 443)	(14 474 679)	1 658 401 073
Community assets AUC	343 545 928	141 011 355	(388 441)	-	(45 196 225)	-	-	-	438 972 617
Denneboom service concession	1 038 927 540	200 325 770	-	-	-	-	-	-	1 239 253 310
Sanitation infrastructure	3 110 649 084	14 558 100	(13 538)	-	2 880 732	-	-	(234 211 242)	2 893 863 136
Building AUC Entities	312 201 849	170 317 829	-	-	-	-	-	-	482 519 678
Library materials	52 842 274	287 163	(30)	-	409 538	-	(13 535 751)	-	40 003 194
Solid waste infrastruture	44 445 772	-	-	-	-	-	(3 723 154)	-	40 722 618
41 068 210 824	3 521 105 816	(72 744 407)	23 965	(23 935 058)	(122 293 619)	(2 287 099 766)	(261 864 472)	42 123 267 060	

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

Reconciliation of property, plant and equipment - Group - 2020

	Opening balance	Additions	Disposals	Transfers/Purification	Transfers: Capitalisation	Other changes, movements	Depreciation	Impairment loss	Total
AUC: transport assets	46 165 911	98 275 152	-	-	(54 322 708)	-	-	-	90 118 355
Buildings: Entities	2 768 350	-	-	-	-	-	(173 022)	-	2 595 328
Tshwane house: service concession	1 048 306 306	-	-	-	-	-	(37 664 318)	-	1 010 641 988
Transport assets	405 793 067	41 541 930	(779 418)	-	108 465 140	-	(89 488 677)	(7 026 869)	458 505 173
Other assets	1 147 474 893	-	(1 508 537)	-	(34 653 414)	-	(75 630 043)	-	1 035 682 899
Rehabilitation assets	75 353 562	(13 217 537)	-	-	-	-	(10 480 580)	-	51 655 445
Rail infrastructure	120 307 823	-	-	-	-	-	(3 267 490)	-	117 040 333
Storm water infrastructure	1 884 813 904	4 290 263	-	-	99 005 601	-	(83 995 772)	-	1 904 113 996
Information and communication	404 977 132	11 183 859	(1 311)	-	43 215 387	-	(118 946 338)	(6 879 126)	333 549 603
Building AUC:Entities	133 987 611	96 343 034	-	-	-	-	-	-	230 330 645
Furniture and office equipment	69 426 272	3 132 640	(29 243)	-	44 382	-	(19 126 372)	-	53 447 679
Land	1 981 984 231	180 500	(508 067)	(2 934 968)	54 103 993	-	-	-	2 032 825 689
Leased assets	768 344 085	38 404 964	-	-	-	-	(258 267 180)	-	548 481 869
AUC:Other	296 411 076	480 844 599	-	(2 497)	(119 306 038)	-	(4 990 281)	-	652 956 859
Roads infrastructure	6 840 124 147	7 832 653	-	-	316 748 434	-	(394 265 612)	-	6 770 439 622
AUC	7 919 000 619	1 878 123 273	(129 866 369)	-	(2 253 455 334)	-	-	(31 499 362)	7 382 302 827
Library Material	64 670 255	2 096 227	321	-	1 158 982	-	(15 083 511)	-	52 842 274
Electricity infrastructure	5 453 574 990	123 479 990	(9 337 572)	-	380 782 968	-	(301 607 360)	(666 193)	5 646 226 823
Water Supply Infrastructure	3 731 304 388	205 922 267	(56 239 704)	39 178	1 191 742 741	-	(172 835 217)	(1 117 980)	4 898 815 673
Operational building	960 227 964	1 104 847	-	-	6 902 952	-	(46 097 579)	(23 843 617)	898 294 567
Machinery and equipment	197 557 105	34 425 482	(84 248)	-	1 635 959	-	(52 042 072)	(2 596)	181 489 630
Other assets: Entities	4 311 779	6 845 126	(85 756)	-	-	-	(1 167 704)	-	9 903 445
Computer equipment	91 358 954	30 550 754	(219 688)	(44 382)	9 616 610	-	(41 453 907)	-	89 808 341
Community assets	2 155 811 179	26 192 292	-	-	57 235 255	(81 871 202)	(156 418 208)	(5 660 433)	1 995 288 883
AUC: Community assets	352 920 568	48 363 596	(17 457)	2 498	(57 723 277)	-	-	-	343 545 928
Denneboom service concession	805 437 058	233 490 482	-	-	-	-	-	-	1 038 927 540
Sanitation infrastructure	3 002 021 630	-	(244 644)	-	236 358 452	-	(125 545 013)	(1 941 341)	3 110 649 084
Building AUC:Entities	312 201 849	-	-	-	-	-	-	-	312 201 849
Land: Entities	2 300 000	-	-	-	-	-	-	-	2 300 000
Sold waste infrastructure	39 755 661	-	-	-	7 944 317	-	(3 179 515)	(74 691)	44 445 772
40 318 692 369	3 359 406 393	(198 921 693)	(2 940 171)	(4 499 598)	(81 871 202)	(2 011 725 771)	(78 712 208)	41 299 428 119	

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

Reconciliation of property, plant and equipment - Municipality - 2021

	Opening balance	Additions	Disposals	Transfers/purification	Transfers: Capitalisation	Depreciation	Impairment loss	Total
Electricity infrastructure	5 646 237 548	147 753 152	(14 134 736)	(387 763)	12 442 022	(292 976 544)	(11 434 690)	5 487 498 989
Information and communication infrastructure	333 549 603	351 514	-	-	33 491 350	(67 444 621)	-	299 947 846
Rail infrastructure	117 040 334	1 738 872	-	-	171 241	(3 865 705)	-	115 084 742
Road infrastructure	6 770 439 622	10 994 501	-	1	330 411 409	(418 984 665)	(4 500)	6 692 856 368
Sanitation infrastructure	3 110 649 084	14 558 093	(13 538)	8	2 880 732	(122 180 175)	(112 031 067)	2 893 863 137
Solid waste infrastructure	44 445 773	-	-	-	-	(3 723 155)	-	40 722 618
Storm water infrastructure	1 904 113 996	10 869 972	-	-	92 893 131	(84 318 181)	-	1 923 558 918
Water supply	4 898 815 672	130 086 432	(56 167 382)	29 641	127 059 806	(190 322 200)	(952 222)	4 908 549 747
AUC infrastructure	7 382 302 826	2 220 860 258	-	-	(599 644 690)	-	-	9 003 518 394
Computer equipment	89 808 342	15 936 810	(203 345)	5 669	-	(40 827 082)	-	64 720 394
Community assets	2 269 690 547	10 291 329	(1 377)	387 757	45 196 223	(255 993 443)	(14 474 679)	2 055 096 357
Community assets AUC	343 545 928	141 011 355	(388 442)	(1)	(45 196 223)	-	-	438 972 617
Community service concession: Danneboom	1 038 927 540	200 325 770	-	-	-	-	-	1 239 253 310
Furniture and office equipment	53 447 679	3 939 416	(2 168)	(16 065)	-	(14 431 001)	-	42 937 861
Land	2 032 825 689	680 000	(984 160)	-	4 409 271	-	-	2 036 930 800
Operational buildings	898 294 566	-	-	-	-	(66 452 439)	(158 592)	831 683 535
Library AUC	409 538	-	-	-	(409 538)	-	-	-
Library materials	52 842 274	287 163	(30)	-	409 538	(13 535 751)	-	40 003 194
Transport assets	458 505 173	19 015 345	(1 638)	-	83 297 411	(97 008 350)	-	463 807 941
Machinery and equipment	181 489 630	12 178 611	(37 996)	10 396	4 099 268	(45 302 695)	-	152 437 214
Leased assets	548 481 869	56 897 759	(756 156)	-	-	(259 082 405)	-	345 541 067
AUC transport assets	90 118 355	144 715 053	-	-	(80 206 090)	-	-	154 627 318
Other assets	1 035 682 898	-	-	-	-	(83 978 889)	(628 545)	951 075 464
Tshwane house	1 010 641 988	-	-	-	-	(37 664 317)	-	972 977 671
Rehabilitation assets	51 655 445	4 794 623	-	-	-	(7 510 558)	-	48 939 510
other Assets AUC	652 956 859	199 352 186	-	-	(35 245 587)	-	-	817 063 458
	41 016 918 778	3 346 638 214	(72 690 968)	29 643	(23 940 726)	(2 105 602 176)	(139 684 295)	42 021 668 470

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

Reconciliation of property, plant and equipment - Municipality - 2020

	Opening balance	Additions	Disposal	Transfers/purification	Transfers: Capitalisation	Depreciation	Impairment loss	Total
Electricity infrastructure	5 453 574 990	123 479 990	(9 337 572)	-	380 782 968	(301 607 360)	(666 193)	5 646 226 823
Information and communication	404 977 132	11 183 859	(1 311)	-	43 215 387	(118 946 338)	(6 879 126)	333 549 603
Rail infrastructure	120 307 823	-	-	-	-	(3 267 490)	-	117 040 333
Roads infrastructure	6 840 124 147	7 832 653	-	-	316 748 434	(394 265 612)	-	6 770 439 622
Sanitation infrastructure	3 002 021 630	-	(244 644)	-	236 358 452	(125 545 013)	(1 941 341)	3 110 649 084
Solid waste infrastructure	39 755 661	-	-	-	7 944 318	(3 179 515)	(74 691)	44 445 773
Storm water	1 884 813 904	4 290 263	-	-	99 005 601	(83 995 772)	-	1 904 113 996
Water supply	3 731 304 388	205 922 268	(56 239 704)	39 177	1 191 742 741	(172 835 218)	(1 117 980)	4 898 815 672
AUC	7 919 000 610	1 878 123 282	(129 866 369)	-	(2 253 455 334)	-	(31 499 362)	7 382 302 827
Computer equipment	91 358 954	30 550 757	(219 688)	(44 382)	9 616 610	(41 453 907)	-	89 808 344
Community assets	2 348 341 639	26 192 293	-	-	57 235 255	(156 418 209)	(5 660 433)	2 269 690 545
AUC:Community assets	352 920 568	48 363 596	(17 457)	2 498	(57 723 277)	-	-	343 545 928
Denneboom: Service concession (refer note 23)	805 437 058	233 490 482	-	-	-	-	-	1 038 927 540
Furniture and office equipment	69 426 272	3 132 640	(29 242)	44 382	-	(19 126 372)	-	53 447 680
Land	1 981 984 231	180 500	(508 067)	(2 934 968)	54 103 993	-	-	2 032 825 689
Operational Buildings	960 227 964	1 104 846	-	-	6 902 952	(46 097 579)	(23 843 617)	898 294 566
Library Materials	64 670 255	2 096 227	321	-	1 158 982	(15 083 511)	-	52 842 274
AUC: Libraries Material	1 568 520	-	-	-	(1 158 982)	-	-	409 538
Machinery and equipment	197 545 608	34 436 979	(84 248)	-	1 635 959	(52 042 072)	(2 596)	181 489 630
Transport assets	405 793 066	41 541 929	(779 415)	-	108 465 140	(89 488 677)	(7 026 869)	458 505 174
AUC: Transport Assets	46 165 911	98 275 152	-	-	(54 322 708)	-	-	90 118 355
Other assets	1 147 474 893	-	(1 508 538)	-	(34 653 414)	(75 630 043)	-	1 035 682 898
Tshwane House: Service concession (refer note 23)	1 048 306 306	-	-	-	-	(37 664 318)	-	1 010 641 988
Rehabilitation assets	75 353 562	(13 217 537)	-	-	-	(10 480 580)	-	51 655 445
Leased assets	768 344 085	38 404 964	-	-	-	(258 267 180)	-	548 481 869
AUC: Other	296 411 079	480 844 596	-	(2 497)	(119 306 038)	-	(4 990 281)	652 956 859
	40 057 210 256	3 256 229 739	(198 835 934)	(2 895 790)	(5 702 961)	(2 005 394 766)	(83 702 489)	41 016 908 055

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

Pledged as security

No property, plant and equipment are pledged as security.

Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)

Awaiting appointment of contractor	-	28 802 851	-	28 802 851
Budget Constraints	24 029 662	2 435 978	24 029 662	2 435 978
Community protest/unrest	29 635 019	34 358 595	29 635 019	34 358 595
Contractual dispute	55 207 755	323 301	55 207 755	323 301
Contract terminated	-	2 605 800	-	2 605 800
Encroachment dispute	37 898	-	37 898	-
Township layout still outstanding	-	1 190 607	-	1 190 607
	108 910 334	69 717 132	108 910 334	69 717 132

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

Awaiting appointment of contractor	-	18 723 589	-	18 723 589
Awaiting bulk services installation	-	8 350 000	-	8 350 000
Budget Constraints	-	4 695 479	-	4 695 479
Contractor previously abandoned site	758 118	-	758 118	-
Delayed in finalising SAP intergration	11 822 002	-	11 822 002	-
Delayed caused by contractor	53 992 564	-	53 992 564	-
	66 572 684	31 769 068	66 572 684	31 769 068

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

Contracted services	576 908 874	506 813 281	576 908 874	506 813 281
General expenses	501 265 968	572 041 545	501 265 968	572 041 545
Other materials	166 784 125	159 598 924	166 784 125	159 598 924
HCT: Employee related costs	1 569 204	1 173 127	-	-
HCT: contracted services	914 434	1 498 776	-	-
HCT:material bought and used	15 008	13 966	-	-
TEDA:computer equipment	6 796	8 900	-	-
TEDA:leasehold repairs	27 954	31 139	-	-
TEDA: Vehicles	-	7 888	-	-
TEDA:Office equipment	7 899	11 379	-	-
	1 247 500 262	1 241 198 925	1 244 958 967	1 238 453 750

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.

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

17. Intangible assets

Group

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
AUC servitudes	76 270 582	-	76 270 582	13 652 241	-	13 652 241
Computer software	660 956 391	(465 300 432)	195 655 959	572 031 694	(391 105 621)	180 926 073
Developmental Rights	459 936	(123 224)	336 712	-	-	-
Servitudes	456 611 803	-	456 611 803	456 316 803	-	456 316 803
Software: AUC	190 101 009	(18 673)	190 082 336	162 001 715	-	162 001 715
Total	1 384 399 721	(465 442 329)	918 957 392	1 204 002 453	(391 105 621)	812 896 832

Municipality

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
AUC: Software	252 699 781	-	252 699 781	162 001 715	-	162 001 715
Computer software	660 825 564	(465 177 396)	195 648 168	571 900 867	(390 990 395)	180 910 472
Servitudes	456 611 803	-	456 611 803	456 316 803	-	456 316 803
AUC: Servitude	13 652 241	-	13 652 241	13 652 241	-	13 652 241
Total	1 383 789 389	(465 177 396)	918 611 993	1 203 871 626	(390 990 395)	812 881 231

Reconciliation of intangible assets - Group- 2021

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

17. Intangible assets (continued)

	Opening balance	Additions	Transfers capitalisation	Amortisation	Impairment loss	Total
Developmental Rights	348 737	-	-	(12 025)	-	336 712
AUC servitudes	13 652 241	-	-	-	-	13 652 241
Computer software, other	180 928 052	7 423 462	81 528 099	(44 469 922)	(16 643 244)	208 766 447
Rights to use naturally occurring assets	348 737	-	-	(12 025)	-	336 712
Servitudes	456 316 803	-	295 000	-	-	456 611 803
Auc software	162 001 715	148 580 437	(57 882 372)	-	-	252 699 780
	813 596 285	156 003 899	23 940 727	(44 493 972)	(16 643 244)	932 403 695

Reconciliation of intangible assets - Group - 2020

	Opening balance	Additions	Disposals	Transfers capitalisation	Amortisation	Impairment loss	Total
AUC software	38 122 598	145 995 900	(1 133 498)	(20 983 285)	-	-	162 001 715
Computer software, other	210 742 188	8 319 900	-	26 009 844	(56 380 222)	(7 763 658)	180 928 052
Rights to use naturally occurring assets	348 737	-	-	-	-	-	348 737
Servitudes	453 881 748	2 435 055	-	-	-	-	456 316 803
AUC servitudes	13 652 241	-	-	-	-	-	13 652 241
	716 747 512	156 750 855	(1 133 498)	5 026 559	(56 380 222)	(7 763 658)	813 247 548

Reconciliation of intangible assets - Municipality - 2021

	Opening balance	Additions	Transfers capitalisation	Amortisation	Impairment loss	Total
AUC Software	162 001 715	148 580 437	(57 882 372)	-	-	252 699 780
Computer software	180 910 472	7 396 598	81 528 099	(44 461 029)	(16 643 244)	208 730 896
Servitudes	456 316 803	-	295 000	-	-	456 611 803
AUC Servitudes	13 652 241	-	-	-	-	13 652 241
	812 881 231	155 977 035	23 940 727	(44 461 029)	(16 643 244)	931 694 720

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

17. Intangible assets (continued)

Reconciliation of intangible assets - Municipality - 2020

	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Total
AUC Software	38 122 598	145 995 900	(1 133 498)	(20 983 285)	-	-	162 001 715
Computer software	210 715 689	8 319 900	-	26 009 844	(56 371 303)	(7 763 658)	180 910 472
Servitudes	453 881 748	2 435 055	-	-	-	-	456 316 803
AUC Servitudes	13 652 241	-	-	-	-	-	13 652 241
	716 372 276	156 750 855	(1 133 498)	5 026 559	(56 371 303)	(7 763 658)	812 881 231

Pledged as security

Carrying value of intangible assets pledged as security:

No Intangible assets have been pledged as security

Expenditure incurred to repair and maintain Intangible assets

Contracted services	71 420 344	69 876 105	71 420 344	69 876 105
General expense	939 774	1 168 664	939 774	1 168 664
Other materials	1 990 800	1 904 847	1 990 800	1 904 847
	74 350 918	72 949 616	74 350 918	72 949 616

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

18. Heritage assets

Group	2021			2020		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Works of art	471 080 232	-	471 080 232	471 080 232	-	471 080 232
Historical buildings and land	3 205 534 190	(308 069 760)	2 897 464 430	3 205 534 190	(308 069 760)	2 897 464 430
Other heritage assets	1 536 408	-	1 536 408	1 536 407	-	1 536 407
Heritage assets:AUC	21 231 229	(19 718 699)	1 512 530	19 718 699	(19 718 699)	-
Total	3 699 382 059	(327 788 459)	3 371 593 600	3 697 869 528	(327 788 459)	3 370 081 069

Municipality	2021			2020		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Works of art	471 080 232	-	471 080 232	471 080 232	-	471 080 232
Historical buildings and land	3 205 534 190	(308 069 760)	2 897 464 430	3 205 534 190	(308 069 760)	2 897 464 430
Other heritage assets	1 536 408	-	1 536 408	1 536 407	-	1 536 407
Heritage: AUC	21 231 229	(19 718 699)	1 512 530	19 718 699	(19 718 699)	-
Total	3 699 382 059	(327 788 459)	3 371 593 600	3 697 869 528	(327 788 459)	3 370 081 069

Reconciliation of heritage assets Group- 2021

	Opening balance	Additions	Total
Works of art	471 080 232	-	471 080 232
Historical buildings	2 897 464 430	-	2 897 464 430
Other heritage assets	1 536 408	-	1 536 408
Heritage AUC	-	1 512 530	1 512 530
	3 370 081 070	1 512 530	3 371 593 600

Reconciliation of heritage assets Group - 2020

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

18. Heritage assets (continued)

	Opening balance	Impairment losses recognised	Total
Works of art	471 080 232	-	471 080 232
Historical buildings	2 899 494 430	(2 030 000)	2 897 464 430
Other heritage assets	1 536 407	-	1 536 407
	3 372 111 069	(2 030 000)	3 370 081 069

Reconciliation of heritage assets Municipality - 2021

	Opening balance	Additions	Total
Works of art	471 080 232	-	471 080 232
Historical buildings and land	2 897 464 430	-	2 897 464 430
Other heritage assets	1 536 408	-	1 536 408
Heritage: AUC	-	1 512 530	1 512 530
	3 370 081 070	1 512 530	3 371 593 600

Reconciliation of heritage assets Municipality - 2020

	Opening balance	Impairment losses recognised	Total
Art work	471 080 232	-	471 080 232
Historical buildings and land	2 899 494 430	(2 030 000)	2 897 464 430
Other heritage assets	1 536 407	-	1 536 407
	3 372 111 069	(2 030 000)	3 370 081 069

Pledged as security

No heritage assets have been pledged as security

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

18. Heritage assets (continued)

Expenditure incurred to repair and maintain heritage assets

Expenditure incurred to repair and maintain heritage assets included in Statement of Financial Performance

Contracted services	-	-	-	729 435 634
General expense	3 763 015	2 539 777	3 763 015	2 539 777
Other	-	-	-	694 193 362
	3 763 015	2 539 777	3 763 015	1 426 168 773

19. Investments in controlled entities

Name of company	% holding 2021	% holding 2020	Carrying amount 2021	Carrying amount 2020
TEDA	100,00 %	100,00 %	1 000	1 000
Housing Company Tshwane	100,00 %	100,00 %	-	-
			1 000	1 000

The carrying amounts of controlled entities are shown net of impairment losses.

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

20. Interest in associates

Name of company	Listed / Unlisted	Carrying amount 2021	Carrying amount 2020
Interest in associates TAHSEZ	Unlisted	421 126 538	-

Tshwane Automotive Hub Special Economic Zone

Tshwane Automotive Hub Special Economic Zone During the 2019/20 Financial Year- 06 June 2020, City of Tshwane entered into a tripartite agreement with Department of Trade, Industry and Competition (DTIC) and Gauteng Department of Economic Development (GDED) for a duration of five years in order to establish a Special economic Zone in a form of Tshwane Automotive Hub Special Economic Zone (TAHSEZ) to industrialize the capital city and mitigate unemployment rates provincially and surrounding Tshwane.

A Special Purpose Vehicle was established namely TAHSEZ, City of Tshwane holds 33.3% shareholding in the SPV, the DTIC 33.3% and GDED 33.4%. City of Tshwane is the land owner.

The City of Tshwane accounts for investment in TAHSEZ using the equity method .

Under the equity method, on initial recognition the investment in TAHSEZ is recognised at cost and the carrying amount is increased or decreased to recognise the City of Tshwane's share of 33,33% of the surplus or deficit of the investee after the date of acquisition.

The City of Tshwane is responsible for the provision of land permissions, zoning, assistance with capital expenditure towards the Bulk Infrastructure, spatial planning and supporting services, precinct plan development, community initiatives, assist investment facilitation and development facilitation.

Summarised Financial Information of Tshwane Automotive Special Economic Zone

Non-current assets

Current Assets	1 135 524 081	-	1 135 524 081	-
Total Assets	1 162 998 405	-	1 162 998 405	-
	2 298 522 486	-	2 298 522 486	-

Non -Current Liabilities

Current Liabilities	145 440	-	145 440	-
Total liabilities	1 034 871 083	-	1 034 871 083	-
	1 035 016 523	-	1 035 016 523	-

Net Assets as at 30 June 2021	1 263 505 963	-	1 263 505 963	-

Reconciliation of the summarised financial information and the carrying amount of the investment in the Joint Venture

Carrying amount of the investment in joint venture

33,33% interest in net assets of the joint venture	1 263 505 963	-	1 263 505 963	-
	422 564 284	-	422 564 284	-
	421 126 537	-	421 126 537	-

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

21. Interest rates swaps

The municipality holds derivative financial instruments to hedge its interest rate risk exposures. The municipality entered into interest rate swap contracts that entitle it to receive interest at fixed rates/floating rates on notional principal amounts and that oblige the municipality to pay interest at variable rates/fixed rates on the same amounts. The interest rate swap allows the municipality to raise long-term borrowings at variable rates/fixed rates and effectively swap them into fixed rates/floating rates in terms of the structured finance contractual requirements. The interest rate swaps are initially measured at fair value on the contract/trade date; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, the interest rate swaps are measured at fair value at each reporting date:

During 2014/15 and 2017 the municipality entered into interest rate swaps with the following counter parties:

City of Johannesburg: (Trade number - SWD BSA 14)

Trade date: 1 September 2014 and Settlement date: 1 March 2023

Original Nominal amount: R573 557 919 (Current Nominal amount R 573 557 919)

Fixed rate: 9,75% and variable rate: Jibar + 2,55 basis points

Payable: Semi-annual

City of Johannesburg: (Trade number - SWS BK 2RS)

Trade date: 30 June 2014 and Settlement date: 30 June 2034

Nominal amount: R1 600 000 000

Fixed rate: 11.0% and variable rate: Jibar + 2,50 basis points

Payable: Semi-annual

City of Johannesburg: (Trade number - 12503628)

Trade date: 18 August 2015 (effective date 29 June 2015) and Settlement date: 29 June 2035

Nominal amount: R1 500 000 000

Fixed rate: 11,48% and variable rate: Jibar + 2,4 basis points

Payable: Semi-annual

City of Johannesburg: (Trade number - 12503643)

Trade date: 20 July 2017 and Settlement date: 23 June 2027

Original Nominal amount R1 000 000 000 (Current Nominal amount R 1 000 000 000)

Fixed rate: 10.55% and variable rate: Jibar + 2,65 basis points

Payable: Semi-annual

Nedbank: (Trade number - 18569588)

Effective Date: 31 December 2012 and Settlement date: 30 June 2026

Original Nominal amount: R943 766 167 (Current Nominal amount R 457 119 081)

Fixed rate: 9,31% and variable rate: Jibar + 2,22 basis points

Payable: Semi-annual

Nedbank: (Trade number - 24157050)

Effective Date: 1 April 2014 and Settlement date: 30 June 2026

Nominal amount R890 312 448: Current Nominal amount R 457 119 081

Fixed rate: 9,31% and variable rate: Jibar + 2,22 basis points

Payable: Semi-annual

Fair values of financial assets measured or disclosed at fair value:

Class 1 : Interest rate swaps -

The method to determine the fair value of the interest rate swaps is the discounted cash flow method. Various parameters are used to value the swaps, eg start date, end date, payment dates in between, fixed rate, floating rate spread, payment frequency, yield curve, etc. Cash flows are discounted using the zero curve.

Fair value hierarchy of financial assets at fair value -

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurement. The fair value hierarchy have the following levels:

Level 1: represents those assets which are measured using unadjusted quoted prices in active markets for identical assets

Level 2: applies inputs other than quoted prices that are observable for the assets either directly (ie as prices) or indirectly (ie derived

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
21. Interest rates swaps (continued) from prices).				
Level 3: applies inputs which are not based on observable market data.				
The City of Tshwane classifies its interest rate swaps as level 2 and no transfers were made between the different levels of the hierarchy in the year under review. None of the financial assets that are fully performing have been renegotiated in the last year.				
Nominal value of financial assets at fair value:				
The original nominal value of the existing interest rate swaps were R6 507 636 534 as at 30 June 2021.				
The current nominal value of the existing interest rate swaps are R 5 587 796 081 as at 30 June 2021.				
Interest paid on the interest rate swaps to the amount of R 196 206 373 were recognised in surplus or deficit during 2020/21 as part of finance cost				
The fair value of interest rate swaps for the period under review is as indicated below.				
Interest rate swap				
Interest rate swap asset	15 168 940	31 298 484	15 168 940	31 298 484
Interest swap liability	(301 625 355)	(413 339 043)	(301 625 355)	(413 339 043)
	(286 456 415)	(382 040 559)	(286 456 415)	(382 040 559)
22. Loans and Bonds				
Summary of Long Term Borrowings:				
Bullet Loans	6 301 294 302	6 302 021 466	6 301 294 302	6 302 021 466
Municipal bonds	2 177 419 005	2 177 419 005	2 177 419 005	2 177 419 005
Annuity loans	2 919 349 889	3 614 793 466	2 919 349 889	3 614 793 466
	11 398 063 196	12 094 233 937	11 398 063 196	12 094 233 937
Held at amortised cost				
Bullet Loans				
Development Bank of South Africa (1-2100)	1 600 000 000	1 600 000 000	1 600 000 000	1 600 000 000
Secured 20 year bullet loan, Jibar rate +2.5 margin interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date, 30 June 2034.				
Nedbank (1-2300)	1 200 389 918	1 200 389 918	1 200 389 918	1 200 389 918
Secured 10-year bullet loan, fixed interest rate 11.86% repayable quarterly, while capital will be redeemed by way of a bullet repayment on the final redemption date, 30 June 2026.				
Development Bank of South Africa (1-22)	1 500 000 000	1 500 000 000	1 500 000 000	1 500 000 000
Secured 20 year bullet loan, Jibar rate + 2.4 margin interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date, 30 June 2035.				
Development Bank of South Africa (1-2551)	1 500 000 000	1 500 789 863	1 500 000 000	1 500 789 863
Secured 20 year bullet loan, Jibar rate repayable quarterly, while capital will be redeemed by way of a bullet repayment on the final redemption date, 30 June 2040.				

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
22. Loans and Bonds (continued)				
Nedbank (1-2500)	500 904 384	500 841 685	500 904 384	500 841 685
Secured 10-year loan. (jibar) variable interest rate Repayable with quarterly instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2029.				
Municipal bonds				
ABSA Bank (1-1900)	573 927 890	573 927 890	573 927 890	573 927 890
Secured 15-year bond. Fixed interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date, 3 April 2028. A redemption fund investment have been made for the purpose of providing for the capital repayment at the date of redemption.				
ABSA Bank (1-1901)	848 437 142	848 437 143	848 437 142	848 437 143
Secured 10-year bond. Fixed interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date, 3 April 2023. A redemption fund investment have been made for the purpose of providing for the capital repayment at the date of redemption.				
ABSA Bank (1-1950)	755 053 973	755 053 973	755 053 973	755 053 973
Secured 15-year bond. Fixed interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date, 5 June 2028. A redemption fund investment have been made for the purpose of providing for the capital repayment at the date of redemption.				
Annuity loans				
Standard Bank (1-1300)	467 036 122	540 705 708	467 036 122	540 705 708
Unsecured variable interest rate 15-year loan repayable semi-annually in installments of interest and capital with interest payable on reducing balance until capital is paid off on 29 June 2026.				
ABSA Bank (1-2450)	706 202 409	788 293 779	706 202 409	788 293 779
Unsecured (Jibar) variable interest rate 10-year loan repayable with quarterly equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2027.				
ABSA Bank (1-2501)	801 093 216	901 137 600	801 093 216	901 137 600
Unsecured (Jibar) variable interest rate 10-year loan repayable with quarter in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2029.				
Development Bank of South Africa (1-950)	84 116 683	91 827 315	84 116 683	91 827 315
Unsecured fixed interest 20-year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2029.				

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
22. Loans and Bonds (continued)				
Development Bank of South Africa (1-851)	-	17 959 209	-	17 959 209
Unsecured fixed interest 13-year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 31 March 2021.				
Development Bank of South Africa (1-800)	126 352 617	136 624 978	126 352 617	136 624 978
Unsecured fixed interest 20-year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2028.				
Development Bank of South Africa (1-700)	49 316 881	54 784 847	49 316 881	54 784 847
Unsecured fixed interest 20-year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2028.				
Development Bank of South Africa (1-701)	126 587 801	137 288 165	126 587 801	137 288 165
Unsecured fixed interest 20-year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2028.				
Development Bank of South Africa (1-501)	-	47 433 267	-	47 433 267
Unsecured fixed interest 15-year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2021.				
Development Bank of South Africa (1-500)	-	9 169 912	-	9 169 912
Unsecured fixed interest 15-year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2021.				
Development Bank of South Africa (1-200)	-	16 466 599	-	16 466 599
Unsecured fixed interest 15-year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 31 December 2020.				
iVuzi Investments (1-550)	12 092 975	33 363 717	12 092 975	33 363 717
Unsecured fixed interest 15-year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 12 December 2021.				
iVuzi Investments (1-450)	-	9 934 406	-	9 934 406
Unsecured fixed interest 15-year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2021.				
iVuzi Investments (1-300)	-	6 633 751	-	6 633 751
Unsecured fixed interest 15-year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 31 December 2020.				

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
22. Loans and Bonds (continued)				
Nedbank (1-852)	-	23 568 891	-	23 568 891
Unsecured fixed interest 13-year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 31 March 2021.				
ABSA Bank Ltd (1-850)	-	34 294 991	-	34 294 991
Unsecured fixed interest 13-year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 31 March 2021.				
iVuzi (FirstRand Bank) (1-1850)	52 631 579	105 263 158	52 631 579	105 263 158
Unsecured (Jibar) variable interest rate 9-year loan repayable in semi-annual equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2022.				
Nedbank (1-1800)	182 929 667	266 960 126	182 929 667	266 960 126
Unsecured (Jibar) variable interest rate 16-year loan repayable in semi-annual equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 1 March 2023.				
iVuzi (FirstRand Bank) (1-1851)	206 896 552	241 379 310	206 896 552	241 379 310
Unsecured (Jibar) variable interest rate 14-year loan repayable in semi-annual equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 1 December 2027.				
Nedbank (1-1801)	104 093 387	151 703 739	104 093 387	151 703 739
Unsecured (Jibar) variable interest rate 12-year loan repayable in semi-annual equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 1 March 2023.				
	11 398 063 196	12 094 233 940	11 398 063 196	12 094 233 940
	11 398 063 196	12 094 233 940	11 398 063 196	12 094 233 940
Non-current liabilities				
At amortised cost	10 805 811 451	11 347 537 101	10 805 811 451	11 347 537 101
Current liabilities				
At amortised cost	592 251 745	746 696 839	592 251 745	746 696 839
	10 805 811 451	11 347 537 101	10 805 811 451	11 347 537 101
	592 251 745	746 696 839	592 251 745	746 696 839
	11 398 063 196	12 094 233 940	11 398 063 196	12 094 233 940
Secured and unsecured long-term liabilities				
Secured	8 478 713 307	8 479 440 471	8 478 713 307	8 479 440 471
Unsecured	2 919 349 887	3 614 793 469	2 919 349 887	3 614 793 469
	11 398 063 194	12 094 233 940	11 398 063 194	12 094 233 940

No defaults or breaches of loans occurred in the period under review.

The weighted average interest rate is 8,83 % (2020 : 9 %).

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
23. Finance lease obligation				
Minimum lease payments due				
- within one year	245 076 504	347 391 232	244 098 102	346 423 079
- in second to fifth year inclusive	138 439 632	493 807 348	136 314 838	490 732 337
	383 516 136	841 198 580	380 412 940	837 155 416
less: future finance charges	(50 429 973)	(245 712 329)	(49 965 819)	(244 952 928)
Present value of minimum lease payments	333 086 163	595 486 251	330 447 121	592 202 488
Present value of minimum lease payments due				
- within one year	235 085 440	333 766 246	234 336 586	333 096 282
- in second to fifth year inclusive	98 000 723	261 720 005	96 110 535	259 106 207
	333 086 163	595 486 251	330 447 121	592 202 489
Non-current liabilities	98 001 051	261 720 005	96 110 863	259 106 534
Current liabilities	235 085 441	333 766 246	234 336 587	333 096 282
	333 086 492	595 486 251	330 447 450	592 202 816
Net book value of leased assets	348 503 473	552 200 722	345 541 067	548 481 869

The lease liabilities reflected above relate to the lease contract of Fleet Management for the supply of fleet vehicles and fleet related services. The lease contract of Fleet Management is a public-private partnership agreement between the following companies -* Moipone Group of Companies (Pty) Ltd for the supply of category A and C fleet vehicles and fleet-related services;

Fleet Africa, a division of Super Group Africa (Pty) Ltd for the supply of category E fleet vehicles and fleet-related services;

and* Fleetmatics VMS (Pty) Ltd for the supply of category B fleet vehicles and fleet-related services. Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default. The lease term varies between 27 months and 5 years and the average effective borrowing rate is 7%.

Interest rates are variable at the contract date. It is municipality policy to lease certain [property] motor vehicles and equipment under finance leases.

TEDA entered into a lease agreement for photocopy machines for a period of 3 years effective from 1st September 2019. Leasehold improvements for the new offices will be amortised over lease term of 5 years starting from 01 November 2019.

The average effective borrowing rate was 2021 7% (2020: 10%).

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent. The entity's obligations under finance leases are secured by the lessor's charge over the leased assets reported under office equipment

Market risk

The carrying amounts of finance lease liabilities are denominated in the following currencies: R 2 639 042 and R 3 283 435 in 2021 and 2020 respectively.

24. Employee Benchmarking Liability

Current liabilities	-	(852 484 577)	-	(852 484 577)

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
25. Payables from exchange transactions				
Trade payables	5 716 347 134	4 402 179 259	5 737 138 211	4 407 703 981
Payments received in advanced - contract in process	31 475 725	38 702 810	31 475 725	38 702 810
Accrued leave pay	1 572 718 136	1 100 812 930	1 567 850 055	1 096 569 740
Deposits received	40 688 801	46 154 949	39 700 041	45 202 488
Debtors with credit balances - reclassification	1 058 974 239	966 466 785	1 058 974 239	966 466 785
Other creditors	1 139 419 706	1 104 461 586	1 139 419 706	1 104 461 586
Retention creditors	591 229 324	547 032 262	591 229 324	547 032 262
Accrual 13th cheque	210 058 694	226 069 203	210 058 694	226 069 203
	10 360 911 759	8 431 879 784	10 375 845 995	8 432 208 855

26. VAT payable

VAT Payable	1 002 189 762	2 034 483 606	1 002 189 762	2 034 483 606

VAT is payable on the receipt basis. Only once payment is received from debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the financial year

27. Consumer deposits

Electricity and water	946 912 232	673 376 886	946 912 232	673 376 886

The amounts of guarantees held as indicated below are not included/recognised in the statement of financial position as it will only be accounted for once the guarantee is activated. Currently it is only a disclosure item.

Guarantees held:

Electricity and water consumers (who do not have deposits)	190 362 834	155 638 135	190 362 834	155 638 135
Township Development guarantees	475 474 954	384 702 934	475 474 954	384 702 934
	665 837 788	540 341 069	665 837 788	540 341 069

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

28. Employee benefit obligations

Defined contribution plan (as classified by the relevant fund):

The municipality contributes to the following defined contribution plans, which are governed by the pension fund Act of 1956. The total contribution plan are included under employee related costs A

Tshwane Municipal Provident

Fund/Tshwane Municipal Gratuity Fund 6089 of the municipality's employees are members of this fund	575 128 052	478 306 842
Pension Fund for Municipal Councillors 50 of the municipality's employees is a member of the fund	6 196 857	6 011 193
National fund for municipal workers 8115 of the municipality's employees are members of the fund	755 110 027	634 294 657
SALA provident fund/ gratuity fund 30 of the municipality's employees are members of the fund	1 349 085	1 228 501
SAMWU National pension fund 12 of the municipality's employees are members of the fund	1 391 450	1 118 370
SAMWU National provident fund 968 of the municipality's employees are members of the fund	87 077 660	74 394 330
Germiston municipal retirement fund 3 of the municipality's employees are members of the fund	760 247	755 843
Meshawu gratuity fund 21 of the municipality's employees are members of the fund	1 394 974	1 284 025
Sandspruit Alexander forbes and spouse cover 233 of the municipality's employees are members of the fund	26 425 941	16 653 609
	1 454 834 293	1 214 047 370

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
28. Employee benefit obligations (continued)				
Defined benefit plan				
TSHWANE MUNICIPAL PENSION FUND				
Tshwane municipal pension fund is a defined benefit plan. The cost of the providing these benefits is determined on the projected unit credit method prescribed by GRAP 25 and actuarial valuations are performed at each reporting date. The retirement benefit obligation presented in the statement of financial position presents the sum of the present value of the obligation less the fair value of the plan assets				
140 of the municipal employees are members of this fund				
Actuarial valuations are only done at year end. The movement reflected in these financial statements originates from estimates from the previous financial year actuarial report.				
Included in general expenses are:				
Current service costs	12 877 254	22 942 152	12 877 254	22 942 152
Interest cost	222 993 208	197 222 750	222 993 208	197 222 750
Expected return on asset	(271 809 244)	(201 550 619)	(271 809 244)	(201 550 619)
Actuarial gains/losses	26 217 702	(346 082 798)	26 217 702	(346 082 798)
Effect of change in paragraph 68 asset limitation	24 591 375	341 696 929	24 591 375	341 696 929
Defined benefit expense	14 870 295	14 228 414	14 870 295	14 228 414
Post-employment benefit liability (funded status)				
Present value of the obligation	(2 003 769 650)	(1 824 809 807)	(2 003 769 650)	(1 824 809 807)
Fair value of obligation	2 420 139 000	2 216 587 782	2 420 139 000	2 216 587 782
Surplus not recognize in statement of financial position/(Liability recognised in statement of financial position)	416 369 350	391 777 975	416 369 350	391 777 975
Reconciliation of defined benefit obligation:				
Present value of obligation at beginning of year	1 824 809 807	2 282 214 075	1 824 809 807	2 282 214 075
Interest cost	222 993 208	197 222 750	222 993 208	222 993 208
Current service cost	12 877 254	22 942 152	12 877 254	12 877 254
Members contribution	5 951 943	5 688 810	5 951 943	-
Benefits paid	(190 207 304)	(190 447 723)	(190 207 304)	(190 207 304)
Actuarial gains/loss on obligation	127 344 742	(492 810 257)	127 344 742	127 344 742
Present value of obligation at year end	2 003 769 650	1 824 809 870	2 003 769 650	1 824 809 807
Reconciliation of plan assets				
Fair value of planned asset at beginning of year	2 216 587 782	2 332 295 121	2 216 587 782	2 332 295 121
Expected return on plan assets	271 809 244	201 550 619	271 809 244	201 550 619
Contributions: members	5 951 943	5 688 810	5 951 943	5 688 810
Contributions: employer	14 870 295	14 228 414	14 870 295	14 228 414
Benefits paid	(190 207 304)	(190 447 723)	(190 207 304)	(190 447 723)
Actuarial gain/loss on obligation:	101 127 040	(146 727 459)	101 127 040	(146 727 459)
Fair value of plan asset at end of year	2 420 139 000	2 216 587 782	2 420 139 000	2 216 587 782
#none of the municipality's own financial instruments or property are included in the fair value of plan assets				
Composition of plan assets				
Cash	5.21%	5.03%	5.21%	5.03%
Equity	18.63%	21.01%	18,63%	21,01%

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
28. Employee benefit obligations (continued)				
Bonds	60.30%	51.62%	60,30%	51,62%
Property	0.96%	1.11%	.96%	1,11%
Other	2.48%	3.63%	2,48%	3,63%
International	12.42%	17.59	12.42%	17,59%
Total	100.00%	100.00%	100%	100%
Actuarial return on plan asset	271 809 244	201 550 619	271 809 244	201 550 619
Estimated contributions to be paid in the next financial period	161 509 032	155 387 375	161 509 032	155 387 375
	-	-	-	-
Municipal gratuity fund				
1326 of the municipality's employees are members of this fund. No specific plan assets are set aside for the gratuity fund.				
Included in general expenses				
Current service cost	45 866	-	45 866	-
Interest cost	453 416	773 494	453 416	773 494
Net actuarial/Unrecognized net (gain)/loss	2 911 299	21 787 839	2 911 299	21 787 839
Defined benefit expense	3 410 581	22 561 333	3 410 581	22 561 333
Post-employment benefit liability				
Present value of obligation	(22 037 632)	(21 928 150)	(22 037 632)	(21 928 150)
Net (expense) income recognized in the statement of financial performance	11 860 188	(109 482)	11 860 188	(109 482)
Liability recognised in statement of financial position	(10 177 444)	(22 037 632)	(10 177 444)	(22 037 632)
Reconciliation of defined benefit obligation				
Present value of obligation at beginning of year	22 037 632	21 928 150	22 037 632	21 928 150
Interest cost	453 416	773 494	453 416	773 494
Current service cost	45 866	-	45 866	-
Benefits paid	(15 270 769)	(22 451 851)	(15 270 769)	(22 451 851)
Actuarial (gain)/loss on obligation	2 911 299	21 787 839	2 911 299	21 787 839
Present value of obligation at end of year	10 177 444	22 037 632	10 177 444	22 037 632
Estimated benefit payments to be paid in respect of gratuities in the next financial period	8 941 787	21 085 026	8 941 787	21 085 026

Multi-employer funds

Multi-employer funds are treated as defined contribution funds, due to the nature of these funds and the fact that assets are not specifically associated to meet the obligation in respect of individual employers in terms of paragraph 30 of GRAP 25. The total contributions are included in the employees related costs note.

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
28. Employee benefit obligations (continued)				
SALA pension fund The actuarial valuation is carried out annually since 1 July 1998. 306 of the municipality's employees are members of the fund	33 147 699	31 369 187	33 147 699	31 369 187
The government employees' pension fund: Actuarial valuations are performed every 3 years. 4 of the municipality's employees are members of the fund	133 568	110 981	133 568	110 981
Joint municipal pension fund Actuarial valuations are performed every 3 years. 22 of the municipality's employees are members of the fund	3 827 098	3 681 277	3 827 098	3 681 277
Municipal employee pension fund 1856 of the municipality's employees are members of the fund	182 947 131	156 541 318	182 947 131	156 541 318
National fund for municipal councillors/Consolidated retirement fund for councillors	122 807	120 887	122 807	120 887
	220 178 303	191 823 650	220 178 303	191 823 650

Medical aid funds

The municipality provides certain post-retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds associated with the municipality, a member who joined the municipality under the current conditions of services retires, is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for certain portion of the medical aid membership fee.

The cost of providing these benefits is determined on the basis of the projected unit credit method prescribed by GRAP 25. Future benefit values are projected using specific actuarial assumptions and the liability for the in-service members is accrued over expected working lifetime. No plan assets exist and any actuarial gains and losses are recognized immediately

Included in general expenses

Current service cost	4 024 717	6 527 000	4 024 717	6 527 000
Interest cost	135 443 763	102 556 000	135 443 763	102 556 000
Expected employer benefit payments	(77 449 933)	(75 425 000)	(77 449 933)	(75 425 000)

Defined benefit expenses

62 018 547	33 658 000	62 018 547	33 658 000

Post-employment benefit liability (funded status)

Present value of the unfunded obligation	(1 121 319 342)	(1 163 816 906)	(1 121 319 342)	(1 163 816 906)
Recognised actuarial gains	(56 444 669)	42 496 000	(56 444 669)	42 496 000

Liability recognised in statement of financial position

(1 177 764 011)	(1 121 320 906)	(1 177 764 011)	(1 121 320 906)

Reconciliation of defined benefit obligation

Present value of unfunded obligation at beginning of year	1 121 319 342	1 163 816 906	1 121 319 342	1 163 816 906
Interest cost	135 443 763	102 556 000	135 443 763	102 556 000
Current service cost	4 024 717	6 527 000	4 024 717	6 527 000

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
28. Employee benefit obligations (continued)				
Employer contribution	(77 449 933)	(75 425 000)	(77 449 933)	(75 425 000)
Actuarial (gains)/losses	(5 573 878)	(76 154 000)	(5 573 878)	(76 154 000)
Present value of obligation at end of year	1 177 764 011	1 121 320 906	1 177 764 011	1 121 320 906
Estimated employer benefit payments to be paid in the next financial period	78 790 482	80 115 000	78 790 482	80 115 000
Sensitivity results				
The effect of the increase or decrease of one percentage point in the assumed health cost limitation is the following:				
Subsidy increase rate				
Accrued liability 30 June	1,177,764,011	1 121 320	1,177,764,011	1 121 320
Decrease of 1%	1,065,458,459	1 018 042	1,065,458,459	1 018 042
Percentage change	-9.54%	-9.21%	-9.54%	-9.21%
Increase of 1%	1,310,550,644	1 242 945	1,310,550,644	1 242 945
Percentage change	11.27%	-10.85%	11.27%	-10.85%
Long-service awards				
Included in general expenses				
Current service cost	60 207 788	64 444 641	60 207 788	64 444 641
Interest cost	67 623 841	50 894 499	67 623 841	50 894 499
Expected employer benefit payments	(52 978 468)	(45 661 495)	(52 978 468)	(45 661 495)
Recognised net actuarial (gain)/loss	140 041 392	1 335 178	140 041 392	1 335 178
	214 894 553	71 012 823	214 894 553	71 012 823
Post-employment benefit liability (funded status)				
Present value of the unfunded obligation	(720 696 666)	(649 683 843)	(720 696 666)	(649 683 843)
Recognized actuarial gains/ Loss	(214 894 553)	(71 012 823)	(214 894 553)	(71 012 823)
Liability recognised in statement of financial position	(935 591 219)	(720 696 666)	(935 591 219)	(720 696 666)
Reconciliation of defined benefit obligation				
Present value of unfunded obligation at beginning of year	720 696 666	649 683 843	720 696 666	649 683 843
Interest cost	67 623 841	50 894 499	67 623 841	50 894 499
Current service cost	60 207 788	64 444 641	60 207 788	64 444 641
Employer contributions	(52 978 468)	(45 661 495)	(52 978 468)	(45 661 495)
Actuarial gains/losses	140 041 392	1 335 178	140 041 392	1 335 178
Present value of obligation at end of year	935 591 219	720 696 666	935 591 219	720 696 666
Estimated employer benefit payments to be paid in the next financial period	141 017 910	94 477 386	141 017 910	94 477 386

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

28. Employee benefit obligations (continued)

Sensitivity Results

Salary increase rate

Accrued liability 30 June	935,591,219	720 696 666	935,591,219	720 696 666
Decrease of 1%	872,268,795	673 453 069	872,268,795	673 453 069
Percentage change	-6.77%	6.56%	-6.77%	6.56%
Increase of 1%	1,006,412,407	773 428 812	1,006,412,407	773 428 812
Percentage change	7.57%	7.32%	7.57%	7.32%

Post-employment benefit liability: Statement of financial position

Municipal Gratuity Fund	10 177 444	22 037 632	10 177 444	22 037 632
Medical aid funds	1 177 764 011	1 121 320 906	1 177 764 011	1 121 320 906
Long service awards	935 591 219	720 696 666	935 591 219	720 696 666
	2 123 532 674	1 864 055 204	2 123 532 674	1 864 055 204

Post-employment benefit liability: Current portion

Municipal Gratuity Fund	8 744 068	21 085 026	8 744 068	21 085 026
Medical aid funds	74 630 137	80 115 000	74 630 137	80 115 000
Long- service awards	137 585 314	97 477 386	137 585 314	97 477 386
	220 959 519	198 677 412	220 959 519	198 677 412

Post-employment benefit liability: Non-current portion

Municipal Gratuity Fund	1 433 376	952 606	1 433 376	952 606
Medical aid funds	1 103 133 874	1 041 205 906	1 103 133 874	1 041 205 906
Long- service awards	798 005 905	623 219 280	798 005 905	623 219 280
	1 902 573 155	1 665 377 792	1 902 573 155	1 665 377 792

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

28. Employee benefit obligations (continued)

Actuarial (gains)/losses recognised in other comprehensive income

Tshwane pension fund	26 217 702	(146 727 459)	26 217 702	(146 727 459)
Municipal gratuity fund	2 911 299	21 787 839	2 911 299	21 787 839
Medical aid funds	(5 573 878)	(76 154 000)	(5 573 878)	(76 154 000)
Long service awards	140 041 392	1 335 178	140 041 392	1 335 178
	163 596 515	(199 758 442)	163 596 515	(199 758 442)

Economic assumptions (pension fund and gratuities):

Discount rate	11.55%	12 .65%	11.55%	12 .65%
Inflation rate	6.76%	7.34%	6.76%	7.34%
Salary Increase rate	7.76%	8 .34%	7.76%	8 .34%
Expected rate of return on assets	11.55%	12.65%	11.55%	12.65%
Pension increase allowance	5.92%	6.42%	5.92%	6.42%
Health Care Cost Inflation	8.20%	8.70%	8.20%	8.70%

Other defined benefit pension funds

Discount rate (pension and gratuities)

The rate to discount post employment benefit obligations should be derived from quality corporate bond yields where the market in such bonds is highly liquid. If the market is not liquid then government bond yields at the estimated term of the defined benefit obligation should be used. Consequently a discount rate of 12.65% per annum has been used. This rate does not reflect and adjustment for taxation or expenses as per the statement.

Inflation rate (pension and gratuities)

While not used explicitly in the valuation, we have assumed the underlying future rate of consumer price inflation (CPI) to be 7.34% per annum. This assumption has been based on the relationship between current conventional bond yields and current index-linked bond yields

Salary increase

It was assumed that salaries will increase at a rate of 1.0% per annum in excess of price inflation. The results in a general salary inflation rate of 7.76% per annum

Expected return on assets

The expected return on assets is assumed to be the discount rate of 11.55% per annum as at 30 June 2021.

Post-retirement discount rate

The pension increase policy of the TMPenF targets pension increases between 75% and 100% of inflation. The pension has been assumed that it will increase at a rate of 87.5% of price inflation. This results in a pension increase rate of 5.92% per annum.

Medical inflation

The medical aid contributions has been assumed that it will increase at a rate 1.5% per annum in excess of price inflation. This results in a medical contribution inflation rate of 8.20% per annum.

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

28. Employee benefit obligations (continued)

History of liabilities, assets and experience adjustments

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

History of liabilities and assets	2021	2020 Restated*	2019	2018
Accrued liability	2 123 532 674	1 864 052 298	1 835 427 899	1 831 003 058
Surplus (deficit)	(2 123 532 674)	(1 864 052 298)	(1 835 427 899)	(1 831 003 058)
Experience adjustments on plan: (Gains) and Losses	-	-	-	-
Liabilities	148 526 569	100 277 017	6 654 617	(42 018 063)
	-	-	-	-

29. Unspent conditional grants and receipts

Unspent grants and receipts comprises of:

Unspent conditional grants and receipts

DoRA: Department Sport & Recreation	-	14 133 228	-	-
Finance management grant (FMG)	1 239 551	-	1 239 551	-
Human Settlement Development Grant (HSDG)	160 749 951	168 138 451	160 749 951	168 138 451
HIV/Aids	263	7	263	7
Urban Settlement Development Grant (USDG)	44 790 169	189 148 307	44 790 169	189 148 307
Public Transport Network Grant (PTNG)	29 784 053	52 576 341	29 784 053	52 576 341
Neighbourhood Development Partnership Grants (NDPG)	3 162 454	1 268 000	3 162 454	1 268 000
Community Libraries Grant	2 642 735	13 736 165	2 642 735	13 736 165
Tirelo Boshia grant	384 498	384 498	384 498	384 498
Gautrans	11 961 294	11 961 294	11 961 294	11 961 294
Social infrastructure grant	3 441 929	4 517 156	3 441 929	4 517 156
LG SETA Discretionary grant	-	104 185	-	104 185
TRT subsidy	2 687 206	-	2 687 206	-
Electricity Demand Side (EEDMS)	540 461	146 058	540 461	146 058
Integrated City Development (ICDG)	5 781 081	1 847 136	5 781 081	1 847 136
Informal settlement upgrading partnerships	-	42 779 776	-	42 779 776
	267 165 645	500 740 602	267 165 645	486 607 374

Movement during the year

Balance at the beginning of the year	500 740 602	302 679 044	486 607 374	296 901 711
Receipts during the year	7 099 727 063	6 544 721 819	6 989 926 290	6 462 850 615
Returned to National Treasury (returned to National Treasury - deducted from current year equitable share)	(145 744 155)	(31 569 333)	(145 744 155)	(31 569 333)
Repaid to grantors	147 778 726	(61 813 259)	147 778 726	(61 813 259)
Amount owed by Cot as HRA	45 751 541	34 470 720	-	-
Income recognition during the year	(7 393 867 145)	(6 293 008 163)	(7 224 181 603)	(6 185 522 134)
Year End Grant debtor	12 779 013	5 759 774	12 779 013	5 759 774
Rollover reversed in the financial year	-	(500 000)	-	-
	267 165 645	500 740 602	267 165 645	486 607 374

The amounts above show:

- The nature and extent of government grants recognised in the audited consolidated annual financial statements and an indication of other forms of government assistance from which the group has directly benefited; and

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

29. Unspent conditional grants and receipts (continued)

- unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 38 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

30. Provisions

Reconciliation of provisions - Group- 2021

	Opening Balance	Unwinding of Interest	Utilised during the year	Reversed during the year	Total
Retention on Chantelle and Sunnyside	7 068 620	-	-	2 807 202	9 875 822
Environmental rehabilitation	30 942 320	2 856 258	(4 388 582)	5 793 470	35 203 466
Legal proceedings	359 352 505	-	-	(126 889 254)	232 463 251
Landfill sites	840 939 192	43 826 580	(6 879 076)	(21 065 530)	856 821 166
Quarries	54 791 894	4 801 829	(47 551)	(391 826)	59 154 346
	1 293 094 531	51 484 667	(11 315 209)	(139 745 938)	1 193 518 051

Reconciliation of provisions - Group - 2020

	Opening Balance	Unwinding of Interest	Utilised during the year	Reversed during the year	Total
Retention on Chantelle & Sunnyside	6 634 402	-	(508 084)	942 302	7 068 620
Environmental rehabilitation	28 126 327	2 679 946	(1 832 219)	1 968 266	30 942 320
Legal proceedings	122 409 485	-	(2 383 128)	239 326 148	359 352 505
Landfill sites	812 955 673	43 338 043	(3 422 285)	(11 932 239)	840 939 192
Quarries	43 976 528	4 687 286	(3 073 119)	9 201 199	54 791 894
	1 014 102 415	50 705 275	(11 218 835)	239 505 676	1 293 094 531

Reconciliation of provisions - Municipality - 2021

	Opening Balance	Unwinding of Interest rate	Utilised during the year	Reversed during the year	Total
Clearing of alien vegetation	30 942 320	2 856 258	(4 388 582)	5 793 470	35 203 466
Legal proceedings	357 726 623	-	-	(127 303 108)	230 423 515
Landfill sites	840 939 192	43 826 580	(6 879 076)	(21 065 530)	856 821 166
Quarries	54 791 894	4 801 829	(47 551)	(391 826)	59 154 346
	1 284 400 029	51 484 667	(11 315 209)	(142 966 994)	1 181 602 493

Reconciliation of provisions - Municipality - 2020

	Opening Balance	Unwinding of Interest rate	Utilised during the year	Reversed during the year	Total
Clearing of alien vegetation	28 126 327	2 679 946	(1 832 219)	1 968 266	30 942 320
Legal proceedings	122 409 485	-	(2 383 128)	237 700 266	357 726 623
Landfill sites	812 955 673	43 338 043	(3 422 285)	(11 932 239)	840 939 192
Quarries	43 976 528	4 687 286	(3 073 119)	9 201 199	54 791 894
	1 007 468 013	50 705 275	(10 710 751)	236 937 492	1 284 400 029

Total provisions	1 181 602 493	1 284 400 029	1 181 602 493	1 284 400 029
Current liabilities	11 915 558	8 694 502	-	-
	1 193 518 051	1 293 094 531	1 181 602 493	1 284 400 029

Environmental rehabilitation provision - landfill sites

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

30. Provisions (continued)

The municipality has an obligation to rehabilitate its landfill sites in terms of its license stipulations. The amount of the provision is recognised at the present value of the expenditure expected to be required to settle the obligation and is carried at amortised cost.

2020/21:

The net movement in the provision amounted to R15 881 974 increase (2020 = R27 983 519 increase). The decrease in the cost of property, plant and equipment amounted to R3 172 806 (2020 = R24 541 555 decrease). The amount recognised in surplus or deficit due to re-estimation where the adjustment exceeds the carrying amount of the asset amounted to R24 278 766 (2020 = R6 373 490). The amount utilised amounted to R6 879 076 (2020 = R3 422 285).

Clearing of alien vegetation

In terms of the Conservation of Agricultural Resources Act, 1983 (Act 43 of 1983) the provision for the clearing of alien vegetation was established to address the backlogs that exist.

2020/21

The net movement in the provision amounted to R4 297 148 increase (2020 = R2 815 993 increase). The decrease in the cost of property, plant and equipment amounted to R0 (2020 = R1 279 546). The amount recognised in surplus or deficit due to reestimation where the adjustment exceeds the carrying amount of the asset amounted to R5 793 470 (2020 = R2 365 189). The amount utilised during the year amounted to R4 210 961 (2020 = R1 832 219).

Rehabilitation of quarries

In terms of the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002), Section 52(2)(d), the municipality is required to rehabilitate its quarries and borrow pits after these quarries and borrow pits have been closed. The amount of the provision is recognised at the present value of the expenditure expected to be required to settle the obligation and is carried at amortised cost.

2020/21

The net movement in the provision amounted to R4 362 452 increase (2020 = R10 815 366 increase). The increase in the cost of property, plant and equipment amounted to R 456 870 (2020 = R2 122 985). The amount recognised in surplus or deficit due to reestimation where the adjustment exceeds the carrying amount of the asset amounted to R1 973 214 (2020 = R6 081 273). The amount utilised during the year amounted to R 47 551 (2020 = R3 073 119).

Legal proceedings provision

A provision for legal cost with regard to certain cases was created due to the fact that it was probable (more likely than not) that a present obligation existed at the reporting date and that the municipality will be liable for the legal cost in these cases. The history and nature of these cases further indicate that the liability is more of a long-term nature.

2020/21

The net movement in the provision amounted to R127 303 109 decrease (2019 = R294 642 368 increase). .

The cases included in the provision is still pending and disclosing details will prejudice the position of the municipality in a dispute with other parties on the subject matter.

Due to the nature of the legal cases it is not foreseen that it will be finalised within the next 12 months and therefore there is no shortterm portion

TEDA

The provision is due to labour disputes which have been finalised with cost implications to the organisation not yet confirmed. The provision raised is based on management estimates informed by incurred legal cost and other factors for the mentioned matters as at 30 June 2021..

Retention on Chantelle and Sunnyside

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Group		Municipality	
2021	2020 Restated*	2021	2020 Restated*

30. Provisions (continued)

HCT

Bluroca & Amibex were appointed for the upgrade of bulk services on Sunnyside and Chantelle Projects respectively. As part of the signed agreement, the entity must retain 10% of the contract value as retention. Bluroca was paid the retention in June 2020. Enza was appointed for phase 2 of construction at Townlands project and 5% is retained as retention .

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

31. Service concession arrangement

Tshwane Broadband Network:

The Broadband was awarded to Altech Altron consortium which later formed a Special Purpose Vehicle (SPV) called Thobela Telecoms to build 1500 kilometres of fibre network to connect 400 CoT corporate sites and use the spare capacity for revenue generation. The ultimate contract was a Build, Operate and Transfer (BOT), the agreement stipulates a build period of 3 years, operate the network for 15 years and handing over to the city when it expires at cost of R1.

The City took a decision to review the award of Broadband tender to Thobela Telecoms through a court process, the first hearing date reserved was 22 – 25 May 2018. The court subsequently issued a judgement in favour of the City on 16 July 2020 (attached as Annexure). On the 05th of October 2020, the Supreme Court of Appeal judged against the City of Tshwane Municipality on the Broadband Project case. The ruling was after Thobela Telecomms challenged the High Court judgement in favour of the City on the 16 July 2020.

On the 19 May 2021, The Constitutional Court considered the City's application for condonation and leave to appeal. The following is Constitutional Court order:

- The application for condonation is refused
- The application for leave to appeal is dismissed with costs

The above order is final and the City will be investigating means of complying with the order going forward in a most cost-effective and sustainable manner.

Tshwane House:

The City of Tshwane has entered into a service concession agreement with Tsela Tshweu (the Consortium), a private Consortium led by Group 5, to finance, construct and operate the Tshwane Head Office. The agreement is for a period of 27 years of which 2 years was for the construction of the property and 25 years to operate the property on behalf of City of Tshwane. At the end of the 27 year agreement ownership of the building will pass to the City of Tshwane. The agreement is in the third year of the operational stage. Occupation took place in June 2017.

For the 2020/21 financial year the value of the asset and liability amounted to R 972 977 671 and R 1 227 576 681 respectively.

For the 2019/20 financial year the value of the asset and liability amounted to R 1 010 641 988 and R 1 173 478 189 respectively.

The service concession liability in respect of Tshwane House is indicated below:

Minimum future payments

No later than one year-service cost	260 441 082	249 166 667	260 441 082	249 166 667
Later than one year but not latter than five year	1 507 094 277	1 349 164 538	1 507 094 272	1 349 164 538
Later than five	7 380 697 603	5 417 983 459	7 380 697 603	5 417 983 459
Future finance charges on service concession	(6 664 999 207)	(4 893 627 331)	(6 664 999 207)	(4 893 627 331)
	(1 258 384 047)	(949 209 144)	(1 258 384 047)	(949 209 144)

Present value of service concession liability

1 224 849 708	1 173 478 189	1 224 849 703	1 173 478 189

Present value of the capital portion of the service concession liability

No later than one year-service concession	(53 411 841)	(24 245 495)	(53 411 841)	(24 245 495)
Later than one year no later than five years	(272 004 361)	(90 697 928)	(272 004 361)	(90 697 928)
Later than five years	1 550 265 910	1 288 421 612	1 550 265 910	1 288 421 612
	1 224 849 708	1 173 478 189	1 224 849 708	1 173 478 189

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

31. Service concession arrangement (continued)

Fair value of liability (amortised cost)	1 224 849 708	1 173 478 189	1 224 849 708	1 173 478 189
Collateral held on the above service concession	972 977 671	1 010 641 988	972 977 671	1 010 641 988

Denneboom Station Public Transport Interchange:

The City of Tshwane Metropolitan Municipality entered into a service concession and Lease Agreement with the Concessionaire

(Interdent Management Services (Pty) Ltd.) On the 7th September 2012 in terms of which the Concessionaire obtained the right to lease Erven 35385, Mamelodi, Extension 13, Erf 40331 Mamelodi Extension 24 and Portion 2 of Erf 19687, Mamelodi (the Properties) and to develop the properties at its costs as an interchange for public transport and for commercial purposes for its own cost and account. The City will throughout the currency of the agreement, retain the full and undisturbed right to regulate, manage and administer the taxi operations through, over or on the interchange and the allocation or lease of bus or taxi rank space and holding areas on the properties.

Interdent Management Services is granted the right to earn revenue from third-party users of the service concession asset as they are entitled to rent for their own account lettable space in the Interchange to users. Interdent also receives a non-cash compensation from the City by getting a rebate from property rates. The City does not incur a cost directly for acquiring the service concession asset as the development will be funded by a private developer.

Upon the termination of the service concession for whatever reason whether as a consequence of the effluxion of time or otherwise, all buildings and other permanent structures on the interchange shall remain the property of the City. The service concession agreement will lapse after 29 years and 11 months.

Construction commenced in September 2016 and the fair value as at 30 June 2021 being the cost of construction of the building was calculated and stated to be R1237 398 540.00, this is also the value of the asset and liability as at 30 June 2021.

The lease term is also 29 years and 11 months as from the effective date and the rental payable by Interdent Management Services

(Pty) to the City of Tshwane is R1 per month. As the rental receivable by the City from Interdent is not material, disclosure thereof has been omitted purposely.

The service concession liability in respect of Denneboom Station Public Transport Interchange is indicated below:

The service concession Asset & liability In respect of Denneboom station Public Transport Interchange is indicated below

2020/21

Denneboom service concession based on an estimation supported by the below stated assumptions-

- The progress of construction is consistent throughout the months stipulated within the building phase
- The cost of construction is incurred evenly throughout the period.
- The total cost of construction incurred is aligned within the budgeted cost of construction as stipulated in the Service

Concession Agreement documents

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

31. Service concession arrangement (continued)

During the current financial year under review- the service concessionaire submitted financial cost reports based on the letter, the closing balance of the prior year was increased by R200 325 769.48. The actual cost as at 30 June 2021 as per the cost report totaled R1 237 398 540. As at 30 June 2021 the building was established to be a under construction building status. The current status is that the developer has "Consent to use" the facility for its intended purpose.

Denneboom service concession liability

Denneboom Station Public Transport Interchange	1 237 398 540	1 037 072 770	1 237 398 540	1 037 072 770

Denneboom service concession asset

Land	1 854 770	1 854 770	1 854 770	1 854 770
Denneboom Station asset under construction	1 237 398 540	1 038 927 540	1 237 398 540	1 038 927 540
	1 239 253 310	1 040 782 310	1 239 253 310	1 040 782 310

Total service concession liability

Tshwane House	1 224 849 708	1 173 478 188	1 224 849 708	1 173 478 188
Denneboom Station Public Transport Interchange	1 237 398 540	1 037 072 770	1 237 398 540	1 037 072 770
	2 462 248 248	2 210 550 958	2 462 248 248	2 210 550 958

Total service concession asset included in Note 10)

Tshwane House	972 977 671	1 010 641 988	972 977 671	1 010 641 988
Denneboom Station Public Transport Interchange	1 237 398 540	1 038 927 540	1 237 398 540	1 038 927 540
	2 210 376 211	2 049 569 528	2 210 376 211	2 049 569 528

Total service concession asset included in Note 10)

Tshwane House	972 977 671	1 010 641 988	972 977 671	1 010 641 988
Denneboom Station Public Transport Interchange	1 237 398 540	1 038 927 540	1 237 398 540	1 038 927 540
	2 210 376 211	2 049 569 528	2 210 376 211	2 049 569 528

32. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus - Group- 2021

	Insurance reserve	COVID reserve	Housing development fund	Other	Total
Opening balance	275 496	145 843 534	156 442 652	26 000 602 350	26 303 164 032
Surplus/(deficit) for the year	-	-	-	1 282 675 627	1 282 675 627
	275 496	145 843 534	156 442 652	27 283 277 977	27 585 839 659

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

32. Accumulated surplus (continued)

Ring-fenced internal funds and reserves within accumulated surplus - Group - 2020

	Insurance reserve	COVID reserve	Housing development fund	Other	Total
Opening balance	275 496	145 843 534	156 442 652	29 000 627 801	29 303 189 483
Surplus/(deficit) for the year	-	-	-	(2 804 995 684)	(2 804 995 684)
Restatements 2020	-	-	-	(79 328 689)	(79 328 689)
Restatements 2019	-	-	-	(21 852 999)	(21 852 999)
Restatements 2018	-	-	-	(8 813 738)	(8 813 738)
Prior period Audit adjustment on restatements.	-	-	-	6 210 272	6 210 272
	-	-	-	18 333 741	18 333 741
Prior year restatements	-	-	-	13 250 951	13 250 951
Restatements group 2018	-	-	-	(122 829 305)	(122 829 305)
	275 496	145 843 534	156 442 652	26 000 602 350	26 303 164 032

Ring-fenced internal funds and reserves within accumulated surplus - Municipality - 2021

	Insurance reserve	COVID reserve	Housing development fund	Other	Total
Opening balance	275 496	145 843 534	156 442 652	25 865 133 403	26 167 695 085
Surplus/(deficit) for the year	-	-	-	1 258 157 390	1 258 157 390
	275 496	145 843 534	156 442 652	27 123 290 793	27 425 852 475

Ring-fenced internal funds and reserves within accumulated surplus - Municipality - 2020

	Insurance reserve	COVID reserve	Housing development fund	Other	Total
Opening balance	275 496	145 843 534	156 442 652	28 795 193 368	29 097 755 050
Surplus/(deficit) for the year	-	-	-	(2 844 608 551)	(2 844 608 551)
Restatements 2020	-	-	-	(79 328 689)	(79 328 689)
Restatements 2019	-	-	-	(21 852 999)	(21 852 999)
Restatements 2018	-	-	-	(8 813 739)	(8 813 739)
Prior period Audit adjustment on restatements.	-	-	-	6 210 272	6 210 272
Donated/contributed property, plant and equipment	-	-	-	18 333 741	18 333 741
	275 496	145 843 534	156 442 652	25 865 133 403	26 167 695 085

33. Service charges

Service charges	238 715 329	236 026 297	238 715 329	236 026 297
Sale of electricity	12 582 659 108	11 640 950 800	12 583 148 745	11 641 256 894
Sale of water	4 282 698 616	4 068 650 054	4 282 698 616	4 068 650 054
Solid waste	1 387 716 244	1 258 217 892	1 387 716 244	1 258 217 892
Sewerage and sanitation charges	1 244 863 152	1 156 823 026	1 244 863 152	1 156 823 026
	19 736 652 449	18 360 668 069	19 737 142 086	18 360 974 163

34. Licences and permits (exchange)

License and permits	40 145 075	37 338 520	40 145 075	37 338 520

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
35. Other income				
Market fees	185 953 024	167 923 612	185 953 024	167 923 612
Land sales	15 899 359	8 333 711	15 899 359	8 333 711
VAT audit refund	-	57 840 086	-	57 840 086
Fire services	7 292 254	4 040 570	7 292 254	4 040 570
Miscellaneous	19 814 577	49 222 434	19 814 577	49 222 434
Bus rentals	125 613	4 303 114	125 613	4 303 114
Admission fees	8 933 251	14 140 188	8 933 251	14 140 188
Road Accident Fund: Ambulance fees	1 809 720	2 388 143	1 809 720	2 388 143
Parking: vehicles	37 861 060	1 895 457	37 861 060	1 895 457
Registration certificates	2 615 209	1 929 640	2 615 209	1 929 640
Building fees	48 697 498	35 317 450	48 697 498	35 317 450
Income from grave services	17 443 297	11 103 468	17 443 297	11 103 468
Motor vehicles licences	156 998 643	105 182 052	156 998 643	105 182 052
Training fees recovered	12 912 841	21 049 379	12 912 841	21 049 379
Other income 15	127 303 109	-	127 303 109	-
Insurance claims	96 856 570	126 697 132	96 856 570	126 697 132
Areyeng income	10 417 857	14 469 319	10 417 857	14 425 841
Sundry fees	10 349 259	4 046 387	9 654 405	3 604 515
Airside income	5 649 445	4 200 005	5 649 445	4 200 005
Ambulance fees	463 954	689 534	463 954	689 534
Reminder fees	79 686 176	48 075 782	79 686 176	48 075 782
Clearance certificates	4 430 867	2 838 916	4 430 867	2 838 916
Approval fees: advert	88 494 953	14 417 522	88 494 953	14 417 522
Jobbing	4 322 055	4 869 782	4 322 055	4 869 782
Application fees	12 461 298	9 553 029	12 461 298	9 553 029
Sales: Maps	1 752 913	1 339 962	1 752 913	1 339 962
Sales: Aeroplane fuel	-	61 960	-	61 960
Transport fees	29 760 808	35 552 762	29 760 808	35 552 762
	988 305 610	751 481 396	987 610 756	750 996 046
36. Investment revenue				
Interest revenue				
Bank	6 499 117	12 643 438	6 083 903	11 379 043
Short-term investments	16 743 705	97 464 735	16 256 881	97 149 272
Long-term investments	13 765 706	23 194 158	13 765 706	23 194 158
Contingency Insurance	3 941	637 865	3 941	637 865
Interest: Redemption fund	191 266 795	103 223 974	191 266 795	103 223 974
	228 279 264	237 164 170	227 377 226	235 584 312
	-	-	-	-
	228 279 264	237 164 170	227 377 226	235 584 312

The amount included in Investment revenue arising from exchange transactions amounted to R104 312 935 (2020:R95 788 805) -.

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

37. Property rates

Rates received

Property rates	8 461 856 621	7 424 488 155	8 462 679 149	7 424 886 562

Valuations

Residential	429 706 098 865	349 822 709 685	429 706 098 865	349 822 709 685
Other	255 729 673 655	155 744 368 215	255 729 673 655	155 744 368 215
	685 435 772 520	505 567 077 900	685 435 772 520	505 567 077 900

The land value was changed to market value according to the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA) that came into effect on 1 July 2008. The increase in valuation is due to the fact that the full market value of a property is now the basis of levying rates and not the land value

No difference is made between land value and the value of improvements and only the market value appears on the valuation roll. With the implementation of the MPRA, different categories of properties are levied at different tariffs with different rebates applicable. Property owners of 60 years and older and/or physically or mentally disabled, who can substantiate receipt of a social pension, and owners certified by the Medical Officer of Health as physically or mentally disabled, can qualify for a rebate, subject to certain conditions

38. Government grants, subsidies, awards & donations

Operating grants

Equitable share	3 330 862 000	2 642 492 259	3 330 862 000	2 642 492 259
Fuel levy	1 492 460 000	1 451 890 000	1 492 460 000	1 451 890 000
Finance Management grant (FMG)	760 449	2 250 000	760 449	2 250 000
Public Transport Network Grant (PTNG) - operational	286 360 469	257 626 453	286 360 469	257 626 453
L G Seta discretionary grant	1 805 876	3 267 864	1 805 876	3 267 864
DBSA: Water conservation	-	8 246 817	-	8 246 817
Primary Health Care (PHC)	55 118 000	52 096 000	55 118 000	52 096 000
HIV/AIDS subsidy	24 026 944	15 075 572	24 026 944	15 075 572
Community Libraries Plan	7 539 680	4 251 021	7 539 680	4 251 021
Expanded Public Works Programme (EPWP)	12 271 000	23 016 000	12 271 000	23 016 000
TRT Bus operating subsidy	37 984 779	18 357 637	37 984 779	18 357 637
Urban Settlement Development Grant (USDG) - operational	43 378 440	215 952 725	43 378 440	215 952 725
Integrated City Development	7 507 329	5 447 872	7 507 329	5 447 872
Human Settlement Development Grant (HSDG)	26 971 606	10 661 550	26 971 606	10 661 550
	5 327 046 572	4 710 631 770	5 327 046 572	4 710 631 770

Capital grants

Social infrastructure grant	(436 116)	-	(436 116)	-
Public Transport Network Grant (PTNG)-Capital	315 426 478	348 373 206	315 426 478	348 373 206
Neighbourhood Development Partnership Grant (NDPG)	1 837 546	-	1 837 546	-
Recapitalisation of Community Libraries Grant	21 053 750	3 350 129	21 053 750	3 350 129
Urban Settlement Development Grant (USDG) - capital	1 180 128 109	924 711 968	1 180 128 109	924 711 968
Electricity Demand Side	8 459 539	10 853 942	8 459 539	10 853 942
Integrated City Development (ICDG)	37 645 161	35 969 992	37 645 161	35 969 992
Social infrastructure grant	1 511 343	12 359 867	1 511 343	12 359 867
LGSeta discretionary grant	11 077 322	851 036	11 077 322	851 036
Informal Settlements Upgrading Partnership	320 432 000	138 420 224	320 432 000	138 420 224
	1 897 135 132	1 474 890 364	1 897 135 132	1 474 890 364
	7 224 181 704	6 185 522 134	7 224 181 704	6 185 522 134

Conditional and unconditional

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
38. Government grants, subsidies, awards & donations (continued)				
Included above are the following categories of grants and subsidies recognised as revenue:				
Conditional grants received	2 345 741 704	2 091 139 875	2 345 741 704	2 091 139 875
Unconditional grants received	4 878 440 000	4 094 382 259	4 878 440 000	4 094 382 259
	7 224 181 704	6 185 522 134	7 224 181 704	6 185 522 134

Equitable Share (DoRA)

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy of R560.00 (2019 = R510.69), which is funded from the grant.

Current year receipts	3 085 877 000	2 642 492 259	3 085 877 000	2 642 492 259
Conditions met- Transferred to revenue	(3 330 862 000)	(2 642 492 259)	(3 330 862 000)	(2 642 492 259)
Offset as per DoRa	244 985 000	-	244 985 000	-
	-	-	-	-

Fuel Levy (DoRA)

Current-year receipts	1 492 460 000	1 451 890 000	1 492 460 000	1 451 890 000
Conditions met - transferred to revenue	(1 492 460 000)	(1 451 890 000)	(1 492 460 000)	(1 451 890 000)
	-	-	-	-

The purpose of the fuel levy grant is to provide for basic services and infrastructure development in under-served communities, specifically to transport infrastructure given the link between fuel sales and road usage.

Primary Health Care Subsidy

Current-year receipts	55 118 000	52 096 000	55 118 000	52 096 000
Conditions met - transferred to revenue	(55 118 000)	(52 096 000)	(55 118 000)	(52 096 000)
	-	-	-	-

The Municipality renders health services on behalf of the provincial government. The purpose of this subsidy is to render comprehensive primary health services according to service level agreements. This subsidy is used exclusively to fund clinic services. The conditions of the subsidy are always met.

Finance Management Grant (FMG)

Current-year receipts	-	2 250 000	-	2 250 000
Conditions met - transferred to revenue	(760 449)	(2 250 000)	(760 449)	(2 250 000)
Transfer	2 000 000	-	2 000 000	-
	1 239 551	-	1 239 551	-

The purpose of this grant is to promote support reforms in financial management by building capacity in municipalities to implement the Local Government: Municipal Finance Management Act (MFMA).

Public Transport Network (Opex) (DoRA)

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
38. Government grants, subsidies, awards & donations (continued)				
Balance unspent at beginning of year	14 911 283	-	14 911 283	-
Current-year receipts	252 649 279	256 112 850	252 649 279	256 112 850
Conditions met - transferred to revenue	(286 360 469)	(257 626 453)	(286 360 469)	(257 626 453)
Transfers (From PTNG Capex)	33 711 190	16 424 886	33 711 190	16 424 886
Offset as per DoRA	(14 911 283)	-	(14 911 283)	-
	-	14 911 283	-	14 911 283

A request for the roll over at the end of 2020/21 was submitted to National Treasury

The purpose of this grant is to provide funding for accelerated construction and improvement of public and non-motorised transport infrastructure that form part of a municipal integrated public transport network (IPTN) and to support the planning, regulation, control, management and operations of fiscally and financially sustainable municipal public transport network services

Human Settlement Development Grant (HSDG)

Balance unspent at beginning of year	168 138 451	210 369 335	168 138 451	210 369 335
Current-year receipts	19 583 105	-	19 583 105	-
Conditions met - transferred to revenue	(25 580 936)	(10 661 550)	(25 580 936)	(10 661 550)
Transfers	-	(31 569 334)	-	(31 569 334)
	162 140 620	168 138 451	162 140 620	168 138 451

Conditions still to be met - remain liabilities (see note 29)

To provide funding for the creation of sustainable and integrated human settlements.

Urban Settlement Development Grant (USDG)

Balance unspent at beginning of year	189 148 307	50 891 019	189 148 307	50 891 019
Current-year receipts	1 545 948 000	1 329 813 000	1 545 948 000	1 329 813 000
Conditions met - transferred to revenue	(1 223 506 549)	(1 140 664 693)	(1 223 506 549)	(1 140 664 693)
Transfer (to Informal settlement)	(320 432 000)	-	(320 432 000)	-
Offset as per DoRA	(146 367 589)	(50 891 019)	(146 367 589)	(50 891 019)
	44 790 169	189 148 307	44 790 169	189 148 307

Conditions still to be met - remain liabilities (see note 29)

A request for the roll over at the end of 2020/21 was submitted to National Treasury.

To supplement the capital revenues of metropolitan municipalities in order to implement infrastructure projects that promote equitable, integrated, productive, inclusive and sustainable urban development

Public Transport Network Grant (PTNG-Capex)

Balance unspent at beginning of year	37 665 058	-	37 665 058	-
Current-year receipts	378 921 721	402 463 150	378 921 721	402 463 150
Conditions met - transferred to revenue	(315 426 478)	(348 373 206)	(315 426 478)	(348 373 206)
Transfer (to PTNG operations)	(33 711 190)	(16 424 886)	(33 711 190)	(16 424 886)
Offset as per DoRA	(37 665 058)	-	(37 665 058)	-
	29 784 053	37 665 058	29 784 053	37 665 058

Conditions still to be met - remain liabilities (see note 29)

A request for the roll over 2020/21 was submitted to National Treasury.

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Group		Municipality	
2021	2020 Restated*	2021	2020 Restated*

38. Government grants, subsidies, awards & donations (continued)

To provide funding for accelerated construction and improvement of public and non-motorised transport infrastructure that form part of a municipal integrated public transport network (IPTN) and to support the planning, regulation, control, management and operations of fiscally and financially sustainable municipal public transport network services

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
38. Government grants, subsidies, awards & donations (continued)				
HIV and AIDS (Provincial Health Department)				
Balance unspent at beginning of year	-	696 579	-	696 579
Current-year receipts	24 027 200	14 379 000	24 027 200	14 379 000
Conditions met - transferred to revenue	(24 026 944)	(15 075 579)	(24 026 944)	(15 075 579)
	256	-	256	-

Conditions still to be met - remain liabilities (see note 29)

The purpose of this grant is to sustain and extend coverage of the ward based door to door education program with referrals to local services; to build communities and support and utilise local services appropriately and to support wards structures to address AIDS in the local community.

Informal Settlements Upgrading Partnership (DoRA)

Balance unspent at beginning of year	42 779 776	-	42 779 776	-
Current-year receipts	-	181 200 000	-	181 200 000
Conditions met - transferred to revenue	(315 323 891)	(138 420 224)	(315 323 891)	(138 420 224)
Transfers	320 432 000	-	320 432 000	-
Offset as per DoRA	(42 779 776)	-	(42 779 776)	-
	5 108 109	42 779 776	5 108 109	42 779 776

Conditions still to be met - remain liabilities (see note 29)

To provide funding to facilitate a programmatic, inclusive and municipality-wide approach to upgrading informal settlements

Gautrans

Balance unspent at beginning of year	11 961 294	11 961 294	11 961 294	11 961 294
	11 961 294	11 961 294	11 961 294	11 961 294

Conditions still to be met - remain liabilities (see note 29)

The purpose of this grant is to reconstruct and update the Garsfontein road (K50) to dual carriage way between Loristo and Anton van Wouw streets.

Neighbourhood Development Partnership Grant (NDPG)

Balance unspent at beginning of year	1 268 000	-	1 268 000	-
Current-year receipts	5 000 000	1 268 000	5 000 000	1 268 000
Conditions met - transferred to revenue	(1 837 546)	-	(1 837 546)	-
Offset as per DoRA	(1 268 000)	-	(1 268 000)	-
	3 162 454	1 268 000	3 162 454	1 268 000

A request for the roll over at the end of 2020/21 was submitted to National Treasury

To plan, catalyse, and invest in targeted locations in order to attract and sustain third party capital investments aimed at spatial transformation, that will improve the quality of life, and access to opportunities for residents in South Africa's targeted locations, under-served neighbourhoods, generally townships and rural towns

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

38. Government grants, subsidies, awards & donations (continued)

Community Library Services

Balance unspent at beginning of year	13 736 165	2 837 315	13 736 165	2 837 315
Current-year receipts	17 500 000	18 500 000	17 500 000	18 500 000
Conditions met - transferred to revenue	(28 593 430)	(7 601 150)	(28 593 430)	(7 601 150)
	2 642 735	13 736 165	2 642 735	13 736 165

Conditions still to be met - remain liabilities (see note 29).

To transform urban and rural community library infrastructure, facilities and service (primary targeting previously disadvantaged communities) through recapitalized programme at Provincial level in support of local government and national initiatives

Research and Development Grant (Tirelo Bosha)

Balance unspent at beginning of year	384 498	384 498	384 498	384 498

Conditions still to be met - remain liabilities (see note 29).

The grant is from the Department of Public Service and Administration (DPSA) and is intended to support programmes in the research, development and piloting of new ways of delivering front-line public services.

Expanded Public Works Programme (EPWP)

Current-year receipts	12 271 000	23 016 000	12 271 000	23 016 000
Conditions met - transferred to revenue	(12 271 000)	(23 016 000)	(12 271 000)	(23 016 000)
	-	-	-	-

The purpose of this grant was to encourage local authorities and provincial departments to increase job creation efforts in infrastructure, environment and culture programs through the use of labour-intensive methods and the expansion of job creation in line with the Expanded Public Works Program guidelines.

To incentivize municipalities to expand work creation efforts through use of labour-intensive delivery methods in identified focus areas, in compliance with the EPWP Guidelines

DBSA -Water conservation grant

Current-year receipts	-	8 246 817	-	8 246 817
Conditions met - transferred to revenue	-	(8 246 817)	-	(8 246 817)
	-	-	-	-

This grant was received from the Development Bank of South Africa to conduct a feasibility study for the retrofitting of seven municipal owned buildings occupied and managed buildings/facilities for the City of Tshwane.

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

38. Government grants, subsidies, awards & donations (continued)

Social Infrastructure grant

Balance unspent at beginning of year	4 517 156	3 344 403	4 517 156	3 344 403
Current-year receipts	-	13 532 620	-	13 532 620
Conditions met - transferred to revenue	(1 075 227)	(12 359 867)	(1 075 227)	(12 359 867)
	3 441 929	4 517 156	3 441 929	4 517 156

The project has been completed and the balance will be returned.

The purpose of this grant is to plan, design and construct in Hammanskraal, Winterveldt and Mabopane social development centres.

LG SETA Discretionary grant

Balance unspent at beginning of year	104 185	4 223 085	104 185	4 223 085
Conditions met - transferred to revenue	(12 883 198)	(4 118 900)	(12 883 198)	(4 118 900)
Year end grant debtor raised	12 779 013	-	12 779 013	-
	-	104 185	-	104 185

This money is an award for skills development. The purpose is to strengthen the municipality's capacity in relation to skills development for the purpose of training the Skills Development Facilitator or employees within the Human Resources/Skills Development Department or to enhance the capacity of the Training Committee.

TRT Bus Operating Subsidy

Balance unspent at beginning of year	-	1 271 943	-	1 271 943
Current-year receipts	40 671 984	17 085 693	40 671 984	17 085 693
Conditions met - transferred to revenue	(37 984 778)	(18 357 636)	(37 984 778)	(18 357 636)
	2 687 206	-	2 687 206	-

This funds is a monthly subsidy from Gauteng Department of Roads and Transport as a subsidy for the bus services rendered by Tshwane Rapid Transit in Mamelodi.

Energy Efficiency and Demand Side Management Grant (EEDSM)

Balance unspent at beginning of year	146 058	9 743 454	146 058	9 743 454
Current-year receipts	9 000 000	11 000 000	9 000 000	11 000 000
Conditions met - transferred to revenue	(8 459 539)	(10 853 942)	(8 459 539)	(10 853 942)
Offset as per DoRA	(146 058)	(9 743 454)	(146 058)	(9 743 454)
	540 461	146 058	540 461	146 058

Conditions still to be met - remain liabilities (see note 29).

The purpose of this grant is to provide subsidies to municipalities to implement Electricity Demand Side Management (EDSM) in municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
38. Government grants, subsidies, awards & donations (continued)				
Integrated City Development Grants (ICDG)				
Balance unspent at beginning of year	1 847 136	1 178 786	1 847 136	1 178 786
Current-year receipts	50 899 000	43 265 000	50 899 000	43 265 000
Conditions met - transferred to revenue	(45 152 490)	(41 417 864)	(45 152 490)	(41 417 864)
Correction	34 571	(1 178 786)	34 571	(1 178 786)
Offset as per DoRA	(1 847 136)	-	(1 847 136)	-
	5 781 081	1 847 136	5 781 081	1 847 136

Conditions still to be met - remain liabilities (see note 29).

To provide a financial incentive for metropolitan municipalities to achieve a more compact urban spatial form through integrating and focusing their use of available infrastructure investment and regulatory instruments

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act no significant changes in the level of government grant funding are expected over the forthcoming 3 financial year

39. Fines, Penalties and Forfeits

Law Enforcement Fines	7 865 038	7 165 989	7 865 038	7 165 989
Overdue Books Fines	320 270	362 495	320 270	362 495
Pound Fees Fines	37 742	32 769	37 742	32 769
Municipal Traffic Fines	70 991 855	393 333 877	70 991 855	393 333 877
Deposits Forfeits	99 388	83 476	99 388	83 476
Retentions Forfeits	162 850	184 350	162 850	184 350
	79 477 143	401 162 956	79 477 143	401 162 956

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
40. Employee related costs				
Basic	7 643 708 937	8 087 675 569	7 575 767 540	8 036 155 533
Bonus	1 183 797	-	-	-
Medical aid - company contributions	675 140 742	632 179 945	668 928 167	627 579 092
UIF	37 047 386	38 312 823	37 047 386	38 312 823
SDL	377 672	314 551	-	-
Leave pay provision charge	720 125 438	369 785 558	719 469 700	367 574 913
Pension fund contribution	1 406 579 907	1 189 378 199	1 406 579 907	1 189 378 199
Defined contribution plans	259 478 376	28 626 399	259 478 376	28 626 399
Travel, motor car, accommodation, subsistence and other allowances	311 180 941	303 893 271	311 180 941	303 893 271
Overtime payments	522 906 642	468 896 268	522 906 642	468 896 268
Long-service awards	3 190 781	3 611 756	3 190 781	3 611 756
Incentive Bonuses	543 867	499 220	543 867	499 220
Other Allowances	554 822 714	502 172 215	552 706 092	501 159 006
Housing benefits and allowances	56 347 240	52 368 569	56 347 240	52 368 569
Compensation commissioner (COIDA)	2 406 626	2 278 948	2 406 626	2 278 948
Termination benefits	2 642 334	750 000	-	-
	12 197 683 400	11 680 743 291	12 116 553 265	11 620 333 997

Remuneration of Acting City Manager

Other (Mmaseabata Abigail Mutlaneng)	873 842	-	873 842	-
Annual remuneration(Moeketsi Mosola)	-	541 932	-	541 932
Cell phone allowance(Moeketsi Mosola)	-	4 000	-	4 000
Other allowances(Moeketsi Mosola)	-	8 331 557	-	8 331 557
	873 842	8 877 489	873 842	8 877 489

The City Manager is the head of the administration and the accounting officer as defined by Municipal Systems Amendment Act . Dr Moeketsi Mosola resigned from this post on 30 August 2019 .t

Remuneration of Executive Mayor: Randall Williams

Annual remuneration (Randall Mervyn Williams)	1 093 866	-	1 093 866	-
Cellphone allowance(Randall Mervyn Williams)	35 714	-	35 714	-
Travel Allowance(Randall Mervyn Williams)	37 791	-	37 791	-
Annual Remuneration(Stevens Mokgalapa)	-	1 030 746	-	1 030 746
Performance Bonuses(Stevens Mokgalapa)	-	35 527	-	35 527
Car Allowance(Stevens Mokgalapa)	-	19 113	-	19 113
Contributions to UIF, Medical and Pension Funds(Stevens Mokgalapa)	-	85 640	-	85 640
	1 167 371	1 171 026	1 167 371	1 171 026

Remuneration: Speaker (Rachel K Mathebe)

Annual Remuneration	1 184 432	1 099 080	1 184 432	1 099 080
Cell phone allowance	41 700	40 800	41 700	40 800
Other allowance	92 792	32 508	92 792	32 508
	1 318 924	1 172 388	1 318 924	1 172 388

Remuneration: Chief Whip (Christiaan M van den Heever)

Annual Remuneration	1 102 553	1 081 158	1 102 553	1 081 158
Cell phone allowance	25 368	25 368	25 368	25 368
	1 127 921	1 106 526	1 127 921	1 106 526

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
40. Employee related costs (continued)				
Remuneration: Members of the Mayoral Committee				
Annual Remuneration	8 905 964	7 965 437	8 905 964	7 965 437
Travel allowance	411 463	172 014	411 463	172 014
Cell phone allowance	253 680	243 970	253 680	243 970
Other allowance	122 758	507 559	122 758	507 559
	9 693 865	8 888 980	9 693 865	8 888 980
Members of the Mayoral Committee (individual) 2020/21				
Karen Meyer MMC: Community Safety	938 958	912 032	938 958	912 032
Daniel Gabriel Wannenburg	938 958	911 417	938 958	911 417
Mare-Lise Fourie	929 162	921 650	929 162	921 650
Tsung Wei Lee	925 428	-	925 428	-
Phillip Andries Nel	925 428	-	925 428	-
Isak Petrus Du Plooy	939 162	922 569	939 162	922 569
Thabisile Constance Vilakazi	1 116 316	-	1 116 316	-
Dikeledi Selowa	1 116 222	-	1 116 222	-
Mpho Malethakwe Mehlahe-Zimu	925 428	-	925 428	-
Sylvester Tennyson Theophilus Phokoje	928 799	-	928 799	-
Anniruth Kissoonduth	-	915 998	-	915 998
Shiela Lynn Senkubunge (Resigned 30 November 2019)	-	620 860	-	620 860
Richard Baleseng Moheta	-	916 315	-	916 315
Abel matshidiso Tau	-	920 575	-	920 575
Samuel Sello Maimane (Appointed 3 July 2019)	-	927 801	-	927 801
Isak Jacobus Pietersen	-	919 764	-	919 764
	9 683 861	8 888 981	9 683 861	8 888 981
Remuneration of Chief Financial Officer - municipal entities				
Annual Remuneration	3 290 867	2 503 756	-	-
Travel and other allowance	138 146	92 254	-	-
Medical and retirement contributions	-	2 842	-	-
Cell phone allowance	47 925	37 500	-	-
Other allowance	-	5 178	-	-
UIF	20 816	-	-	-
	3 497 754	2 641 530	-	-
Remuneration of Chief Executive Officer - municipal entities				
Annual Remuneration	2 890 607	3 657 868	-	-
Cellphone Allowance	39 600	59 200	-	-
UIF	14 519	-	-	-
Termination allowance	413 854	-	-	-
Travel allowance	131 832	139 204	-	-
Medical & retirement contribution	-	109 584	-	-
Other	-	965 413	-	-
Leave provision	-	85 135	-	-
	3 490 412	5 016 404	-	-
Remuneration of other managers - municipal entities				
Annual Remuneration	15 157 474	9 746 269	-	-
Cellphone Allowance	252 130	171 008	-	-
Other benefits	474 650	724 137	-	-
Contributions to UIF	114 810	-	-	-

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
40. Employee related costs (continued)				
Contribution to pension and medical aid	1 056 049	319 363	-	-
Termination allowance	2 642 334	-	-	-
Travel allowance	429 171	753 727	-	-
	20 126 618	11 714 504	-	-

41. Remuneration of councillors

Councillors' allowances	131 577 429	126 485 895	131 577 429	126 485 895

A breakdown of the councillor remuneration per level of councilor and type of remuneration is indicated below
Remuneration of the Executive Mayor, Speaker and Members of the Mayoral Committee

Councillor's remuneration - June 2021	Basic salary	Travel allowance	Cell phone allowance	Other allowances	Total
Mayor	1 093 866	37 791	35 714	-	1 167 371
Speaker : Rachel Katlego Mathebe	1 184 432	-	41 700	92 792	1 318 924
Chief Whip : Christiaan Mauritz Van Den Heever	1 102 553	-	25 368	-	1 127 921
Members of mayoral committee	8 905 964	411 463	253 680	122 758	9 693 865
Other councillors	88 272 415	22 735 420	4 920 390	2 341 121	118 269 346
	100 559 230	23 184 674	5 276 852	2 556 671	131 577 427

Councilor's remuneration - June 2020	Basic salary	Travel allowance	Cell phone allowance	Other allowances	Total
Mayor	1 030 746	19 113	35 527	85 640	1 171 026
Speaker : Rachel Katlego Mathebe	1 099 080	-	40 800	38 508	1 178 388
Chief Whip : Christiaan Mauritz Van Den Heever	1 081 158	-	25 368	-	1 106 526
Members of mayoral committee	7 965 437	172 014	243 970	507 559	8 888 980
Other councillors	79 227 352	23 673 349	5 055 296	6 184 978	114 140 975
	90 403 773	23 864 476	5 400 961	6 816 685	126 485 895

In-kind benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Municipality.

According to the organisational structure of the municipality the sub-section Executive Mayor Protection has 7 staff members of which 5 are VIP protection officers. The mayoral committee members and the City Manager have 2 VIP protection officers each.

The Executive Mayor as well as members of the mayoral committee has use of a Council owned vehicle for official duties.

The allowances and benefits of Councilors, and payments made to Councilors for loss of office, if any, as disclosed above are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

*In-kind benefits were withdrawn upon termination of services

Remuneration of the Executive Mayor, Speaker and Members of the Mayoral Committee:

For the disclosure of the remuneration of the Executive Mayor, Speaker and Members of the Mayoral Committee, refer to note 40.

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

42. Remuneration of Top Management

The organisational structure was reviewed and a new macro structure was approved in terms of a council resolution dated 24 November 2016. The new macro structure was implemented on 1 February 2017.

In terms of a council resolution dated 23 February 2017 the proposed Section 56 positions were determined to be as follows:

- * Governance and Support Officer
- * Chief Financial Officer
- * Chief of Police
- * Head: Emergency Management Services
- * Chief Operations Officer
- * Chief Audit Executive
- * Head: Office of the Executive Mayor
- * Head: Group Communications and Marketing
- * Group Head: City Strategies and Organisational Performance.

In terms council resolution dated 30 August 2018 the group head in the office of the city manager is a considered to be direct report to the city manager.

*Group Head: Strategy & Management Support

The other positions will from 1 February 2017 report directly either to the Governance and Support Officer (GSO) or the Chief Operations Officer (COO).

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

42. Remuneration of Top Management (continued)

Reporting directly to City Manager

July 2020 to June 2021

Name	Designation	Remuneration	Cell phone allowance	*Other Allowances	Total
Banda, Umar	Chief Financial Officer	2 601 272	21 600	27 945	2 650 817
Tredoux, Lorette	Governance and Support Officer	2 601 272	21 600	27 945	2 650 817
Murphy, James P	Chief Operating Officer	2 601 272	21 600	27 945	2 650 817
Ntsimane, Phillip M	Chief Audit Executive	2 389 147	21 600	25 823	2 436 570
Nkomo, Johannah M	Chief of Police	2 389 147	21 600	25 823	2 436 570
Govendor, Previn D	Chief of Staff	1 990 956	21 600	21 841	2 034 397
Hilgard Matthews	Group Head: Group Communication and Marketing	1 990 956	21 600	21 841	2 034 397
Nosipho Hlatshwayo	Group Head: Strategy & Organisational Performance	1 975 155	21 429	21 683	2 018 267
Msizi Reginald Myeza	Group Head: Strategy and Management Support	2 150 000	21 600	23 432	2 195 032
		20 689 177	194 229	224 278	21 107 684

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

42. Remuneration of Top Management (continued)

2019/20: July 2019 to June 2020

Name	Designation	Remuneration	Cell phone allowance	Other Allowances	Acting	Total
Banda, Umar	Chief Financial Officer	2 601 272	21 600	37 920	-	2 660 792
Tredoux, Lorette	Governance and Support Officer	2 601 272	21 600	27 909	-	2 650 781
Murphy, James P	Chief Operating Officer	2 601 272	21 600	28 779	-	2 651 651
Ntsimane, Phillip M	Chief Audit Executive	2 389 147	21 600	25 788	52 162	2 488 697
Nkomo Johannah M	Chief of Police	2 389 147	21 600	25 788	-	2 436 535
Govendor, Previn D	Chief of Emergency Services	1 990 956	21 600	21 806	-	2 034 362
Hazel Nasiphi Moya	Chief of Staff	1 190 292	19 800	533 777	-	1 743 869
Hilgard Matthews	Group Head: Group Communication and Marketing	1 990 956	21 600	21 806	-	2 034 362
Nosipho Hlatshwayo	Group Head: City Strategy and Organisational Performance	1 990 956	21 600	37 235	-	2 049 791
Msizi Reginald Myeza	Group Head: Strategy and Management Support	2 150 000	21 600	33 007	-	2 204 607
		21 895 270	214 200	793 815	52 162	22 955 447

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

42. Remuneration of Top Management (continued)

Group Heads

July 2020 to June 2021

Name	Designation	Remuneration	Travel allowance	Cell phone allowance	Other Allowances	Acting Allowances	Total
Tiyiselani Joseph Babane	Group Head: Office of the Speaker	1 406 652	130 693	21 600	81 956	-	1 640 901
Gerald Mbulelo Shingange	Group Head: Group Human Capital Management	1 657 752	130 693	18 000	137 540	-	1 943 985
Khumalo, Musawakhe H O	Group Head: Shared Services	1 657 752	130 693	18 000	141 141	-	1 947 586
Kock, Margaretha J	Group Head: Group Legal and Secretarial Services	1 657 752	130 693	18 000	440 842	-	2 247 287
Makgata, Makgorometje A	Group Head: Economic Development and Spatial Planning	1 657 752	130 693	18 000	438 231	206 821	2 451 497
Morgan, Verusha	Group Head: Group Property	1 657 752	130 693	18 000	141 141	-	1 947 586
Thandiwe Shereen Radebe	Group Head: Customer Relations Management	1 400 406	130 693	21 600	384 130	-	1 936 829
Nkoko, Koena J	Group Head: Health	1 657 752	130 693	18 000	441 463	-	2 247 908
Notoane, Stephens R	Group Head: Utility Services	1 657 752	130 693	18 000	442 147	-	2 248 592
Letlonkane, Pheko I	Group Head: Roads and Transport	1 657 752	130 693	18 000	506 019	-	2 312 464
Abel Tumishi Malaka	Group Head: Environmental and Agriculture Management	1 561 990	130 693	21 300	416 495	-	2 130 478
Sebatatso Shadwick Mekhoe	Group Head: Community and Social Development Services	1 657 752	130 693	18 000	403 703	-	2 210 148
Nontobeko Memela		1 657 752	130 693	18 000	141 141	-	1 947 586
Namadzvaho California Phanyane	Group Head: Regional Operations and Coordination	1 657 752	130 693	18 000	141 575	-	1 948 020
		22 604 320	1 829 702	262 500	4 257 524	206 821	29 160 867

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

42. Remuneration of Top Management (continued)

July 2019 to June 2020 (reporting to GSO or COO)

Name	Designation	Remuneration	Travel allowance	Cell phone allowance	Other Allowances	Acting Allowances	Total
Babane, Tiyyiselani	Group Head: Office of the Speaker	959 034	-	21 600	422 501	-	1 403 135
Shingange, Gerald M	Group Head: Group Human Capital Management	1 438 550	130 693	18 000	504 354	-	2 091 597
Khumalo, Musawakhe HO	Group Head: Shared Services	1 438 550	130 693	18 000	543 387	-	2 130 639
Kock, Margaretha J	Group Head: Group Legal and Secretarial Services	1 438 550	-	18 000	632 803	-	2 089 353
Makgata, Makgorometje A	Group Head: Economic Development and Spatial Planning	1 438 550	130 693	18 000	510 472	44 205	2 141 920
Morgan, Verusha	Group Head: Group Property	1 438 550	-	18 000	634 108	-	2 090 658
Thandiwe Shereen Radebe	Group Head: Customer Relations Management	1 085 791	130 693	19 500	356 478	64 818	1 657 280
Nkoko, Koena J	Group Head: Health	1 438 550	130 693	18 000	505 927	-	2 093 170
Notoane, Stephens R	Group Head: Utility Services	1 438 550	130 693	18 000	505 414	-	2 092 657
Letlonkane, Pheko I	Group Head: Roads and Transport	1 438 550	130 693	18 000	503 810	-	2 091 053
Kolisa, Mthobeli S		606 662	53 982	7 435	213 792	-	881 871
Mekhoe, Sebatatso S	Group Head: Community and Social Development Services	1 438 550	130 693	18 000	536 904	-	2 124 147
Memela, Nontobeko	Group Head: Human Settlement	1 436 418	130 693	18 000	501 176	-	2 086 287
Phanyane, Namadzavho C	Group Head: Regional Operations and Coordination	1 438 550	130 693	18 000	503 325	-	2 090 568
		18 473 405	1 360 912	246 535	6 874 451	109 023	27 064 335

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

42. Remuneration of Top Management (continued)

Acting Top Management during the 2020/2021 financial year

Reporting directly to City Manager

Name	Designation	Acting Allowances
Natanha Terblanche	Chief of Emergency Services	77 607
Makgorometje Augustine Makgata	Governance and Support Officer	201 287
Moshema Petrus Mosia	Chief of Emergency Services	107 575
Jordan Luke Griffiths	Chief of Staff	79 550
		466 019

Group Heads

Name	Designation	Acting Allowances
Tlou Phillemon Mathane	Group Head: Regional Operations and Coordination	10 654
Sello Tlou Levy Chipu	Group Head: Housing and Human Settlement	30 540
Benjamin Manasoe	Group Head: Economic Development and Spatial Planning	132 814
Tlou Phineas Gadner Tefu	Group Head: Office of Chief Whip	175 494
Pieter Andries Swanepoel	Group Head: Economic Development and Spatial Planning	46 165
Deborah Mmankale Motseo	Group Head: Group Legal Services	12 552
		408 219

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

42. Remuneration of Top Management (continued)

Acting Top Management during the 2019/2020 financial year

Reporting directly to City Manager

Name	Designation	Acting Allowances
Matseane Mmakagiso Poo	Chief Audit Executive	74 273
Moshema Petrus Mosia	Chief Emergency Services	47 230
		121 503

Group Heads

Name	Designation	Acting Allowances
Sello Tlou Levy Chipu	Group Head: Housing and Human Settlement	25 139
Pule Martin Mmutlana	Group Head: Group Legal and Secretariat Services	10 474
Abel Tumishi Malaka	Group Head: Environmental and Agriculture Management	102 474
Tlou Phineas Gadner Tefu	Group Head: Office of the Chief Whip	85 291
Bongani Andrew Mntambo	Group Head: Roads and Transport	43 098
Deborah Mmankale Motseo	Group Head: Group Legal and Secretariat Services	30 947
Morapedi Victor Letshwiti	Group Head: Group Human Capital Management	85 291
Thandiwe Shereen Radebe	Group Head: Customer Relations Management	64 818
Benjamin Manasoe	Group Head: Economic Development and Spatial Planning	6 856
		454 388

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

42. Remuneration of Top Management (continued)

Remuneration of Administration Body

2020/21 Financial year

Name	Designation	Remuneration	Other Allowances	Total
Mavela Alford Dlamini (acting City Manager)	Administrator	37 228	382	37 610
Kebitsamang Mpho Nawa	Lead-Administrator	-	317 761	317 761
Thulisile Njapa Mashanda	Administrator(A&EM)	-	238 321	238 321
Rianda Kruger	Administrator(ED)	-	317 761	317 761
Lesedi Mere	Administrator (CS&ES)	-	317 761	317 761
Mmaseabata Abigail Mutlaneng	Administrator (H&HS)	-	79 440	79 440
Gilberto Pereira Martins	Administrator (SRAC)	-	317 761	317 761
Lebogang Vashette Mahaye	Administrator (H&SD)	-	238 321	238 321
Lefadi Lucas Makibinyane	Administrator (FI)	-	317 761	317 761
Shiva Kesaobaka Makotoko	Administrator (SI)	-	44 901	44 901
		37 228	2 190 170	2 227 398

2019/20 Financial year

Name	Designation	Remuneration	Other Allowances	Total
Mavela Alford Dlamini (acting City Manager)	Administrator	710 300	24 870	735 170
Kebitsamang Mpho Nawa	Lead-Administrator	-	263 597	263 597
Thulisile Njapa Mashanda	Administrator	-	263 597	263 597
Rianda Kruger	Administrator	-	263 597	263 597
Lesedi Mere	Administrator (CS&ES)	-	263 597	263 597
Mmaseabata Abigail Mutlaneng	Administrator (H&HS)	-	263 597	263 597
Gilberto Pereira Martins	Administrator (SRAC)	-	263 597	263 597
Lebogang Vashette Mahaye	Administrator (H&SD)	-	263 597	263 597
Lefadi Lucas Makibinyane	Administrator (FI)	-	263 597	263 597

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

42. Remuneration of Top Management (continued)

Shiva Kesaobaka Makotoko	Administrator (SI)	-	263 597	263 597
		710 300	2 397 243	3 107 543

Other Allowances consist of Subsistence and travelling paid in favour of employee, a non-pensionable allowance as well as Pension, Medical Aid Fund, Group Life contributions by the employer and/or arbitration/settlement/administrator payments.

43. Depreciation and amortisation

Property, plant and equipment	2 059 304 338	2 006 168 654	2 057 124 271	2 005 367 274
Investment property	7 883 140	4 039 237	7 883 140	4 039 237
Living and non living resources	91 332	-	91 332	-
Intangible assets	88 942 976	56 307 062	88 922 058	56 313 809
	2 156 221 786	2 066 514 953	2 154 020 801	2 065 720 320

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
44. Impairment of assets				
Impairments				
Other asset 1	139 684 294	83 702 490	139 684 294	83 702 490
Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount or [recoverable service amount] of the asset was based on its fair value less costs to sell or [its value in use.]				
Other asset 2	29 725 972	7 763 656	29 725 972	7 763 656
Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount or [recoverable service amount] of the asset was based on its fair value less costs to sell or [its value in use.]				
Other asset 3	-	2 030 000	-	2 030 000
Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount or [recoverable service amount] of the asset was based on its fair value less costs to sell or [its value in use.]				
Inventories	5 440	-	5 440	-
Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount or [recoverable service amount] of the asset was based on its fair value less costs to sell or [its value in use.]				
	169 415 706	93 496 146	169 415 706	93 496 146
	169 415 706	93 496 146	169 415 706	93 496 146
	-	-	-	-

[Disclose the following information for the aggregate impairment losses and the aggregate reversals of impairment losses recognised during the period for which no information has otherwise been disclosed:]

The main classes of assets affected by impairment losses are:

Property plant and equipment, Intangible assets and Heritage assetst

:

The main events and circumstances that led to the recognition of these impairment losses are as follows:

Property, plant and equipment

Electricity and Water and Sanitation Infrastructure assets were impaired mostly due to vandalism and only one water and sanitation asset was impaired as a results of flooding

Intangible assets

Software was impaired because it was no longer in in use and therefore no economic life or service potential was expected from it.

Heritage assets

Heritage assets were impaired due to vandalism as a results no economic life or service potential was expected from it.

Living and non living resources

Service animals(horses) were removed from operational duties but they are still under the City's care until they are retired and re-homed, therefore no economic life or service potential was expected from them

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
45. Finance costs paid				
Non-current borrowings	951 951 261	1 084 072 856	951 652 600	1 083 835 412
Preference dividends	196 206 373	64 298 819	196 206 373	64 298 819
Trade and other payables	-	7 106 067	-	7 106 067
Finance leases	38 587 372	71 502 245	38 587 372	71 502 245
Capitalised	266 366 239	234 117 829	266 366 239	234 117 829
Service concession arrangements	51 484 668	50 705 274	51 484 668	50 705 274
	1 504 595 913	1 511 803 090	1 504 297 252	1 511 565 646

Capitalisation rates used during the period were -% on specific borrowings for capital projects and -% being the weighted average cost of funds borrowed generally by the group.

Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R104 312 935 (2020:R95 788 805) - (2020: R104 312 935 (2020:R95 788 805) -).

46. Debt impairment

Contributions to impairment allowance (refer to note 4,5 and 6)	1 357 004 590	3 242 572 007	1 355 860 388	3 241 407 060

Contribution to impairment allowance - per service

Rates	293 054 215	922 338 091	293 054 215	922 338 091
Electricity	497 301 372	1 276 194 659	497 301 372	1 276 194 659
Water	169 284 747	491 239 808	169 284 747	491 239 808
Sanitation	38 877 347	129 038 177	38 877 347	129 038 177
Solid waste	60 782 955	158 744 214	60 782 955	158 744 214
AARTO	(88 741 401)	246 869 458	(88 741 401)	246 869 458
Sundry other	389 115 820	18 716 576	387 971 618	17 551 529
Long term receivables	(2 670 466)	(568 877)	(2 670 466)	(568 877)
	1 357 004 589	3 242 572 106	1 355 860 387	3 241 407 059

Please note the amounts reflected above are the net balance in the expenditure accounts.

For the 2020/21 financial year the total amount written off was R1 944 045 979.94..

For amounts written off refer to note numbers 9, 5 and 6.

47. Bulk purchases

Electricity - Eskom	9 712 625 971	9 061 391 649	9 712 625 971	9 061 385 990
Water	3 160 492 357	2 931 534 805	3 160 492 357	2 931 534 805
	12 873 118 328	11 992 926 454	12 873 118 328	11 992 920 795

48. Contracted services

Presented previously

Fleet Services	15 164 356	4 921 841	-	-

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
48. Contracted services (continued)				
Outsourced Services				
Burial Services	485 200 660	422 415 524	485 200 660	422 415 524
Business and Advisory	3 237 797	6 604 751	1 281 437	2 713 829
Call Centre	26 971 605	12 027 497	26 971 605	12 027 497
Cleaning Services	160 720 356	148 243 470	160 720 356	148 243 470
Clearing and Grass Cutting Services	466 761 729	535 041 450	466 761 729	535 041 450
Fire Services	84 169 908	92 976 559	84 169 908	92 976 559
Hygiene Services	332 195 668	212 073 839	332 195 668	212 073 839
Illegal Dumping	14 999 596	14 899 824	14 999 596	14 899 824
Litter Picking and Street Cleaning	4 092 519	3 768 040	4 092 519	3 768 040
Medical Services [Medical Health Services & Support	689 920 657	770 105 531	681 401 141	758 170 337
Contractors				
Aerial Photography	-	18 794 683	-	18 794 683
Aerial Surveillance	44 354 111	12 560 402	44 354 111	12 560 402
Artists and Performers	742 294 187	694 753 752	742 294 187	694 753 752
Auctioneers	253 124 683	202 791 778	253 124 683	202 791 778
Building	65 749 760	52 047 125	65 749 760	52 047 125
Electrical	286 043 904	258 380 450	286 043 904	258 380 450
Transportation	85 912 305	132 926 740	85 912 305	132 926 740
Sewerage Services	76 511 785	76 380 703	76 511 785	76 380 703
Presented previously	15 164 356	4 921 841	-	-
Outsourced Services	2 268 270 495	2 218 156 485	2 257 794 619	2 202 330 369
Consultants and Professional Services	-	-	-	-
Contractors	1 553 990 735	1 448 635 633	1 553 990 735	1 448 635 633
	3 837 425 586	3 671 713 959	3 811 785 354	3 650 966 002
49. Grants and subsidies paid				
Grants paid to ME's				
Transfers to TEDA and HCT	(5)	-	103 325 520	110 456 419
Other subsidies				
Executive mayor donations and other transfers	3 037 758	2 554 598	3 037 758	2 554 598
LED initiatives	-	3 470 325	-	3 470 325
Gratuities	15 270 769	22 451 851	15 270 769	22 451 851
Section 21 schools learning training support	576 000	-	576 000	-
ECD-NGO support	3 116 074	6 000 503	3 116 074	6 000 503
	22 000 601	34 477 277	22 000 601	34 477 277
Grants paid to ME's	(5)	-	103 325 520	110 456 419
Other subsidies	22 000 601	34 477 277	22 000 601	34 477 277
	22 000 596	34 477 277	125 326 121	144 933 696

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
50. General expenses				
Compensation	75 944 207	65 261 488	75 944 207	65 261 488
Computer Services	71 718 453	51 198 552	71 718 453	51 198 552
Auditors remuneration	30 905 269	30 038 904	29 017 369	28 268 017
Bank charges	25 692 935	20 883 878	25 566 810	20 800 418
Service Costs-Tshwane House	-	34 325 253	-	34 325 253
Commission paid	27 342 921	14 660 942	27 342 921	14 660 942
WIFI	14 509 044	57 316 402	14 509 044	57 316 402
Compensation Commissioner	11 600 111	12 846 507	11 600 111	12 846 507
Software Licenses	110 703 137	116 952 699	110 703 137	116 952 699
Protective Clothing and Uniform	53 505 834	92 935 048	53 505 534	92 935 048
Printing	14 722 920	19 553 099	14 360 874	19 317 930
End User Support	19 366 948	22 840 702	19 366 948	22 840 702
Rental of plant and equipment	195 058 205	340 099 965	195 058 205	340 099 965
Insurance	140 551 957	44 910 300	140 551 957	44 910 300
Postage	22 484 048	29 937 361	22 484 048	29 937 361
Membership Fees	19 954 476	15 468 236	19 954 476	15 468 236
Non-Capital Items	8 374 888	2 150 929	8 374 888	2 150 929
Communications	1 391 410	1 015 297	1 391 410	1 015 297
Leasing of Property	311 855 918	325 735 758	311 855 918	325 735 758
Advertising and Marketing	6 055 686	17 071 324	6 055 686	17 071 324
Rehabilitation Provision Expenses	4 436 133	7 284 079	4 436 133	7 284 079
Telecommunications	26 489 077	40 198 813	26 489 077	40 198 813
Net Stock Changes	2 921 799	3 078 004	2 921 799	3 078 004
Printing and stationery	87 854	148 019	-	-
Lease Expense	63 252 523	69 396 163	63 086 428	69 324 662
A Re Yeng Operations	20 806 895	57 136 485	20 806 895	57 136 485
Management information Systems	55 847 392	66 866 653	55 847 392	66 866 653
Subscriptions and membership fees	43 012	578 759	-	-
Locomotion Allowance	18 869 210	20 671 054	18 869 210	20 671 054
Retnal Vehicles	65 096 542	70 538 809	65 096 542	70 538 809
Transport Cost	2 604 090	6 012 791	2 604 090	6 012 791
Expense 1	-	235 317 138	-	235 317 138
Rental Venues	366 568	1 576 760	366 568	1 576 760
Licenses	17 126 766	17 316 066	17 126 766	17 316 066
Internet Fees	42 282 281	35 574 761	42 282 281	35 574 761
Events Management	5 608 895	8 813 662	5 608 895	8 813 662
Other expenses	266 039 439	255 633 158	244 094 242	234 034 093
	1 753 616 843	2 211 343 818	1 728 998 314	2 186 856 958

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
51. Taxation				
Major components of the tax expense (income)				
Current				
Normal tax - Current year	126 922	361 187	-	-
Deferred				
Deferred tax - Current year	412 095	(915 154)	-	-
Current	126 922	361 187	-	-
Deferred	412 095	(915 154)	-	-
	539 017	(553 967)	-	-
Taxation liability movement				
Opening balance	(1 809 415)	(727 084)	-	-
Current tax for the period recognised in surplus or deficit	126 922	361 187	-	-
Provisional tax (paid)/interest charged	(897 606)	(1 836 905)	-	-
Normal income tax refund from SARS	908 217	393 387	-	-
Subtotal	(1 671 882)	(1 809 415)	-	-
	(1 671 882)	(1 809 415)	-	-
Reconciliation of the tax expense				
Tax in note @ 28%	(530 346)	(100 270)	-	-
Profit (loss) before tax	(3 646 861)	361 884	-	-
Tax as percentage of income before tax	15%	-28%	-	-
Reconciliation between applicable tax rate and average effective tax rate				
Applicable tax rate	28%	28%	-	-
Total non-temporary differences	-13.46%		-	-
	15%	28%	-	-
52. Tax (paid)/refunded				
Balance at beginning of the year	1 809 415	-	-	-
Current tax for the year recognised in surplus or deficit	(126 922)	(361 187)	-	-
Balance at end of the year	(1 671 882)	(1 809 415)	-	-
	10 611	(2 170 602)	-	-

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
53. Cash generated from operations				
Surplus (deficit)	1 283 215 002	(2 804 995 684)	1 258 157 392	(2 844 608 560)
Adjustments for:				
Depreciation and amortisation	2 156 221 786	2 049 579 972	2 154 020 801	2 048 785 339
Loss on sale of assets	72 257 541	43 235 747	72 204 101	43 149 991
Gain (loss) on redemption fund	38 570 919	(182 784 700)	38 570 919	(182 784 700)
Profit on sale of assets	(3 911 536)	(25 478 579)	(3 911 536)	(25 478 579)
Gain on foreign exchange	-	(104 860)	-	(104 860)
Newly identified assets	(14 187 897)	(5 807 269)	(14 187 897)	5 807 269
Fair value adjustments	(95 584 144)	161 919 234	(95 584 144)	161 919 234
Finance cost - provision and finance lease	90 072 040	-	90 072 040	-
Adjustments for non-cash employee cost	155 364 660	1 168 487 338	(146 364 660)	1 168 487 338
Finance cost - Service Concession Tshwane House	266 366 239	234 117 829	266 366 239	234 117 829
Finance costs - Annuity Loans	198 520 102	57 318 461	198 520 102	57 318 461
Impairment deficit	169 415 706	93 496 146	169 415 706	93 496 146
Debt impairment	1 357 004 590	3 242 572 007	1 355 860 388	3 241 407 060
Finance cost - Late payment of vendors	-	7 106 067	-	7 106 067
Interest income-non-cash (Investment Income)	(15 320 736)	(26 216 226)	(15 368 591)	(26 216 226)
Adjustment Year Grant debtor - Grants non cash	(23 530 554)	-	-	-
Movements in provisions	(102 287 308)	289 268 649	(114 112 745)	287 642 767
Public contributions, Donated and contributed property	(32 885 609)	(16 288 172)	(32 885 609)	(16 288 172)
Loss on foreign exchange	394 113	-	394 113	-
Inventory Write down	2 921 798	4 151 602	2 921 798	4 151 602
Other expenses - non cash items accruals	-	4 528 095	79 523 636	2 097 414
Other non-cash items entities	(993 129)	-	-	-
Interest Income - non cash (Trading)	(243 142 518)	-	(243 142 518)	-
Accrual for Service Charges at Year end	(941 986 675)	-	(941 986 675)	-
Share of profit of Joint Venture :TAHSEZ	(421 126 538)	-	(421 126 538)	-
Other - Non Cash Accruals	117 464 310	-	-	-
Adjustment employee cost entities	3 236 488	9 568 713	-	-
Changes in working capital:				
Inventories	(65 284 957)	31 101 008	(65 284 958)	31 101 008
Consumer receivables	(486 028 949)	(4 378 401 178)	(486 028 949)	(4 378 401 178)
Other receivables	(193 124 734)	(327 807 883)	(192 584 058)	(333 915 555)
Vat Receivables	9 389 765	1 917 637	-	-
Long term receivables short term	395 505	306 744	-	-
Current tax receivables	137 533	(994 524)	-	-
Payables from exchange transactions	1 907 830 127	934 077 986	1 943 637 141	949 713 968
VAT Payable	(1 032 293 844)	(420 724 800)	(1 032 293 844)	(420 724 800)
Unspent conditional grants and receipts	(219 441 729)	189 705 663	(219 441 729)	189 705 663
Consumer deposits	273 535 346	114 601 288	273 535 346	114 601 288
Employee benefit obligation	22 282 107	28 626 399	22 282 107	28 626 399
Service concession arrangement	(852 484 577)	-	(852 484 577)	-
Operating lease liability	(21 069 249)	-	(21 069 249)	-
	3 359 910 638	501 141 365	3 320 326 393	454 156 330

54. Going concern

At 30 June 2021, the group had a current year surplus of R1 282 675 627 (2020: deficit of R 2 870 013 934). The accumulated surplus was R 27 585 839 661 (2020: R 26 303 164 032) and the total assets exceed its total liabilities by same. The 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 realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business..

The group's ability to continue as a going concern is dependent on a number of factors. In performing the going concern assessment, the Accounting Officer has considered available information about the future, the possible outcomes of events and the changes in conditions affecting the municipality. The group assessed the impact of Covid-19 on its debtors' collection processes.

Management has considered all risk factors, collections rates, credit ratings & downgrades and other available information in assessing adequacy of provisions and impairments process at year end. Based on management assessment of cash flow projections the municipality is still able to meet its financial demands.

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

54. Going concern (continued)

Management has considered all risk factors, collections rates, credit ratings & downgrades and other available information in assessing adequacy of provisions and impairments process at year end. Based on management assessment of cash flow projections the municipality is still able to meet its financial demands.

Key financial ratios for the group are closely monitored to ensure that the municipality remains able to pay its creditors in the short-term and also able to settle its obligations in the medium to long-term. Strict credit control measures and monitoring of the payment levels of debtors are also factors that are being closely managed. The most significant of these are that the accounting officer continues to monitor and manage the expenditure levels and cash flow projections.

Liquidity and solvability ratios

Current ratio (current assets vs current liabilities)	0.68 :1	0.74 :1	0.64:1	0.73:1
Acid test ratio (current assets less inventory vs current liabilities)	0.63 :1	0.69 :1	0.59:1	0.69:1
Solvability ratio (total assets vs total liabilities)	1.91 :1	1.85: 1	1,85:1	1.96:1
Debtors collection rate (%)	91,00 %	80,24 %	91,06 %	80,23 %
Gearing ratio (total long-term debt to total revenue less grants) (%)	32,00 %	39,91 %	31,00 %	39,92 %
Liquidity ratio (cash and cash equivalents vs current liabilities)	0,02	0,02	0,02	0,02
Net Debtors days	81,86	87,00	81,85	87,00

The current ratio and acid test ratios show a decline as compared to the previous financial year. This is partly reflective of the impact of COVID-19, however the municipality has been able to continue with payments to creditors and third party payments in the ordinary course of business. Similarly, the net debtors' days show an increase from the previous year. The City's solvency reflects a slight decrease from the previous year, and is just below the industry norm. However the City's is still able to settle its liabilities as they become due. The City is implementing a voluntary Financial Recovery Plan (FRP) in order to improve its liquidity. The FRP was approved by Council on 27 May 2021 and takes into account the effects of COVID-19 and its impact on various functions and operations of the City

Credit rating and outlook

Following an extensive credit rating review carried out in May and June 2021, Moody's came out on 28th June 2021 and issued the City with an official credit rating opinion of CC(za) long term and short-term rating of C(za) with a negative outlook of rating under review for further downgrade.

The deemed rating assigned by Moody's is a reflection of the City's persistent fiscal challenges and the weakened liquidity position. The City's access to external borrowing is constrained, engagements to secure new borrowing are ongoing in order to improve liquidity of the City.

Assigned credit ratings

GCR's July 2021 credit rating opinion on the City, in terms of the national scale ratings (NSR) South Africa, was as follows:

	Rating type	Long term	Short term	Category	Rating outlook
I	Issuer	CC(za)	C(za)	Below Investment Grade	Negative

In conclusion, the municipality has a significant uncertainty regarding financial sustainability due to the factors listed above.

55. Events after the reporting date

Non- adjusting events

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

55. Events after the reporting date (continued)

Credit rating

On 09 July 2021 GCR Ratings ("GCR") downgraded the City of Tshwane Metropolitan Municipality's national scale long and short term Issuer ratings to CC(za) and C(za) respectively, with a negative outlook. The deemed rating view assigned by GCR is a reflection of the City's current fiscal challenges and the deterioration in its liquidity position. The City's constrained access to external borrowing during the 2020/21 financial year has exacerbated its liquidity pressure.

Rating type	Long term	Short term	Category	Rating outlook
Issuer	CC(za)	C(za)	Below Investment grade	Negative

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

55. Events after the reporting date (continued)

Wapadrand Fire

On 17 July 2021, the City experienced a fire at the Wapadrand Substation. The fire caused an outage of power to consumers in the east of Pretoria including retail stores, hospitals, schools etc. The whole substation, equipment and building was rendered inoperable, due to extensive damage by the fire and therefore had to be reconstructed. The estimated costs associated with the fire damage is as reflected below:

- Labour and materials costs to restore power R21 467 964
- Estimated loss of revenue R29 937 600
- Reinstatement costs R90 000 000

Rosslyn

On the 16 August 2021 the Rosslyn substation Stage A building burst in flames, burning all switchgears inside the building. Estimated costs R25 000 000

Nivs

On the 11 November 2021 Lightning strike the NER of transformer 1 and caused fire on switchgear building, destroying seven feeder panels, Bus-Coipler panel, two transformer and an NEC. Estimated costs R18 000 000

Mooikloof

On 01 December 2021 Mooikloof the 132/11kV transformer tripped. Estimated costs R43 421 568

Kloofsig

On 02 December 2021 the building burst to flames burning 19 panels. Estimated cost R 35 000 000

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

56. Prior period restatements

Change in accounting policy

No change in accounting policy occurred during the year under review.

Reclassification

Reclassifications were done on various line items on the statement of financial performance to align the items to mSCO

classifications:

Group 2020	As previously reported	Reclassification	Correction of errors	Restated
Statement of financial performance				
Revenue				
Service charges	(18 360 668 070)	-	1	(18 360 668 069)
Rental of facilities and equipment	(125 562 926)	-	-	(125 562 926)
Interest received - outstanding consumer debtors	(818 454 181)	-	-	(818 454 181)
Licences and permits	(37 338 520)	-	-	(37 338 520)
Other income	(731 045 135)	(2 799 114)	(17 637 145)	(751 481 394)
Investment revenue	(237 164 170)	-	-	(237 164 170)
Gain on foreign exchange transactions	(104 860)	-	-	(104 860)
Gain on redemption fund	(182 784 700)	-	-	(182 784 700)
Property rates	(7 424 488 155)	-	-	(7 424 488 155)
Government grants, subsidies, awards and donations	(6 212 076 393)	-	(13 280 951)	(6 225 357 344)
Public contributions and donations	(100 066 098)	5 807 269	950 000	(93 308 829)
Fines, penalties and forfeits	(397 398 256)	-	(3 764 700)	(401 162 956)
Total revenue	(34 627 151 464)	3 008 155	(33 732 795)	(34 657 876 104)
Expenditure				
Employee-related cost	11 675 553 952	-	5 189 341	11 680 743 293
Remuneration of councillors	126 485 895	-	-	126 485 895
Depreciation and amortisation	2 049 579 972	-	16 934 981	2 066 514 953
Impairment loss/reversal of impairments	93 496 146	-	-	93 496 146
Finance cost	1 511 803 090	-	-	1 511 803 090
Debt impairment	3 242 572 007	-	-	3 242 572 007
Other materials	570 785 667	-	1 672 205	649 918 495
Bulk purchases	11 960 627 129	-	-	11 960 627 129
Contracted services	3 718 499 279	-	31 366 284	3 749 865 563
Transfers and subsidies	34 477 277	-	-	34 477 277
Loss on disposal of assets and liabilities	43 235 747	-	41 293 641	84 529 388
Fair value adjustments	161 499 310	-	419 924	161 919 234
General expenses	2 242 977 710	(3 008 155)	(21 609 852)	2 211 343 818
Total expenditure	37 431 593 181	(3 008 155)	75 266 524	37 574 296 288
Surplus before taxation and other adjustments	2 804 441 747	-	41 533 725	2 845 975 472
Taxation	553 967	-	-	553 967
Surplus for the year	2 804 995 714	-	41 533 725	2 846 529 439

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
56. Prior period restatements (continued)				
Group 2020				
	As previously reported	Reclassification	Correction of errors	Restated
Statement of financial position				
Current assets				
Inventories	687 779 661	-	(20 642 760)	667 136 901
Consumer receivables from exchange transactions	4 978 842 969	-	-	4 978 842 969
Consumer receivables from non-exchange transactions	1 150 286 499	-	-	1 150 286 499
Other receivables from exchange transactions	704 182 974	-	112 965 232	817 148 206
Other receivables from non-exchange transactions	412 995 866	-	3 764 700	416 760 566
Long-term receivables: short-term portion	132 119 244	-	-	132 119 244
VAT receivable	721 773	-	13 280 951	14 002 724
Redemption fund asset	1 329 639 759	-	-	1 329 639 759
Investments	649 748 890	-	-	649 748 890
Cash and bank	277 865 652	-	-	277 865 652
Current tax receivable	1 721 608	-	87 807	1 809 415
	10 325 904 895	-	109 455 930	10 435 360 825
Non-current assets				
Long-term receivables: long-term portion	1 658 296	-	-	1 658 296
Redemption fund	466 851 283	-	-	466 851 283
Property, plant and equipment	41 364 281 858	19 230 676	(313 968 682)	41 069 543 852
Investment property	1 066 106 202	(11 823 996)	44 922 468	1 099 204 674
Intangible assets	796 221 024	1 989	16 673 819	812 896 832
Heritage assets	3 370 081 069	-	-	3 370 081 069
Interest rate swap	31 298 484	-	-	31 298 484
Living and non living assets	-	368 265	-	368 265
Deferred tax	1 162 582	-	(87 807)	1 074 775
	47 097 660 798	7 776 934	(252 460 202)	46 852 977 530
Total Assets	57 423 565 693	-	(143 004 272)	57 280 561 421
Current liabilities				
Payables from exchange transactions	(8 402 206 737)	(7 776 929)	(21 896 118)	(8 431 879 784)
VAT payable	(2 025 176 820)	-	(9 306 786)	(2 034 483 606)
Consumer deposits	(673 376 886)	-	-	(673 376 886)
Unspent grants and receipts	(486 607 374)	-	(14 133 228)	(500 740 602)
Loans and bonds	(746 696 839)	-	-	(746 696 839)
Lease liabilities	(333 766 246)	-	-	(333 766 246)
Employee benefit obligation	(198 677 412)	-	-	(198 677 412)
Service concession arrangements	(249 166 667)	-	-	(249 166 667)
Operating lease liability	(382 577)	-	-	(382 577)
Concilors remuneration obligation	(21 069 249)	-	-	(21 069 249)
Provisions	-	-	(8 694 502)	(8 694 502)
Benchmarking liability	(852 484 577)	-	-	(852 484 577)
	(13 989 611 384)	(7 776 929)	(54 030 634)	(14 051 419 368)
Non-current liabilities				
Interest rate swap liability	(413 339 043)	-	-	(413 339 043)
Loans and bonds	(11 347 537 099)	-	-	(11 347 537 099)
Lease liabilities	(261 720 005)	-	-	(261 720 005)
Employee benefit obligation	(1 665 376 886)	-	-	(1 665 376 886)
Provisions	(1 284 400 029)	-	-	(1 284 400 029)
Service concession arrangements	(1 961 384 293)	-	-	(1 961 384 293)
	(16 933 757 355)	-	-	(16 933 757 355)
Total Liabilities	(30 923 368 739)	-	(54 030 634)	(30 977 399 373)

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
56. Prior period restatements (continued)				
Net Assets before adjustments	26 498 193 799	-	(195 031 750)	26 303 162 049
Accumulated surplus	26 498 193 799	-	(195 031 750)	26 303 162 049

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

56. Prior period restatements (continued)

Municipality	As previously reported	Reclassification	Correction of errors	Restated
2020				
Revenue:				
Revenue				
Property rates	(7 424 886 562)	-	-	(7 424 886 562)
Service charges	(18 360 974 164)	-	-	(18 360 974 164)
Rental of facilities and equipment	(116 048 135)	-	-	(116 048 135)
Licences and permits	(37 338 520)	-	-	(37 338 520)
Other income	(730 559 786)	(2 799 114)	(17 637 145)	(750 996 045)
Investment revenue	(235 584 312)	-	-	(235 584 312)
Gain on foreign exchange	(104 860)	-	-	(104 860)
Interest received on outstanding debtors	(818 319 417)	-	-	(818 319 417)
Gain on redemption fund investment	(182 784 700)	-	-	(182 784 700)
Government grants, subsidies, awards and donations	(6 185 522 134)	-	-	(6 185 522 134)
public contributions	(100 066 097)	5 807 269	950 000	(93 308 828)
Fines, penalties and forfeits	(397 398 256)	-	(3 764 700)	(401 162 956)
Total Revenue	(34 589 586 943)	3 008 155	(20 451 845)	(34 607 030 633)

Municipality	As previously reported	Reclassification	Correction of errors	Restated
2020				
Expenditure				
Employee-related costs	11 615 144 640	-	5 189 341	11 620 333 981
Remuneration of councillors	126 485 895	-	-	126 485 895
Depreciation and amortisation	2 048 785 339	-	16 934 980	2 065 720 319
Impairment loss/reversal of impairments	93 496 146	-	-	93 496 146
Finance cost	1 511 565 646	-	-	1 511 565 646
Debt impairment	3 241 407 060	-	-	3 241 407 060
Other materials	570 785 666	-	1 672 205	572 457 871
Bulk purchases	11 960 621 471	-	-	11 960 621 471
Contracted services	3 691 811 461	-	31 366 284	3 723 177 745
Transfers and subsidies	144 933 696	-	-	144 933 696
Loss on disposal of assets and liabilities	43 149 991	-	41 293 641	84 443 632
Fair value adjustments	161 499 310	-	419 924	161 919 234
General expenses	2 224 509 173	(3 008 155)	2 904 155	2 224 405 173
Total expenditure	37 434 195 494	(3 008 155)	99 780 530	37 530 967 869
Surplus for the year	2 844 608 551	-	79 328 685	2 923 937 236

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
56. Prior period restatements (continued)				
Municipality	As previously reported	Reclassification	Correction of errors	Restated
2020				
Statement of financial position				
Current assets				
Inventories	687 779 661	-	(20 642 760)	667 136 901
Consumer receivables from exchange transactions	4 978 842 969	-	-	4 978 842 969
Consumer receivables from non-exchange transactions	1 150 286 499	-	-	1 150 286 499
Other receivables from exchange transactions	773 791 441	-	43 294 067	817 085 508
Other receivables from non-exchange transactions	400 574 835	-	3 764 700	404 339 535
Long-term-receivables: short-term portion	132 119 244	-	-	132 119 244
Redemption fund asset	1 329 639 759	-	-	1 329 639 759
Investments	631 159 289	-	-	631 159 289
Cash and bank	216 844 655	-	-	216 844 655
	10 301 038 352	-	26 416 007	10 327 454 359
Non-current assets				
Long-term receivables: long-term portion	1 658 296	-	-	1 658 296
Redemption fund	466 851 283	-	-	466 851 283
Property, plant and equipment	41 119 115 596	19 230 676	(114 358 224)	41 023 988 048
Investment property	1 066 106 202	(11 823 996)	37 842 468	1 092 124 674
Intangible assets	796 203 444	1 989	16 675 808	812 881 241
Heritage assets	3 370 081 069	-	-	3 370 081 069
Investment in municipal entities	1 000	-	-	1 000
Interest rate swap	31 298 484	-	-	31 298 484
Living and non living resources	-	368 264	-	368 264
	46 851 315 374	-	(59 839 948)	46 791 475 426
Total Assets	57 152 353 726	-	(33 423 941)	57 118 929 785
Current liabilities				
Payables from exchange transactions	(8 381 711 238)	(7 776 929)	(42 720 688)	(8 432 208 855)
VAT payable	(2 025 176 820)	-	(9 306 786)	(2 034 483 606)
Consumer deposits	(673 376 886)	-	-	(673 376 886)
Unspent grants and receipts	(486 607 374)	-	-	(486 607 374)
Loans and bonds	(746 696 839)	-	-	(746 696 839)
Finance lease obligation	(333 096 282)	-	-	(333 096 282)
Employee benefit obligation	(198 677 412)	-	-	(198 677 412)
Service concession arrangements	(249 166 667)	-	-	(249 166 667)
Employee benchmark obligation	(852 484 577)	-	-	(852 484 577)
Councilors remuneration obligation	(21 069 249)	-	-	(21 069 249)
	(13 968 063 344)	-	(52 027 474)	(14 020 090 818)
Non-current liabilities				
Interest rate swap liability	(413 339 043)	-	-	(413 339 043)
Loans and bonds	(11 347 537 099)	-	-	(11 347 537 099)
Lease liabilities	(259 106 534)	-	-	(259 106 534)
Employee benefit obligation	(1 665 376 886)	-	-	(1 665 376 886)
Provisions	(1 284 400 029)	-	-	(1 284 400 029)
Service concession arrangements	(1 961 384 293)	-	-	(1 961 384 293)
	(16 931 143 884)	-	-	(16 931 143 884)
Total Liabilities	(30 899 207 228)	-	(52 027 474)	(30 951 234 702)
Equity				
Accumulated surplus	26 253 146 498	-	(85 451 415)	26 167 695 083

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

56. Prior period restatements (continued)

Reasons for restatements for statements of financial performance

Correction of errors

Payables from exchange transactions

Reallocation of ISU payment done in 2019/20 Financial year but due to the use of incorrect reference could not be allocated to the correct customer. Corrections were only done in 2020/21 Financial Year.

The restatement is creditor's accrual. Is to restate all invoice payments for 2019/20 that were paid in the 2020/21 financial year.

Restatement of 2019/20 acting allowance paid in 2020

VAT payable

The savings recovered from SARS were for different tax periods and were restated to the respective financial year. Input not claimed on system 2019 / 2020; SARS only refund the city 29/10/2020

The savings recovered from SARS were for different tax periods and were restated to the respective financial year. Service charges

Service charges increased due to correction of solid waste removal journal incorrectly captured by the in the previous financial year

Major asset classes reasons for restatements (PPE, Intangible assets, Investment property and Heritage assets)

Retirement of assets from FAR that were stolen

Reversal on journal posted for retired assets identified as stolen

Expenditure was incurred under an AUC that should have been recognized as operational expenditure and not capital expenditure

Reversal Audit Adjustment Manual Capitalisation - Restate posted Unplanned depreciation in period 14

Audit Adjustment Manual Capitalisation - Restate posted Unplanned depreciation in period 14

Capitalization of a new asset onto an existing asset

Unplanned depreciation posted on an acquisition

Newly identified land and servitudes

Incorrect depreciation useful life term used on leased assets.

Other receivables: Exchnage transactions.

? Due to decrease in debtor for the 202 financial year.

SARS confirmed that the output VAT declared by Hosing Company Tshwane in respect of the grants paid by CoT to them was incorrect, there is no output VAT implications on these grants and CoT is not entitled to any input VAT deduction

Restating overpayment of creditor. The debtors balance had to be restated to reflect the overpayment of fuel in the past financial year.

Restement of SNARAL prepayments as per COAF SA 35 2020/21

Restatement of AARTO debtors as per COAF 21 of 2020/21

Inventories.

? Restating the inventories balance to reflect the overpayment of fuel in the past financial year.

Reclassifications

Property, plant and equipment

? Reclassifications between intangible assets and investment property due to macthing the figures to the appendix B asset register supporting documenatation. The balances of the three asset calsses in total match, however in between the class tend to differe due to the Appendix B having more detail to class the assets, therefore a reclassification is passed.

? A reclassification to Payables from exchange transactions was done due to a prior year settlements of projects.

? Living and non living resources were reclassified out of property, plant and equipment due to it being deemed a stand alone asset class outside of property, plant and equipment

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

56. Prior period restatements (continued) Investment property.

Reclasifications between intangible assets and property, plant and equipment due to matching the figures to the appendix B asset register supporting documentatation. The balances of the three asset calsses in total match, however in between the class tend to differe due to the Appendix B having more detail to class the assets, therefore a reclassification is passed.

Intangible assets

? Reclasifications between investment assets and property, plant and equipment due to matching the figures to the appendix B asset register supporting documentatation. The balances of the three asset calsses in total match, however in between the class tend to differe due to the Appendix B having more detail to class the assets, therefore a reclassification is passed.

Other income

? A general ledger account was found to be incorrectly mapped to the General expenses line item and re maaped to Other income
? A general ledger account was found to be incorrectly mapped to Public contributions line item and re-mapped to other income

Material losses (refer to note 76)

? Salary payements made to employees for work not done (prior year disclsoure adjustment).

TEDA

Deferred tax note changed by 87,807 as follows:

? Property, plant and equipment changed by 10,189 from (358,480) to (348,291)
? Finance lease changed by (97,996) from 0 to (97,996)

57. Related parties

Name of entity	% Equity interest
Investment in associate: TAHSEZ	33.3% shareholding
Housing Company Tshwane	100 % owned by City of Tshwane
Tshwane Economic Development Agency	100 % owned by City of Tshwane
Members of key management	Refer to Note 34 for remuneration of City Manager Refer to Note 36 for remuneration of Top Management Refer to Note 34 and 35 for remuneration of Councillors

Tshwane Economic Development Agency:

TEDA benefited from the use of the following services provided by CoT at no cost:

Internal audit and risk management resources
Audit
Committee resources
Network and Telecommunication support
SAP migration
Desktop and Server support
Insurance management
OHS services
Records management
QPR performance management system

Housing Company Tshwane:

The entity benefited from the following services provided by related party at no cost:

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

57. Related parties (continued)

- Use of risk management and internal audit resources from City of Tshwane
- Use of audit committee resources from City of Tshwane
- Use of network, telecommunication and server support provided by City of Tshwane
- Occupational Health and Safety services from City of Tshwane
- Insurance management by City of Tshwane
- Telephone service provided by City of Tshwane
- MSCOA implementation by City of Tshwane
- QPR - Performance Management Solution
- Use of office space
- Use of two motor vehicles for maintenance
- The entity received the rights to develop land owned by the City of Tshwane at no cost
- Use the service of the VAT specialist at no cost

Related party balances

Amounts included in trade payables regarding related parties

Housing Company Tshwane: Rental received on behalf of City of Tshwane	197 460	197 460
Tshwane Economic Development Agency : Amount owed by TEDA to CoT (Bus Service Hire)	-	71 650
Housing Company Tshwane: Deposit owed by City of Tshwane	(61 606)	(23 400)
Housing Company Tshwane: Unspent conditional grant	(35 000 000)	(7 916 461)
Tshwane Economic Development Agency : Property Valuation Expenses	118 738	-
TAHSEZ: Amounts owed by CoT to Related party	(2 724 419)	-

* Related party transactions have been restated to reflect an amount of R71 650 that was not disclosed as part of related party balances for the period ended 30 June 2020

Related party transactions

Sales to related parties

Housing Company Tshwane: Rates	822 528	398 407
Housing Company Tshwane: Water and electricity	489 637	306 094
	-	-

Expenses paid on behalf of related parties

TEDA: Administrative fees paid to related parties	-	(4 605 824)

Grants, transfers and subsidies to related parties

Housing Company Tshwane: Grant recognised as income	(171 525 048)	(119 383 365)
TEDA grant	(69 873 930)	(72 004 824)

Payments made to Related Party

TAHSEZ : Payments made Bulk Infrastructure	1 589 251	-

Refer to Note 69 for the Equity Accounting of Investment in Joint venture : TAHSEZ

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

57. Related parties (continued)

Remuneration of Administration Body

On the 6th of March 2020, the Gauteng Provincial Executive Council resolved to intervene in terms of section 139(1)(c) of the constitution of the Republic of South Africa in the Tshwane Metropolitan Municipality by dissolving the council. The Gauteng Provincial Gauteng Department Cooperative Governance and Traditional Affairs (Cogta) can be identified as a related party as per GRAP 20.10 whom had significant influence on the City strategic and operational decision. The relationship with the administrators were terminated on 31 October 2021 after the council meeting.

The transactions relating to the administrators were as follows:

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

57. Related parties (continued)

2020/21 Financial year

Name	Designation	Remuneration	Other Allowances	Total
Mavela Alford Dlamini (acting City Manager)	Administrator	37 228	382	37 610
Kebitsamang Mpho Nawa	Lead-Administrator	-	317 761	317 761
Thulisile Njapa Mashanda	Administrator(A&EM)	-	238 321	238 321
Rianda Kruger	Administrator(ED)	-	317 761	317 761
Lesedi Mere	Administrator (CS&ES)	-	317 761	317 761
Mmaseabata Abigail Mutlaneng	Administrator (H&HS)	-	79 440	79 440
Gilberto Pereira Martins	Administrator (SRAC)	-	317 761	317 761
Lebogang Vashette Mahaye	Administrator (H&SD)	-	238 321	238 321
Lefadi Lucas Makibinyane	Administrator (FI)	-	317 761	317 761
Shiva Kesaobaka Makotoko	Administrator (SI)	-	44 901	44 901
		37 228	2 190 170	2 227 398

Name	Designation	Remuneration	Other Allowances	Total
Mavela Alford Dlamini (acting City Manager)	Administrator	710 300	24 870	735 170
Kebitsamang Mpho Nawa	Lead-Administrator	-	263 597	263 597
Thulisile Njapa Mashanda	Administrator	-	263 597	263 597
Rianda Kruger	Administrator	-	263 597	263 597
Lesedi Mere	Administrator (CS&ES)	-	263 597	263 597
Mmaseabata Abigail Mutlaneng	Administrator (H&HS)	-	263 597	263 597
Gilberto Pereira Martins	Administrator (SRAC)	-	263 597	263 597
Lebogang Vashette Mahaye	Administrator (H&SD))	-	263 597	263 597
Lefadi Lucas Makibinyane	Administrator (FI)	-	263 597	263 597
Shiva Kesaobaka Makotoko	Administrator (SI)	-	263 597	263 597
		710 300	2 397 243	3 107 543

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Group		Municipality	
2021	2020 Restated*	2021	2020 Restated*

57. Related parties (continued)

Other Allowances consist of Subsistence and travelling paid in favour of employee, a non-pensionable allowance as well as Pension, Medical Aid Fund, Group Life contributions by the employer and/or arbitration/settlement/administrator payments.

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
58. Commitments				
Authorised capital expenditure				
Approved and contracted for				
• Infrastructure assets	5 691 025 101	2 657 240 722	4 784 550 137	1 601 107 039
• Community assets	240 239 732	225 267 589	240 239 732	225 267 589
• Other Assets	52 106 633	533 545	51 573 088	-
• Intangible assets	506 000 000	2 405 018	506 000 000	2 405 018
	6 489 371 466	2 885 446 874	5 582 362 957	1 828 779 646
Approved but not yet contracted for				
• Infrastructure assets	163 106 700	1 196 640 872	163 106 700	1 196 640 872
• Community assets	4 886 463	128 221 785	4 886 463	128 221 785
• Other	18 975	40 427 680	-	40 427 680
• Intangible assets	-	23 860 370	-	23 860 370
	168 012 138	1 389 150 707	167 993 163	1 389 150 707
	6 657 383 604	4 274 597 581	5 750 356 120	3 217 930 353
Total capital commitments				
Already contracted for but not provided for	6 489 371 466	2 885 446 874	5 582 362 957	1 828 779 646
Not yet contracted for and authorised by accounting officer	168 012 138	1 389 150 707	167 993 163	1 389 150 707
	6 657 383 604	4 274 597 581	5 750 356 120	3 217 930 353
59. Unauthorised expenditure				
Opening balance as previously reported	3 042 067 931	792 933 792	3 042 067 926	792 933 792
Unauthorised expenditure in current year	566 041 443	2 249 134 139	566 041 443	2 249 134 139
Closing balance	3 608 109 374	3 042 067 931	3 608 109 369	3 042 067 931

Refer to the Appendices (Appendix D) relating to municipal votes and revenue and expenditure line items for more detail.

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

59. Unauthorised expenditure (continued)

Unauthorised expenditure: Budget overspending - per strategic unit

Community and Social Development Services	207 932 596	32 059 296
Customer Relations Management	14 725 577	10 084 721
Emergency Management Services	215 332 702	17 802 767
Environmental and Agriculture Management	-	148 677 341
Group Financial Services	-	880 761 933
Group Legal and Secretarial Service	25 734 391	21 816 013
Group Property Management	-	17 038 112
Office of the Chief Whip	-	190 995
Regional Operation & Coordination	79 411 804	129 713 430
Roads & Transport	9 254 208	34 779 637
Utility Services	-	956 209 893
Economic Development & Spatial Planning	12 776 876	-
Health	873 289	-
	566 041 443	2 249 134 138

The over expenditure by municipal departments during the year is attributable to the following categories:

**Cash	(76 533 973)	(196 716 128)
**Non-cash	642 575 416	2 445 850 268
	566 041 443	2 249 134 140

An amount R 2 242 432 992 of unauthorised expenditure for non-cash items was tabled to council on 25 March 2021. During the consideration of this item by the Council, it was resolved that the report be submitted to Municipal Public Accounts Committee (MPAC) for further investigations of the R 2.2 billion in accordance with Section 32.2. (a). (ii).

Analysis of non-cash per department:

Community and Social development	256 455 351	85 069
Customer Relations Management	8 001 051	514 334
Emergency Management Services	211 858 362	13 231
Environment and Agriculture Management	-	105 708 972
Group Financial Services	-	1 030 502 010
Group Legal and Secretariat Services	4 346 488	-
Group Property Management	-	45 696 267
Office of the Chief Whip	-	190 995
Regional Operation & Coordination	86 410 802	565 449
Roads & Transport	55 043 772	49 651 539
Utility Services	-	1 212 922 402
Economic Development & Spatial Planning	8 276 896	-
Health	12 182 693	-
	642 575 415	2 445 850 268

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
60. Fruitless and wasteful expenditure				
Opening balance	412 968 867	155 570 089	405 507 064	148 139 689
Add: Expenditure identified - current year	187 514 510	299 546 403	187 510 800	299 384 338
Less: Amounts recovered in line with section 32 of MFMA (Administrator resolution) - current	-	(42 690 068)	-	(42 690 068)
Add: Expenditure Prior year identified in the current year	34 048 302	673 105	34 048 302	673 105
TEDA: Add: Expenditure Prior year identified in the current year	3 710	-	-	-
TEDA Less: Amount written off - current	-	(126 886)	-	-
TEDA Less: Amount written off - prior period	-	(3 776)	-	-
Closing balance	634 535 389	412 968 867	627 066 166	405 507 064

Details of fruitless-and wasteful expenditure

Interest on expropriation transaction - Roads and Transport(Wondeboon Farm)	-	348 601
Roads and transport (interest)	-	104 318
Group Property) Payment of interest on rental in arrears at Bothongo Plaza	-	7 106 067
Ex gratia payments	-	237 978 592
Salary payments made to employees for work not done	34 048 302	53 846 760
Gratuitous use of an intermediaries to facilitate back-to-back purchase of land in Strydfontein and Klipfontein	121 985 234	-
Roads and storm water at Mabopane EW	12 956 970	-
Ex factor payment for procurement of BELMS-Economic Development and Spatial Planning	2 544 480	-
Gratuitous use of an intermediaries to facilitate back-to-back purchase pf land	50 000 000	-
ABSA fleet	24 116	-
Prior year identified in current (Annexure F)	-	673 105
Amounts to be recovered in line with section 32 of MFMA (Administrator Resolution)	-	(42 690 068)
TEDA: Fruitless and wasteful expenditure incurred and discovered as at 30 June 2021 amounts to R3,710 (2020:R126,886), charged by SARS for PAYE and VAT.	3 710	-
	221 562 812	257 367 375

61. Irregular expenditure

Opening balance as previously reported	6 660 972 508	4 561 960 580	6 499 439 399	4 413 625 980
Add: Irregular Expenditure - current year	2 599 690 811	1 550 343 268	2 467 526 111	1 536 955 259
Add: Irregular Expenditure - prior period #	235 277 795	993 184 131	235 277 795	993 184 131
Less: Amount recoverable -prior period (Council resolution 25 April 2019)	-	(104 743 943)	-	(104 743 943)
Less: Amount recoverable -prior period (Administrators' resolution)	-	(339 582 028)	-	(339 582 028)
TEDA: Less: Amount recoverable current	-	(189 500)	-	-
HCT-Less: Amount written off - prior period written off by the board	(171 387 414)	-	-	-
	9 324 553 700	6 660 972 508	9 202 243 305	6 499 439 399

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

61. Irregular expenditure (continued)

Incidents/ Cases Identified in the current year Includes those listed below:

	Disciplinary steps taken/criminal proceedings				
Irregular expenditure relating to prior year identified in the current year	Under investigation	211 776 576	993 184 131	211 776 576	993 184 131
Non-compliance with regards to Non S56 Managers payments	Under investigation	-	29 225 228	-	29 225 228
Non-Compliance with Section 32 of the MFMA	Under investigation	23 501 219	39 425 448	23 501 219	39 425 448
Non-compliance with SCM Regulation 36 (Deviations)	Under investigation -pending outcome	815 700 306	203 961 883	815 700 306	203 961 883
Non-compliance with MFMA, SCM regulations and PPP regulations	Under investigation	248 257 611	231 270 761	248 257 611	231 270 761
Non-compliance with PPR (Par 5), SCM Regulations (Par 38 (1) and (MFMA) Par 112(2)	Under investigation	523 921 379	669 996 584	523 921 379	669 996 584
Non-compliance with SCM Regulation 32	Under investigation	31 316 445	39 765 101	31 316 445	39 765 101
Non-compliance with MFMA Section 110	Under investigation	42 376 713	23 970 560	42 376 713	23 970 560
Contract payments outside the contract term	Under investigation	317 267 172	68 085 878	317 267 172	68 085 878
Subcontracting more than 25%	Under investigation	35 100 000	28 500 000	35 100 000	28 500 000
Award value above the tender value range in terms of CIDB requirements	Under investigation	16 128 628	14 690 450	16 128 628	14 690 450
Unfairly disqualified quotation (Experience)	Under investigation -pending outcome	131 400	200 000	131 400	200 000
Quotation Splitting	Under investigation -pending outcome	-	360 593	-	360 593
Selected from the expired panel	Under investigation	69 036 614	99 840 992	69 036 614	99 840 992
Bid Evaluation not in accordance with the specifications and no evidence of consideration by the Adjudication Committee	Under investigation	4 245 545	8 826 575	4 245 545	8 826 575
Tenders advertised for less than 30 days	Under investigation	8 257 726	1 118 940	8 257 726	1 118 940
Mandatory sub-contracting - Tenders over R30 million - PPR subcontracting regulations not complied with	Under investigation	32 880 545	9 023 119	32 880 545	9 023 119
Non-compliance with Section 112	Under investigation	68 254 437	68 693 146	68 254 437	68 693 146
TEDA: Bid of a long term nature not advertised for the minimum of 30 days		469 691	71 598	-	-
Municipal Supply Chain Management Regulations 22(1)(b)(i)					
TEDA: Quotations awarded to bidders whose tax matters are not in order		-	211 625	-	-
SCM regulations 43(2) & (3)					
TEDA: Insufficient evidence that requests for quotations were advertised for 7 days		955 288	-	-	-
SCM regulation 17(a) and (c).					
HCT: Overspending on the budget - noncompliance with sec 15 or 11 (3) of theMFMA		-	3 757 999	-	-
HCT: Non-compliance with BAC composition - sec 29 & scope variation		113 947 364	9 346 760	-	-

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

61. Irregular expenditure (continued)

HCT: Non-compliance with regulation 22 (1) of Municipal SCM regulation -	17 242 357	-	-	-
Bids of LT nature not advertised for 30 days				
Awards given to the bidder who committed corrupt and fraudulent act when competing	254 121 239	-	254 121 239	-
No information to confirm that the winning bidder met the minimum threshold for local production and content	38 250	-	38 250	-
Tenders advertised for less than 30 days	25 969 774	-	-	-
Non Compliance with SCM Regulation 34, Award made to employees	492 102	-	492 102	-
	2 881 955 314	2 530 210 987	2 702 803 907	2 530 139 389

Payments to non - S56 managers were deemed to be irregular from prior year period

Amounts to be recovered in line with section 32 of the MFMA

Amounts to be recovered in line with section 32 of the MFMA

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

61. Irregular expenditure (continued)

After the Council Committee Investigations, Council in April 2019 resolved that irregular expenditure amounting to R3 261 224 440 as well as irregular expenditure amounting to R1 344 342 uncovered through the ex post facto cases reported through the Group Financial Services and Bid Adjudication Committee system which were disclosed in the 2014/15, 2015/16, 2016/17 and 2017/18 annual financial statements be recovered in terms of section 32(2)(b).

Incidents were related to:

- * Non-compliance with MFMA, SCM regulations and PPP regulations
- * Section 19(a) of the SCM regulations
- * Non-compliance with MFMA and SCM regulations.

Amounts written off

After the Council Committee Investigations, Council in April 2019 resolved that irregular expenditure amounting to R27 783 33 uncovered through the ex post facto cases reported through the Group Financial Services and Bid Adjudication Committee system be condoned and written off in terms of section 32(2)(b). Council further certified in July 2019 that irregular expenditure amounting to R226 722 489 be declared as irrecoverable and written off in terms of section 32(2)(b).

Incidents were related to:

- * Non-compliance with budgeting process
- * Section 32 Of MFMA
- * Failure of services provider to deliver services appointed for

62. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process. Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and then reports them to the next meeting of the accounting officer and includes a note to the audited consolidated annual financial statements.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

62. Deviation from supply chain management regulations (continued)

In terms of Section 36(1)(a) of the Supply Chain Management Regulations, the accounting officer may dispense with the official procurement processes in the following instances:

- in an emergency
- if such goods or services are produced or available from a single provider only
- for the acquisition of special works of art or historical objects where specifications are difficult to complete
- acquisition of animals for zoos and/or nature and game reserves
- in any other exceptional case where it is impractical or impossible to follow the official procurement processes

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

62. Deviation from supply chain management regulations (continued)

Deviation from tender and quotation process:

- Sole suppliers
- Emergency
- Impracticality

In terms of Section 36 of the Municipal Supply Chain Management Regulations, any deviation from the supply chain management policy needs to be approved/condoned by the accounting officer and noted by Council.

Deviations from the official procurement process during the financial year were approved by the accounting officer and noted by council in terms of the delegations as stipulated in the Supply Chain Management Policy and amount to approximately the following:

Deviation from tender process (amounts above R200 000)

Emergency	-	46 632 542	-	46 632 542
Other exceptional cases	-	2 359 000	-	2 359 000
HCT: Sole Providers	1 431 124	-	-	-
	1 431 124	48 991 542	-	48 991 542

Deviation from quotation process (amounts below R200 000)

HCT: Emergency	148 451	83 487	-	-
HCT : Sole Providers	37 829	67 000	-	-
HCT: Other exception cases	251 573	34 379	-	-
TEDA: Other exceptional cases	17 377	545 555	-	-
TEDA: Sole Providers	-	85 245	-	-
	455 230	815 666	-	-

63.Regulation 45 disclosure

In terms of the regulation 45 of the Municipal SCM regulations, the notes to the annual financial statements of a municipality must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including—

- (a) the name of that person;
- (b) the capacity in which that person is in the service of the state; and
- (c) the amount of the award.

2020/21

2019/2020

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
63. (continued)				
The name of the person		The capacity	Value of award 30 June 2021	Value of award 30 June 2020
SZ Teffo		Snr storekeeper	600 617	777 950
RM Mametja		Community health nurse	-	5 396
VI Netshidzati		Engineer technician	39 700	19 734
PL Mapheto		Head of operation clean audit	-	114 790
PT Kgokong		Admin officer	92 760	41 180
AT Matabane		Director	-	21 350
Louis Nunu Makhubele		Deputy director	-	24 999
Evelyn Nkupe Matjokane		Functional head	-	23 876
Elelwani Radali		Engineering consultant	6 421 642	4 583 076
Absalom Sibusiso Ntuli		Storekeeper	163 875	-
Nkele Doris Kganyago		SNR Admin	2 100	-
Tarusha Naidoo		SNR Specialist: strategic support services	43 461	-
Charles Strike Bokaba		Truck driver	199 800	-
Gracious Boitshoko Lekgetho #		License Officer	163 971	-
Mokhothu Brand Hlakoana		Temporary peer educator	3 150	-
Lerato Carl Mashego		Secretary	19 700	-
Setlhare Paul Ledwaba		General worker	213 460	-
Sakisene Tsolofelo Mahlangu		Supervisor	180 406	-
*Puseletso Bridgette Ntloedibe (CIC TEMP) and *Thubelihle Gladness Ngwenya (Deputy Director: Judicial OPS Support) - Awarded commission based award -No award value			-	-
# Rates Based, as and when in nature tenders			-	-
			8 144 642	5 612 351

64. Contingencies

Indemnification

Capitalised pension value in compliance with Compensation for Occupational Injuries and Diseases Act, 1993	154 521 596	149 509 470	154 521 596	149 509 470

The capitalised value as at 30 December 2020 which is calculated by the department of Labour amounted to R 154 521 596. The actual amount is guaranteed with a bank guarantee.

Guarantees issued

Guarantees issued in favour of Eskom	213 500	213 500	213 500	213 500

Insurance claims

Pending claims iro asset-, motor own damage- contractors and electricity claims	74 876 645	15 605 643	74 876 645	15 605 643
Pending claims iro public liabilities	718 018 396	231 012 481	718 018 396	231 012 481
	792 895 041	246 618 124	792 895 041	246 618 124

The payment of claims against the City of Tshwane is provided for in the Self Insurance Reserve, which, as at 30 June 2021 has a balance of R288 703.23

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

64. Contingencies (continued)

Litigation Matters:

The legal claims listed below are those that have arisen in the normal course of business and represent the possible amounts that could be awarded should the claims prove successful. The amounts have been based on the attorney's best estimates of the possible amount payable.

Amounts have not been provided in certain cases as the court has not yet determined a value - these cases are listed separately below. The claims where amounts are available are disclosed in the table below.

Housing and Sustainable Human Settlement Development Department:

Case 1:

Claim for compensation by a land owner in Soshanguve. The land owner alleges that CoT allowed a squatter camp to develop on privately owned land. Owner now wants compensation arguing constructive expropriation.

Case 2:

Summons has been issued and an appearance to defend has been entered. The crux of the action is to compel the City of Tshwane to allocate land to persons listed in the summons as former residents of Lady Selbourne as mentioned in the summons. A closer look at the summons revealed that looking at the dates of birth of those people, they could never have been former residents of that area. Awaiting court date. Amount claimed cannot be estimated.

Case 3:

Dispute of ownership of house. Claim amount is undetermined.

Case 4:

Interdict application and to declare the City's conduct unlawful. Claim amount is undetermined.

Case 5:

Eviction application. Claim amount is undetermined.

Case 6:

Applicant requested an order to compel the City of Tshwane to retransfer the property Erf 443 Soshanguve in the name of the applicant.

Case 7:

Applicant requested an order to retransfer the property Erf 5511 Mamelodi in the name of the applicant.

Case 8:

Applicant requested an order to compel the retransfer of the property Erf 14670 Mamelodi in the name of the applicant.

Case 9:

The City of Tshwane be ordered to rectify the Title deed of the applicant

Case 10:

The City of Tshwane decision to allocate Erf 352 Saullsville be set aside

Case 11:

Emergency alternative accommodation

Case 12:

Emergency alternative accommodation

Case 13:

Emergency alternative accommodation

Case 14:

Emergency alternative accommodation

Case 15:

The sale agreement regarding the sale of the property erf 14993 Mamelodi East be set aside

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

64. Contingencies (continued)

Case 16:

Application for court order to compel the City of Tshwane to transfer the property with Erf 200 Sonshanguve to the Applicant

Case 17:

Application for eviction. The City must file a report on alternative accommodation.

Case 18:

Application for Rescission of an Eviction Order.

Case 19:

Eviction Application. Calls for the City to provide alternative accommodation

Case 20:

Eviction Application. Calls for the City to provide alternative accommodation

Case 21:

Application for allocation of properties (RDP Houses) and registration into various names

Case 22

Damages Plaintiff claims damages for a destroyed sink-houses demolished by the CoT

Case 23

Application for the deeds office to cancel and remove from the deeds grant and endorse the certificate

Case 24

Court order or ERF 3273 Soshanguve EXT L

Case 25

Province case on eviction

-

-

-

Group Financial Services:

Case 26:

Application to remove an amount from the account

Case 27:

Claim for a refund for payment made in error

Case 28:

Application by property owners not part of the Lombardy Court case for an order that the orders of Lombardy should apply to them as well.

Case 29:

Reconciliation of account

Case 30:

Reconciliation of account

Case 31:

City of Tshwane be compelled to do accurate reading of the owners electricity and water reading

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

64. Contingencies (continued)

Case 32:
Reconciliation of account

Case 33:
Reconciliation of account

Case 34:
Claim for damages following an alledged incorrect billing. Consumer claims ot have suffered psychologically and had to incur expenses to use a generator.

Case 35
Dispute over interest debited and owing

Case 36
Review application for Kungwini properties

Case 37
Application to review and set aside the budget

Case 38
Debatement and possible refund for charges levied after property was transfered

Case 39
Application for debts to be written off, water readings to be done and all beneficiaries of indingent program be reinstated

-

Group Human Capital Management

Case 40:
The applicant brought an application against the CoT and the City Manager for an order declaring that the CoT should contribute towards the monthly premium aid scheme after their retirement in terms of the applicable pension rules.

Case 41:
Labour Dispute. CoT had an agreement with UNISA in terms of which CoT provided busses to UNISA for transporting of UNISA employees. The Busses where driven by UNISA employees. UNISA in turn paid CoT a fee. When the contract between UNISA and COT was terminated, the driver lodged a dispute for termination of employment. They are seeking remuneration either from UNISA or COT, depending who is found to have been the employer.

Case 42:
Unfair labour practices

Case 43:
Unfair dismissal review application of an arbitration award for reinstatment and compensation

Case 44:
Unfair dismissal application for review of an award for reinstatement and back pay. Amount claimed cannot be estimated.

Case 45:
Claim for promotion . Amount claimed cannot be estimated.

Case 46:
Review of an award granting employee compensation, amounting to three month's salary.

Case 47:
Unfair dismissal review application of an arbitration award for reinstatement and compensation

Case 48:
Dispute regarding the Compulsory Deduction of Leave days during Festive Season. MMM Appointed to defend this matter

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

64. Contingencies (continued)

Case 49:

Unfair dismissal application for review of an award for reinstatement and back pay.

Case 50:

Claim for payment of money for a higher positions

Case 51:

Application for review by the CoT against an award

Case 52:

Application for review by the CoT against an award

Case 53:

application to rescind the reconciliation award regarding the reinstatement of dismissed EPWP employees

Case 54:

Application to review an award

Case 55:

COT Review Application

Case 56:

Review Arbitration Award

Case 57:

Review Arbitration Award

Case 58:

Interdict Application and to declare the City's conduct unlawful

Case 59:

Application for review by the Union

Case 60

Labour Court review application by CoT to challenge arbitration for reinstatement of dismissed employee. Employee brought application of contempt

Case 61

Application for contempt to compel CoT to pay a pension fund contribution rate difference for former employee of Bojanala District Municipality. Former employees only got 13% contribution

Case 62

Unfair Labour Practice grievance dispute

Case 63

SAMWU review application against an arbitration decision on the EPWP workers (1350/18). Amount cannot be determined at this stage.

Case 64:

Grievance dispute regarding shirt allowance

Case 65:

Review Application the Labour court

Case 66:

Review of award to absorb Revenue Agents with criminal records. Amount cannot be determined at this stage.

Case 67:

Review application by SAMWU. Amount cannot be determined at this stage.

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

64. Contingencies (continued)

Case 68:

Employee is challenging an arbitration ruling

Case 69:

COT review of award in favour of employee

Case 70:

CoT challenging a step three grievance resolution on giving employees shirt allowance. .

Case 71:

SAMWU review application against an arbitration decision on the EPWP workers

Case 72:

CoT review of an award

Case 73:

Review application of award against employee for legitimate expectation

Case 74:

SAMWU review application against an arbitration decision on the EPWP workers

Case 74:

Dispute Claim against SALA Pension Fund

Case 75:

Application by Bokaba to review Condonation application for unfair dismissal

Case 76:

Application to make a separation agreement an order of court and for payment of interest on the separation amount

Case 77:

Application for review by employee

Case 78:

National Empowerment Fund dispute on pension

Case 79:

Ilmatu review application against award

Case 80:

SAMWU review application

Case 81:

Application for review .

Case 82:

CoT review application

Case 83:

SAMWU review application against an arbitration.

Case 84:

CoT application for review of an award finding legitimate expectation for employee.

Case 85:

SAMWU application for review.

Case 86:

Salary disparity dispute .

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

64. Contingencies (continued)

Case 87:
Application for review

Case 88:
Application for an order directing CoT to reinstate medical aid subsidy of 70% post retirement and 70% back payment of subsidy

Case 89:
Application to enforce a step three grievance resolution decision

Case 90:
Application to enforce a step three grievance resolution decision

Case 91:
Review Application

Case 92:
Review application-dismissal

Case 93:
Application for review by employees

Case 94:
Application for review by employee

Case 95:
Repudiation of contract of employment

Case 96:
Claim for damages due to suspension pending investigation while working at Kungwini

Case 97:
Unfair discrimination by the employer relating to equal work of the value

Group Utility Services

Case 99:
Application to review the City of Tshwane decision to not grant occupation certificate and to grant final electricity connection to Denneboom Mall

Case 100:
"Personal injury allegedly caused by Council's negligence ,by leaving cables hanging and the substation's door opened and as a result a young boy was electrocuted and his body sustained 90?(degrees) burns.
"

Case 101:
Claims for variation escalation

Case 103:
Payment of bulk services contribution.the service provider alleges that during township development in Kungwini installed infrastructure

Group Shared Services

Case 104:
Review application of broad band tender. Amount cannot be determined at this stage.

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

64. Contingencies (continued)

Case 105:

Application to review the award of tender CB54/2013 and the PPP entered into with service provider.

Case 106

Claim for damages as a result of breach of contract

Regional Operations and Coordination

Case 107

Application to compel the City to fix a pipe

Group Roads and Transport

Case 108:

Variation exceeding 15% - contract CB49/2012. Amount cannot be determined at this stage.

Case 109:

Application to make CoT fix a road height restriction under Eskom power lines

Case 110

Breach of contract-Construction of roads within the city of Tshwane

Case 111

Contract claim for services rendered.Claim arises out of BRT Road Constructions

Case 112

Breach of contract: Construction of roads within the city of Tshwane

Housing Company Tshwane

Litigation matters:

HCT entered into a contract with Magic Labour for the construction and development of social housing units on Erf 3525 & 3526, Marabastad, and Pretoria. The project entails the development of a high-rise building that will yield 1,200 units. Magic Labour failed to deliver the required units as a result HCT terminated the contract due non-performance as stipulated on the contract. Magic Labour disputes the termination and claim an amount of R41,654,855.50 in the form of a final account

The entity entered into a contract with MIH Projects for construction supervision of Townlands, Marabastad project. During the current financial year (2020/21), the principal agent submitted invoice to the value of R82,909 which was disputed based on the fees. The entity also disputed invoices amounting to R11,704 from the Auditor General on interest charged. The total value of disputed invoices amounts to R94,613. Furthermore the disputed invoices amounting R344,750 was disputed by the entity as pertains to the work that was not approved in terms of the Supply Chain processes and the service provider who rendered the service were appointed by the previous CEO. The matter relates to Zandile Faniso and the entity has a legal representative to deal with the dispute.

Contingent assets

On the 13 March 2018, the entity terminated the construction contract with Magic Labour Hire & Security Services due to poor performance. Management has quantified the value of latent defects discovered and is claiming R6,801,204.06 from the Magic Labour Hire and construction guarantee which is held by Power Guarantee (Pty) Ltd..

Economic Development Department

Case 113

Contempt of Court application - the City has failed to demolish an illegal structure as per the previous court order.

Other

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

64. Contingencies (continued)

Case 114:

Application to review Section 139(1) decision

Tshwane House Contingencies

Default terminations:

The default termination comprise of the default terminations as per the service concession arrangement between City of Tshwane and Tshela Tsweu Consortium (TTC). The termination scenarios are as follows:

Scenario 1: Termination pursuant to the City of Tshwane default prior to expiry of the concession period

The expected contingent liability for the City default over the life of the project given equal probabilities is R747 million.

Scenario 2: Termination for Private Party default

If at any time during the concession period the City of Tshwane terminates the PPP pursuant to a default by Tshela Tsweu Consortium (TTC), the City of Tshwane will be obliged to pay TTC a compensation amount. The expected contingent liability for Private Party default, given the equal probabilities is R540 million.

Scenario 3: Termination for Force Majeure

If the PPP agreement is terminated by the City of Tshwane or TTC as a result of a Force Majeure event, the City of Tshwane is obliged to compensate TTC a Force Majeure Termination amount. The expected contingent liability for Force Majeure default over the life of the project, given equal probabilities is R663 million.

Scenario 4: Termination for Corrupt Acts and Fraud

If the City of Tshwane terminates the PPP agreement pursuant to corrupt gifts and payments, the City of Tshwane shall be liable to pay TTC a termination amount. The expected contingent liability under Corrupt Acts default scenario over the life of the project, given equal probabilities is R613 million.

There is uncertainty as to the timing of any of the termination scenarios, therefore simulation were used to arrive at the expected contingent liability.

UIFW

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

64. Contingencies (continued)

At the meeting held on the 25th April 2019 and 25th July 2019, Council resolved that certain unauthorised, irregular, fruitless and wasteful (UIFW) expenditure from previous financial years be recovered.

Furthermore, the administrator took a resolution in October 2020 for UIFW expenditure to be recovered.

This UIFW expenditure has not met the recognition criteria to be recognised as statutory receivable due to the probability criteria not being met. therefore these UIFW constitutes a contingent asset.

UIFW resolved for recovery as disclosed in the 2018/19 is R120 885 764

UIFW resolved for recovery as disclosed in the 2019/20 is R607 901 803

Housing Company Tshwane

Litigation matters:

HCT entered into a contract with Magic Labour for the construction and development of social housing units on Erf 3525 & 3526, Marabastad, and Pretoria. The project entails the development of a high-rise building that will yield 1,200 units.

Magic Labour failed to deliver the required units as a result HCT terminated the contract due non-performance as stipulated on the contract. Magic Labour disputes the termination and claim an amount of R41,654,855.50 in the form of a final account.

The entity entered into a contract with MIH Projects for construction supervision of Townlands, Marabastad project. During the current financial year (2020/21), the principal agent submitted invoice to the value of R82,909 which was disputed based on the fees. The entity also disputed invoices amounting to R11,704 from the Auditor General on interest charged. The total value of disputed invoices amounts to R94,613. Furthermore the disputed invoices amounting R344,750 was disputed by the entity as pertains to the work that was not approved in terms of the Supply Chain processes and the service provider who rendered the service were appointed by the previous CEO. The matter relates to Zandile Faniso and the entity has a legal representative to deal with the dispute.

Contingent assets

On the 13 March 2018, the entity terminated the construction contract with Magic Labour Hire & Security Services due to poor performance. Management has quantified the value of latent defects discovered and is claiming R6,801,204.06 from the Magic Labour Hire and construction guarantee which is held by Power Guarantee (Pty) Ltd.

Tshwane Economic Development Agency

The entity is not aware of any contingent liabilities as at 30 June 2021

Litigation

	Short description of cases		
Group Economic Development and Spatial Planning	Expropriation. Compensation not paid	-	2 044 660
Group Economic Development and Spatial Planning	Claim for loss of income due to delay in approving and advertisement	-	1 263 800
Group Economic Development and Spatial Planning	Render a proper account in respect of waste management services as amount on account was unlawfully calculated	1 077 821	1 077 821
Housing and Sustainable Human Settlement Development	Expropriation Property A property was expropriated by the CoT and the claimant is not happy with the amount of compensation paid, hence the claimant is suing for compensation. Awaiting court dates	790 000	790 000
Housing and Sustainable Human Settlement Development	Claim for payment of occupational rent/constitutional damages as well as declaratory order. Amount was incorrect in previous years - restatement of R12 150 000 decrease	-	1 950 000
Housing and Sustainable Human Settlement Development	Claim for compensation by land owner in Soshanguve due to squatter camp on privately owned property	16 925 581	16 925 581

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

		Group		Municipality	
		2021	2020 Restated*	2021	2020 Restated*
64. Contingencies (continued)					
Housing and Sustainable Human Settlement Development	Claim for damages, Brookway's properties were invaded and they obtained an order to evict, the order also directed the CoT to provide an alternative by a particular date. Plaintiff claims CoT failed to provide alternative. Hence Plaintiff had to eventually sell the property and suffered damages.			176 526 000	-
Housing and Sustainable Human Settlement Development	Claim for interest on amount payable for compensation of expropriation of servitude on portion 241 Wonderboom 302 JR			371 900	371 900
Housing and Sustainable Human Settlement Development	Claim for compensation due to City or its officials encouraging/supporting unlawful invasion and occupation of a farm. Claim for compensation in terms of Expropriation Act			3 500 000	3 500 000
Housing and Sustainable Human Settlement Development	Claim for compensation due to City or its officials encouraging/supporting unlawful invasion and occupation of a farm. Claim for compensation in terms of Expropriation Act			3 500 000	3 500 000
Housing and Sustainable Human Settlement Development	Himalaya Heights: Claim for levies in respect of a sectional unit owned by the City of Tshwane			11 578	11 578
Housing and Sustainable Human Settlement Development	Contract dispute adjudication by contractor (Rama) claim for: additional costs CPA Escalation R4 568 249, 98; Payment certificate R2 259 078, 46 and loss/damages as a result of repudiation of the contract by CoT. CoT terminated the contract. Total R6 827 328, 45 plus losses.			-	-
Housing and Sustainable Human Settlement Development	Claims for payment of rental for Clarina flats where former residents of Schubart Park are housed.			50 616 000	50 616 000
Housing and Sustainable Human Settlement Development	Claim for compensation for wrongful invasion of privately owned land			3 800 000	3 800 000
Housing and Sustainable Human Settlement Development	Claim for payment in respect of services rendered for construction of 255 walk up units			5 633 008	-
Housing and Sustainable Human Settlement Development	Expropriation. property was expropriated by the city and the claimant is not happy			1 273 363	-
Housing and Sustainable Human Settlement Development	Breach of contract. construction water reticulation			6 560 887	-
Group Financial Services	Interest owing: Dispute over interest debited and owing. Claimant wants same back			-	80 000
Group Financial Services	Claim for refund of moneys paid to obtain clearance certificates.			117 246	117 246
Group Financial Services	Damages and refund claim: incorrect clearance certificate. Plaintiff to apply for trial date.			71 296	71 296
Group Financial Services	Breach of contract: Work to be done before 2010 Soccer World Cup. Department alleges that work was never done.			33 594	33 594
Group Financial Services	Payment for services: Summons was issued in this matter. Dispute regarding claim. Negotiations to resolve the matter took place and matter is still pending			2 622 000	2 622 000
Group Financial Services	Demand for legal fees for debt collection: services of firm of attorneys. Apparently, the municipality verbally (orally engaged the services of) instructed attorneys in September 2005 to do debt collection on behalf of the municipality and that the municipality owes the legal firm. Matter is defended			1 657 251	1 657 251
Group Financial Services	Claim for refund: Over charged for water. Municipality has filed a plea.			5 111 360	5 111 360

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

		Group		Municipality	
		2021	2020 Restated*	2021	2020 Restated*
64. Contingencies (continued)					
Group Financial Services	Damages claim: wrong calculation of service charges. Plaintiff is seeking damages in form of a refund for overpayment.			-	20 274
Group Financial Services	Claim for refund: Overpaid electricity due to wrong calculation			45 307	45 307
Group Financial Services	Claim for refund: Levying of rates on certain categories not existent in erstwhile Kungwini			288 789	288 789
Group Financial Services	Claim for refund: Levying of rates on certain categories not existent in erstwhile Kungwini.			265 661	265 661
Group Financial Services	Warrant for execution for failure to pay for copying machines, fax and digital laser.			-	22 679
Group Financial Services	Warrant for execution for failure to pay for leased office machines			-	-
Group Financial Services	Claim for a credit. Application to amend, alternatively credit applicant's municipal account with claim amount and restore electricity supply.			465 332	465 332
Group Financial Services	Applicant to have the City of Tshwane reverse charges on a municipal account leaving account holder with a credit.			-	20 380
Group Financial Services	Applicant seeking adjustment of account with reversal implication.			452 960	452 960
Group Financial Services	Applicant seeking adjustment of account with reversal implication.			66 720	66 720
Group Financial Services	Claim for refund of overcharged electricity.			1 631 706	1 631 706
Group Financial Services	Plaintiff alleges that City of Tshwane charged a penalty fee for each property in the development . City alleges that there was unauthorised tampering with prepaid meter.			-	1 552 648
Group Financial Services	Reconciliation of municipal account			89 694	89 694
Group Financial Services	Reconciliation of municipal account			113 737	113 737
Group Financial Services	Application by property owners not part of the Lombardy Court case for an order that the order of Lombardy should apply to them as well.			-	646 229
Group Financial Services	Reconciliation of account			281 480	281 480
Group Financial Services	Reconciliation of account			140 290	140 290
Group Financial Services	Claim for a refund			112 856	-
Group Financial Services	Claim for a refund on a disputed account			21 640	-
Group Financial Services	Warrant for execution for failure to pay for leased office machines			11 079	11 079
Group Financial Services	Claim for damages as a result of incorrect billing.			790 084	790 084
Group Financial Services	Application to order appointment of valuer and transfer of property			70 353	70 353
Group Financial Services	Application- to remove service levy on the account			-	115 217
Group Financial Services	Application- to render accounts and remove amounts from account			24 210	24 210
Group Financial Services	Breach of contract claims for damage payment			-	23 157 240
Group Financial Services	Summons for payment of amount iro clearance certificates			367 194	367 194
Group Financial Services	Application for refund in respect of valuation category of property			1 434 627	1 434 627
Group Financial Services	Review application by unsuccessful bidder, Ithenda Projects (Pty) LTD. The bidder did not meet requirements in terms of Functionality Criteria (Stage 3)			-	5 459 319
Group Financial Services	Claim for a refund of moines			446 200	446 200
Group Financial Services	Claim of outstanding payment for the work done			1 569 436	-
Group Financial Services	Summons to issue out clearance rate figures			190 999	-
Group Financial Services	Application compelling Finance to adjust waste management account			551 774	-
Group Financial Services	Claim for refund for service charges disputed			1 648 605	-

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

		Group		Municipality	
		2021	2020 Restated*	2021	2020 Restated*
64. Contingencies (continued)					
Group Financial Services	Claim for payment of services rendered in terms of the agreement (Breach)			5 865 000	-
Group Financial Services	Claim for outstanding payment of invoice for professional services rendered			667 717	-
Group Financial Services	Warrant of execution for failure to pay for copying machines, fax and digital laser			22 679	-
Group Human Capital Management	Claim for breach of employment contract. Fixed employment contract terminated before the fixed period lapsed.			3 221 995	3 221 995
Group Human Capital Management	Breach of contract: Contract concluded in Pretoria and put Magistrate Nigel as forum for adjudication.			100 000	100 000
Group Human Capital Management	Enforcement of arbitration award			92 595	92 595
Group Human Capital Management	Constructive dismissal damages claim. Plaintiff was diagnosed with PTS disorder which it was acknowledged was caused by the employee's conduct hence classified as an injury on duty. Plaintiff was then unable to perform her duties and was subsequently dismissed for mental incapacity. Plaintiff is now suing for damages as a result of the dismissal. Await a new trial date.			850 884	850 884
Group Human Capital Management	Breach of Contract: 2 Councillors and an official procured work for City without following prescribed SCM procedures. Both councillors resigned and official is on suspension.			796 680	796 680
Group Human Capital Management	Unfair dismissal: Erstwhile Nokeng appointed traffic officers who did not meet minimum requirements - relieved of duties. Matter still pending at bargaining council.			97 734	97 734
Group Human Capital Management	Claim for damages: Unlawful termination of employment. Additional claim.			2 500 000	2 500 000
Group Human Capital Management	Claim for damages: Repudiation of contract of employment. Suing for constructive dismissal and claiming damages.			-	5 464 800
Group Human Capital Management	Claim for damages: Suspension pending investigation into alleged misconduct. City is to file amended plea.			-	8 000 000
Group Human Capital Management	Claim for stolen pension money. Referred to Commercial Crimes Unit of SAPS.			649 017	649 017
Group Human Capital Management	Claim for stolen pension money. Cheque for pension payout was issued to wrong person.			327 211	327 211
Group Human Capital Management	Unpaid pension fund			338 848	338 848
Group Human Capital Management	Compensation for unfair labour practices			1 000 000	1 000 000
Group Human Capital Management	Claim for payment of acting allowance			67 099	67 099
Group Human Capital Management	Application to make an award an order of court			-	30 000
Group Human Capital Management	Claim for increase towards travelling allowance. Matter currently being opposed by attorneys.			1 000 000	1 000 000
Group Human Capital Management	Alleged unlawful deduction of salary due to absconement.			100 000	100 000
Group Human Capital Management	Review of application by City of Tshwane against an award in favour of service provider.			3 175 000	3 175 000
Group Human Capital Management	Application to compel City of Tshwane to implement an equity plan and pay a fine			1 500 000	1 500 000
Group Human Capital Management	Arrear payment relating to salary deducted alleged unpaid leave deducted			43 183	43 183
Group Human Capital Management	Review application			292 635	292 635
Group Human Capital Management	Application to reverse deduction			68 655	68 655
Group Human Capital Management	City of Tshwane review application			470 000	470 000
Group Human Capital Management	Payment of outstanding salaries			2 310 114	23 101 148
Group Human Capital Management	Review application			-	23 174 012
Group Human Capital Management	Review application			3 934 568	3 934 568

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

		Group		Municipality	
		2021	2020 Restated*	2021	2020 Restated*
64. Contingencies (continued)					
Group Human Capital Management	Payment of damages This is a claim for damages relating to the appointment of a former municipal manager of kungwini municipality. The matter is defended and we are awaiting a trial date.			2 250 000	-
Group Human Capital Management	Claim by retired employee for payment of the post retirement medical ocntributions by the CoT as employer			150 000	139 359
Group Shared Services	Claim for damages in relation to repudiation of tender CB386/2011			-	93 938 490
Group Shared Services	Claim for damages as a result of breach of contract.			305 830	305 830
Group Shared Services	Claim for payment for services rendered			-	492 606
Group Shared Services	Suffered loss regarding the broad band contract as the Court has set aside the said contract. Claiming damages regarding for the recovery of loss suffered as result of the broad band contract which was set aside by court.			-	134 938 261
Group Shared Services	Suffered loss regarding the broad band contract as the Court has set aside the said contract. Claiming damages regarding for the recovery of loss suffered as result of the broad band contract which was set aside by court.			327 764 660	-
Group Shared Services	Claim for damages in respect of the Broadband Tender in that the CoT is in breach and Thobela seeks complaince with the contract and implementation. The claims is conditonal upon the outcome of the an appeal against the judgement in favour of the CoT reviewing and setting aside the Broadband Contract			1 955 738 877	1 955 738 877
Group Shared Services	Breach of contract: Claim for damage			-	23 157 240
Group Shared Services	Breach of contract regarding services rendered			-	690 896
Group Shared Services	Claim for damages for alleged breach of agreement			1 644 970 578	-
Group Utility Services	Breach of contract: Roads and water reticulation construction not properly done. Matter is defended.			2 858 037	2 858 037
Group Utility Services	Contractual claim for adverse physical conditions encountered during a project for laying of a sewer network in Babelegi. The matter is currently in the high court and the intention is to go for arbitration. An arbitration process is going to be initiated.			6 683 428	6 683 428
Group Utility Services	Breach of contract: Tender awarded to provide security services. Information not retrieved information from the company.			98 724	98 724
Group Utility Services	Breach of contract: Tender awarded for City wide communication system. Plaintiff failed to live up to tender specifications and municipality cancelled contract. Matter is defended.			1 401 516	1 401 516
Group Utility Services	Breach of contract: Plaintiff never paid for services rendered.			159 219	159 219
Group Utility Services	Breach of contract: Contribution payment for bulk services. Services inadequately rendered.			952 952	952 952
Group Utility Services	Payment of bulk services contribution. Agreement with erstwhile Kungwini Municipality. Claiming refund.			-	2 705 431
Group Utility Services	Application for rescission: Applicant wants reversal of decision of Court. Municipality has already made payment to someone else in accordance with court order. Await trial date.			2 081 409	2 081 409

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

		Group		Municipality	
		2021	2020 Restated*	2021	2020 Restated*
64. Contingencies (continued)					
Group Utility Services	Municipality cancelled agreement for security services. Company is suing for repudiation of contract.			4 607 784	4 607 784
Group Utility Services	Contractor who was hired to construct a depot in Soshanguve is being sued by City of Tshwane in arbitration. Contractor brought counter claim			4 314 672	4 314 672
Group Utility Services	Claim for compensation in respect of expropriation. Property owner suing City of Tshwane for high compensation.			951 078	951 078
Group Utility Services	Expropriation which was compensation was not paid			2 044 660	-
Group Utility Services	Claim for payment of services rendered			492 606	-
Group Utility Services	Contractual claim for services rendered			490 200	-
Group Utility Services	Claim for the Annual increases in terms of Tender number CB101/2014. the capital claimed now is the difference between R7 943 259, 06 judgement less R2430 187, 99 (amount could allowed during rescission)			5 513 071	-
Group Utility Services	Cancellation of contract on the basis of law			183 624 957	-
Group Audit and Risk	Claim for compensation for services rendered. Amount was amended			1 128 664	1 128 664
Group Roads and Transport	Motor vehicle accident caused by traffic officer at Poort Primary School. Matter is defended to set aside default judgement. Trial date awaited.			29 238	29 238
Group Roads and Transport	Claim for payment in respect of services to conduct street light poles			14 738 003	14 738 003
Group Roads and Transport	Damages claim: Construction of road on private property. Negotiations underway to expropriate land.			120 000	120 000
Group Roads and Transport	Personal injuries claim: Vehicle collided with barrier on road. Awaiting trial date			100 000	100 000
Group Roads and Transport	Breach of contract: Construction of roads - work done and contractor never paid. Awaiting court date			25 762 057	25 762 057
Group Roads and Transport	Expropriation of land intended for road construction.			30 390 000	30 390 000
Group Roads and Transport	Claim - details not yet available			-	137 082
Group Roads and Transport	Breach of contract: Roads and water reticulation services by tenderer who was incompetent and work was completed by another contractor. Original contractor claims full payment. Matter is before court.			690 446	690 446
Group Roads and Transport	Claim for payment in respect of upgrade of roads and storm water in Soshanguve.			4 943 153	4 943 153
Group Roads and Transport	Claim for payment of arrear rental for Infotech building			600 715	600 715
Group Roads and Transport	Claim for building a culvert as part of road construction			1 412 162	1 412 162
Group Roads and Transport	Claim for payment of services rendered in terms of the agreement (Breach)			-	1 455 362
Group Roads and Transport	Claim for service rendered.			42 571	42 571
Group Roads and Transport	Consequential loss claim for expropriated property			63 220 830	-
Group Roads and Transport	Claim for services rendered			260 000	-
Group Environment and Agriculture Management	Breach of Contract In this matter summons was received for payment of services rendered. The matter was defended and we are at present awaiting a trial date.			432 221	432 221
Group Environment and Agriculture Management	Breach of contract: Claim for payment of services rendered.			1 120 885	1 120 885

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

		Group		Municipality	
		2021	2020 Restated*	2021	2020 Restated*
64. Contingencies (continued)					
Group Environment and Agriculture Management	Breach of contract: Work allegedly done which relevant department disputes. Matter is defended.			1 210 877	1 210 877
Group Environment and Agriculture Management	Breach of contract: Claim for rubbish bins for sandblasting and painting as well as storage costs.			2 299 500	2 299 500
Group Environment and Agriculture Management	Unlawful cancellation of contract for household waste removal in Bronkhorstspuit. Claimant's trucks stopped from collecting waste.			10 000 000	6 620 000
Group Environment and Agriculture Management	Breach of contract: Claim for payment for services rendered and damages. Contractor alleges breach of contract under tender CB259/2008 by the municipality in utilizing tender CB82/2011 for the same services. The contractor had been contracted under CB257/2008. CB82/2011 was to be used only in emergency situations for the collection of waste. Contractor is also claiming for overtime payments under CB82/2011			46 643 772	46 643 772
Group Environment and Agriculture Management	Breach of contract: Refuse removal tender and dispute over its terms. Matter is in court.			200 813	200 813
Group Environment and Agriculture Management	Delivery of refuse bins - contractor never paid. Refuse bins was defective.			158 232	158 232
Group Environment and Agriculture Management	Collision, motor accident damages.			162 589	162 589
Group Environment and Agriculture Management	Claim for damages due to early termination of contract for waste processing. Arbitration			320 624 826	316 000 000
Community Safety - Metro Police	Tender for provision of security services at 5 locations in erstwhile Kungwini Municipality. Service provider never paid.			16 720 095	16 720 095
Community Safety - Metro Police	Claim for alleged unlawful eviction constitutional damages for 150 applicants (alleged evictees) at R1500, 00 per person. Applicant claimed they were unlawfully evicted. Matter was opposed defended, property did not belong to CoT			172 500	172 500
Community Safety - Metro Police	Claim for unpaid invoices for services rendered			651 084	-
Community and Social Development	Breach of contract: Tender for pesticides and insecticides. Work done and never paid for. Payment for damages claimed.			180 404	64 994
Community and Social Development	Construction claim for City Hall Construction Cullinan Library. Claims for escalation, preliminary general costs and loss and expenditure.			23 157 240	23 157 240
Office of Executive Mayor	Claim for damages following cancellation of contract for upgrading City Hall.			-	4 900 000
Office of the Speaker	Claim for services rendered. Dispute over terms of tender. Contractor did work which department denies receiving. Matter is before court.			2 360 610	2 360 610
Office of the City Manager	Claim of outstanding payment for the work done			1 147 174	-
Group Property Management	Claim that development agreement was entered into with municipality on certain properties. Municipality allegedly breached agreement.			51 507 439	51 507 439
Group Property Management	Claim for payment of rental. Outstanding rental for the Bothongo Plaza East Building.			-	16 446 218
Group Property Management	Claim for damages			11 000 000	10 000 000
Group Property Management	Claim for compensation for Redefine for having demolished the Sammy Marks/Munitoria walk-bridge.			172 794	172 794
Group Property Management	Claim for payment of improvement of City of Tshwane property in Waltloo. City of Tshwane sold property on auction. Occupier refuses to vacate without compensation for improvements			4 550 000	4 500 000

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

		Group		Municipality	
		2021	2020 Restated*	2021	2020 Restated*
64. Contingencies (continued)					
Group Property Management	Breach of Contract regarding services rendered			310 000	690 896
Group Property Management	Claim between two parties. CoT sited as work was conducted within its jurisdiction.			137 082	137 082
GROUP PROPERTY MANAGEMENT	Claim for undue enrichment for monies paid to CoT in error.			77 239	77 239
Group Property Management	Summons for outstanding levies owed to the body corporate			31 262	-
Group Property Management	Summons for outstanding levies owed to the body corporate			22 788	-
Group Property Management	Claim for outstanding payment for the work done (NOM)			692 520	-
Group Legal Services and Secretariat	Claim for recovery of unpaid attorney and client bills of cost			-	139 868
Group Legal Services and Secretariat	Claim for damages following a cancellation of a contract for the upgrade of City Hall. Cot cancelled the contract but contractor alleges that CoT unlawfully cancelled the contract			4 900 000	4 900 000
Group Legal Services and Secretariat	Claim or services rendered			-	344 365
Regional Operations and Coordination	Claim for loss of income for failing to untillise them ito the contract provisions			47 440 027	-
Regional Operations and Coordination	Claim for loss of income for failing to untillise them ito the contract provisions			17 946 566	-
Regional Operations and Coordination	Claim for loss of income for failing to untillise them ito the contract provisions			59 244 567	-
Regional Operations and Coordination	Claim for loss of income for failing to untillise them ito the contract provisions			80 214 095	-
Regional Operations and Coordination	Claim for loss of income for failing to untillise them ito the contract provisions			111 615 305	-
Regional Operations and Coordination	Claim for loss of income for failing to untillise them ito the contract provisions			41 421 707	-
Group Marketing and Communication	Claim for outstanding payment of invoice for professional services rendered			879 718	-
Housing Company Tshwane	Terminated contract due to non performance			41 654 856	-
				6 022 266 569	3 456 469 778

65. Public Private Partnerships (PPP)

Tshwane House:

The City of Tshwane has entered into a PPP agreement with Tsela Tshweu (the Consortium), a private Consortium led by Group 5, to finance, construct and operate the Tshwane Head Office. The agreement is for a period of 27 years of which 2 years was for the construction of the property and 25 years to operate the property on behalf of City of Tshwane. At the end of the 27 year agreement ownership of the building will pass to the City of Tshwane. The agreement is in the third year of the operational stage. Occupation took place in June 2017.

Fleet vehicles and fleet related services:

The City of Tshwane has entered into a PPP agreement with:

- * Moipone Group of Companies (Pty) Ltd for the supply of category A and C fleet vehicles and fleet related services;
- * Fleet Africa a division of Super Group Africa (Pty) Ltd for the supply of category E fleet vehicles and fleet related services; and
- * Fleetmatics VMS (Pty) Ltd for the supply of category B fleet vehicles and fleet related services

The agreement is for a period of 5 years from the commencement date where after it will automatically terminate. The City may extend the agreement on written notice which shall be given at least 90 days prior to expiry of the termination date.

During the life of the agreement the City will make unitary payments to the private party in accordance with the provisions of the payment mechanism. The unitary payments will be the amount payable with respect to the leased vehicles, monthly in arrears.

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

65. Public Private Partnerships (PPP) (continued)

The city has restructured the finance lease for some vehicles leased from Talis and Supergroup. The restructuring will result in the City retaining ownership of the vehicles at the end of the lease term.

Denneboom Service concession

The City of Tshwane Metropolitan Municipality entered into a service concession and Lease Agreement with the Concessionaire Interdent Management Services (Pty) Ltd. This constitute a Public-private partnership, reference on note 31 Service concession arrangements. "

66. Disposal of: a significant asset(s) /or a group of assets and liabilities /or a component of the entity

Management has taken a decision to dispose of a significant asset /or a group of assets and liabilities /or a component of the entity that are eligible for disposal as per accounting policy.

During the 2020/21 financial year, there was no significant disposal of assets or group of assets and liabilities of a company of the entity.

During 2019/20 various assets with below carrying values were sold either through public auction (sale was completed) and through land sales initiated by Group Property Management Department.

Carrying values

	2021	2020
Carrying values of the assets	-	1 515 953

67. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	4 813 252	3 399 930	4 813 252	3 399 930
Amount paid - current year	(4 813 252)	(3 399 930)	(4 813 252)	(3 399 930)
	-	-	-	-

Audit fees

Current year audit fees	34 869 306	31 881 858	32 981 406	30 117 493
Amount paid - current year	(34 432 214)	(31 881 858)	(32 853 504)	(30 117 493)
	437 092	-	127 902	-

PAYE and UIF

Opening balance	-	122 989 504	-	122 845 118
Current year subscription / fee	2 427 224 072	1 471 592 472	2 406 642 620	1 459 133 404
Amount paid - current year	(2 426 822 209)	(1 471 592 472)	(2 406 642 620)	(1 459 133 404)
Amount paid - previous years	-	(122 989 504)	-	(122 845 118)
	401 863	-	-	-

Pension and Medical Aid Deductions

Opening balance	-	66 658	-	-
Current year subscription / fee	2 943 076 280	1 880 467 697	2 938 227 010	1 876 073 123
Amount paid - current year	(294 307 628)	(1 880 467 697)	(2 938 227 010)	(1 876 073 123)
Amount paid - previous years	-	(66 658)	-	-
	2 648 768 652	-	-	-

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

67. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2021:

30 June 2021	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Mahawayi MM	1 379	-	1 379
Zitha BP and FT	2 443	-	2 443
Maine MT and TA	3 071	-	3 071
Motsaneng S	600	-	600
Boshomane MJ	665	-	665
Mashamba RW	215	43	258
Mashamba RW	215	43	258
Magaseng and Makgaleng MM and KG	412	1 167	1 579
Mabogwana MO	1 844	-	1 844
Motsa NS	1 096	1 285	2 381
Mashapa MA	1 208	1 457	2 665
Mehlape-Zimu MM	3 127	-	3 127
Makgaleng KG	3 222	179	3 401
Matlala S	3 600	-	3 600
Moloi Eunice Dineo	913	2 778	3 691
Baloyi JJ	3 696	-	3 696
Middelberg	3 614	2 442	6 056
Masemola AT	6 582	-	6 582
Masilela JK	6 830	2 021	8 851
Mnguni NP	1 865	9 194	11 059
Middelberg LR	6 222	5 449	11 671
Mashola MS	7 979	3 696	11 675
Mthumuye PG	16 557	-	16 557
Monchusi BJ and RGM	3 518	14 220	17 738
Raphuthi Maboshadi Mina	10 754	9 544	20 298
Mokgadi JT	9 814	11 522	21 336
Maleka Ramokone Rebone	2 578	20 282	22 860
Monchusi BJ and RGM	4 320	18 649	22 969
Mashola MS	12 511	13 551	26 062
Disoloane KB	12 180	19 172	31 352
Silaule GV	9 076	59 632	68 708
Moboa PP and TC	30 336	58 866	89 202
Lehobye Malose John	10 555	80 831	91 386
Ndlovu TA	11 946	116 514	128 460
	194 943	452 537	647 480

30 June 2020	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Mohlala RJB	7 052	3 888	10 940
Zitha BP and FT	14 697	12 388	27 085
Silalule GV	6 344	38 456	44 800
Moboa PP and TC	4 400	32 579	36 979
Mahwayi MM	13 188	89 453	102 641
Rammushi Jabulani Paulus	960	4 907	5 867
Mojela Daniel Laki	46	1 750	1 796
Raphuthi Maboshadi Mina	1 967	10 068	12 035
Lehobye Malose John	5 781	43 637	49 418
Phokoje STT	2 314	509	2 823
Ndlovu TA	10 183	87 636	97 819
Masemola CN	20 709	133 003	153 712

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
67. Additional disclosure in terms of Municipal Finance Management Act (continued)				
Makgatho JT		5 073	1 303	6 376
Maepa KL and WTS		2 832	19 705	22 537
Makgaseng and Makgaleng MM and KG		189	344	533
Maluleka AM		5 153	7 459	12 612
Mnguni NP		1 800	2 177	3 977
Monchusi DJ and RGM		235	6 975	7 210
Maine MT and TA		5 073	3 719	8 792
Maleka Ramokone Rebone		3 513	12 832	16 345
Moloi Eunice Dineo		36	1 320	1 356
		111 545	514 108	625 653

These councillors made arrangements to pay off thier arrear debt.

68. Other materials.

Analysis of other materials

Petrol And Diesel Fu	131 339 198	159 778 187	131 339 198	159 778 187
Electric Reticu (MM)	132 966 255	90 135 433	132 966 255	90 135 433
Other	332 452 098	322 544 252	332 452 098	322 544 252
	596 757 551	572 457 872	596 757 551	572 457 872

69. Distribution losses: Water

Non-revenue Water (NRW) - kilolitre

Technical	102 906 714	87 312 903	102 906 714	87 312 903
Non-technical	25 726 679	21 828 226	25 726 679	21 828 226
	128 633 393	109 141 129	128 633 393	109 141 129

Non-revenue Water (NRW) - Rand value

Technical	933 909 305	791 107 287	933 909 305	791 107 287
Non-technical	233 477 326	197 776 822	233 477 326	197 776 822
	1 167 386 631	988 884 109	1 167 386 631	988 884 109

Water is supplied to the City of Tshwane from Rand Water, Magalies Water and from the City's own water sources. Monthly meter readings of the supply are used to monitor the total gross supply and monthly meter readings of water exported to the neighboring municipalities are used to calculate the net water input into the City.

Water loss management in the city is monitored, managed and controlled by the implementation of the Water Conservation and Water Demand Management strategies. The primary outcome of these strategies is to reduce

* Technical losses (where not all water supplied reached the consumer, and

Non-technical losses (where not all water reaching the consumer is paid for. These losses are caused by:

- Real losses represent the actual physical leakage from the pressurised system, up to the point of measurement of customer use. Real losses therefore comprise leakage from pipes, joints and fittings, from leaking reservoir walls, and from reservoir overflows. and
- Apparent losses (losses due to meter inaccuracies, meter estimations, non-metering of water and unauthorised consumption(theft or illegal use) - this is water consumed not properly measured, accounted and paid for.

From the above, water losses in the City is determined by calculating the amount of non-revenue water (NRW) which is the difference between the volume of water supplied into the system and the authorised consumption.

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

69. Distribution losses: Water (continued)

Activities undertaken by the Water and Sanitation Division involve the continuous investigation into various factors leading to water loss and the implementation of various initiatives to assist with the reduction of non-revenue water. These investigations with subsequent mini projects are often cross-region initiatives where work performed in one region directly affects other regions. The initiatives include the following:-

- * Improve on leak repair responsiveness (active and passive) to reduce wastage
- * Metering: Installation of water meters at unmetered houses, Meter audits to improve information on billing system; Replacements of old and/or damaged meters to increase accuracy of meter readings
- * Installation of pressure management systems to reduce high pressures and lower leakage
- * Pipe network replacements in areas with worn out network pipes
- * Removal of illegal connections
- * Restriction of water supply to non-paying customers

2020/21

Water losses in the City are determined by calculating the amount of non-revenue water (NRW) which is the difference between the volume of water supplied into the system and the authorised consumption. The NRW in the City was calculated at 34.6 (% of the total input into the system) 128 633 393 kl/annum).

NRW in the City when compared to June 2020 is due to increase in the system input volume by 2.9%.

2019/20

The NRW in the city was calculated at 30.2 (% of the total input into the system) 109 141 129 kl/annum). This indicates a deterioration of

NRW in the City when compared to June 2019 where the NRW was 112 430 574 kl/annum (29.81% of the total input into the system). The losses in R-value amounts to R 988 884 109 (June 2019 R1 051 432 369). This calculation was based on the unit tariff of Rand Water purchased per kiloliter at R10.14. Approximately 79% of the city's system input volume is sourced from Rand Water (RW). The remaining 21% is sourced from own and local sources at approximately 50% of the cost of water provided by RW.

70. Distribution losses: Electricity

Distribution loss: kWh

Technical	659 730 210	655 819 624	659 730 210	655 819 624
Non-technical	1 153 181 479	1 193 588 161	1 153 181 479	1 193 588 161
	1 812 911 689	1 849 407 785	1 812 911 689	1 849 407 785

Distribution loss - Rand value

Technical	669 296 298	611 748 546	669 296 298	611 748 546
Non-technical	1 169 902 611	1 113 379 037	1 169 902 611	1 113 379 037
	1 839 198 909	1 725 127 583	1 839 198 909	1 725 127 583

2020/21:

The annual electricity distribution losses are made up of internal use (Streetlights and own use), technical and non-technical losses which are the difference between electricity purchased and electricity sold to the end user at differentiated tariffs levels. The City purchases its 100% electricity from ESKOM at transmission and distribution levels, 85% is purchased through the 3 infeed stations (Njala, Kwagga and Reitvel) at 175kV transmission levels and 15% at distribution levels..

For the period under review, the department implemented the following initiatives to reduce the non-technical losses:

*Meter audits and normalize of stuck meters

*Normalization of prepaid meters that are on low buying electricity

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

70. Distribution losses: Electricity (continued)

*Installation of tamper boxes in hot spots with high level of illegal connections

*Installation of smart meters

*Electrification for All Programme

*Removal of illegal connection

The electricity distribution loss is calculated at 1 812 911 689 kWh (19.24 % of the total electricity).

Technical losses are results of electricity losses while being distributed from the source of generation through transmission and distribution network to the final consumer. The wires (copper or aluminum) being used to distribute electricity has certain resistance which resist the throughput of current, as a results there is certain portion of electricity that is lost due to distribution and it is termed technical losses. The NERSA acceptable figure for network like Tshwane is estimated to be 7% (659 730 210 KWh), accounting for 32% (669 296 298 ZAR) of the total Distribution losses. However, the national utilities benchmark is for the technical Losses to be between 3-6%.

Non-technical losses, which for the period under review is 12.24% (1 153 181 479 kWh), accounting for 56% of the total distribution losses (1 169 902 611 ZAR) are amongst others the result of administrative and technical errors, high estimates, negligence, theft of electricity, tampering with meters and connections which form part of illegal consumption.

2019/20:

The electricity distribution loss is calculated at 1 849 407 785 kWh (22.31 % of the total electricity).

Technical losses are results of electricity losses while being distributed from the source of generation through transmission and distribution network to the final consumer. The wires (copper or aluminum) being used to distribute electricity has certain resistance which resist the throughput of current, as a results there is certain portion of electricity that is lost due to distribution and it is termed technical losses. The NERSA acceptable figure for network like Tshwane is estimated to be 7% (655 819 624 KWh), accounting for 31% (611 748 546 ZAR) of the total Distribution losses. However, the national utilities benchmark is for the technical Losses to be between 3-6%.

Non-technical losses, which for the period under review is 12.74% (1 193 588 161 kWh), accounting for 57% of the total distribution losses (1 113 379 037 ZAR) are amongst others the result of administrative and technical errors, high estimates, negligence, theft of electricity, tampering with meters and connections which form part of illegal consumption.

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
71. Material Losses				
Material Losses				
Opening balance	167 963 333	21 585 127	167 963 333	21 585 127
Refilwe Manor Bulk Infrastructure Vandalism	-	4 970 982	-	4 970 982
Theft of funds due to cyber-criminal conduct	-	53 029 563	-	53 029 563
Recovery of cyber criminal conduct	-	(9 312 119)	-	(9 312 119)
Rental account at Bothongo plaza not paid within 30 days	-	7 106 066	-	7 106 066
Salary payments made to employees for work not done	34 565 883	53 846 760	34 048 301	53 846 760
Overpayment on the fuel purchase	-	31 746 672	-	31 746 672
Payment made for an informal trading facility that was not constructed	-	4 990 282	-	4 990 282
	202 529 216	167 963 333	202 011 634	167 963 333

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Group		Municipality	
2021	2020 Restated*	2021	2020 Restated*

2020/21

Salary payments made to employees for work not done

2019/20

Rental account at Bothongo Plaza not paid within 30 days

Bothongo Group Management (Pty) instituted arbitration proceedings against the City, for rental arrears amounting to R16 646 198.20. As per the arbitrator award dated 28 January 2020, the arbitrator directed the municipality to pay Bothongo Group Management (Pty) the claimed amount of R16 646 198.20, with interest computed at the rate of 9% as from 1 December 2015 amounting to R7 106 066.80. The interest charged was paid on 30 July 2020. The amount was settled with interest and no further litigations were raised. An investigation is registered for investigation by internal resources.
Refilwe Manor Bulk Infrastructure Vandalism

Makole Property Developments was appointed as a turnkey contractor responsible for the design, supervision and construction on the project. In November 2018, the construction was completed. The testing of the reservoir, and mechanical works of the pump stations (pump station 12 and 15) has been in progress to date however progress has been slow.

On the 21st of January 2020, a local subcontractor was deployed to site to finalise an audit of outstanding works at the pump stations. Upon arrival, they found that most of the work done has been vandalised

The estimated cost associated with damage and major items being stolen amounted to R 4 970 981.97

Theft of funds due to Cyber-criminal conduct that occurred in 2019/20:

In August 2019, the payment of R53 million which was meant to pay the National Fund for Municipal Workers (NFMW) was fraudulently diverted to an unknown ABSA account. Banking details was fraudulently changed on a spreadsheet used to import bulk payments into ABSA system. The City became aware of the incident few days after payment date, where the fund contacted the City to find out about the outstanding payment. ABSA bank was contacted to investigate and to flag the account that received the payment. The funds were already withdrawn and only about 1% of the payment (R400k) was left in the account.

An investigation has been lodged with the Group Audit and Risk, Group ICT and South African Police Service (SAPS) to conduct investigations. SAPS has already tasked the HAWKS to investigate this case.

Theft of funds due to Cyber-criminal conduct that occurred in 2018/19

As at 30 June 2020, the City with the assistance of the bank managed to recover almost 80% of the transfer made as follows;

An amount of R318 616.70 received in April 2019

An amount of R9 312 118.71 received in January 2020

An insurance claim has been submitted for possible loss of R2 496 227.10 i.e. the balance not yet recovered

City of Tshwane Metropolitan Municipality appointed employees without following proper recruitment process which resulted in the appointment of employees who were paid without performing any work. It was noted that the municipality normally conducts payroll certifications before salary payments and some departments do not do the certification. Section 65 (2) (a) of the MFMA was contravened as a result. The Group Audit and Risk Department had already concluded phase 1 investigation into the subject matter. An investigator for the follow-up investigation or phase 2 investigation is currently being appointed.

Overpayment on the fuel purchase

City of Tshwane Metropolitan Municipality overpaid the following suppliers for the supply and delivery of unleaded petrol 95 and high grade diesel. The overpayments resulted in non-compliance with section 65(2)(a) of the MFMA. The investigation is underway and conducted by an external firm of forensic consultants.

Payment made for an informal trading facility that was not constructed

During the 2019-20 audit, it was noted that a payment was made to a contractor for an informal trading facility that does not exist at Barolak Taxi rank. This was determined upon verification of the informal trading. This payment resulted in non-compliance with section 65(2)(a) of the MFMA. The matter has been reported to Group Audit and Risk Department and an investigation is still in progress

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

72. Repairs and Maintenance

June 2021	Contracted Services	General	Other Materials	Total
Herritage	-	3 763 015	-	3 763 015
Intangible assets	71 420 344	939 774	1 990 800	74 350 918
Investment property	-	167 271	-	167 271
Property, plant and equipment	578 280 281	507 049 937	166 845 394	1 252 175 612
	649 700 625	511 919 997	168 836 194	1 330 456 816

June 2020	Contracted Services	General	Other Materials	Total
Herritage	-	2 539 777	-	2 539 777
Intangible assets	69 876 105	1 168 664	1 904 847	72 949 616
Investment property	-	211 443	-	211 443
Property, plant and equipment	506 813 281	572 041 545	159 598 924	1 238 453 750
	576 689 386	575 961 429	161 503 771	1 314 154 586

73. Rental Income Straightlining

Within one year	5 507 882	6 747 554	5 507 882	6 747 554
In second to fifth year	21 158 437	21 363 961	21 158 437	21 363 961
Later than five years	74 427 575	79 755 588	74 427 575	79 755 588
	101 093 894	107 867 103	101 093 894	107 867 103

74. Housing development fund (refer to Note 24)

Unappropriated surplus	87 436 189	225 449 115	87 436 189	225 449 115
Less: Loans extinguished by Government on 1 April 1998	69 006 463	(69 006 463)	69 006 463	(69 006 463)
Housing development fund (refer to Note 24)	156 442 652	156 442 652	156 442 652	156 442 652

The housing development fund is represented by the following assets:

Housing selling scheme loans	11 314 508	11 464 609	11 314 508	11 464 609
Housing debtors	259 860 589	220 197 905	259 860 589	220 826 841
Bank and cash	43 247 503	55 308 521	(114 732 445)	(75 848 798)
Housing Development Fund Assets	314 422 600	286 971 035	156 442 652	156 442 652
Assets	-	-	-	-
Liabilities	-	-	-	-
Total Housing Development Fund Assets and Liabilities	-	-	-	-

75. Fair value adjustments

Biological assets - (Fair value model)	-	121 540	-	121 540
• Other financial liabilities (Derivatives)	95 584 144	(162 040 774)	95 584 144	(162 040 774)
	95 584 144	(161 919 234)	95 584 144	(161 919 234)

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

76. Financial instruments

Categories of financial instruments

Group- 2021

Financial assets

	At fair value	At amortised cost	Total
Investments	-	384 208 957	384 208 957
Long term receivables	-	358 029 813	358 029 813
Other receivables	-	779 190 825	779 190 825
Consumer receivables	-	4 723 967 354	4 723 967 354
Cash and bank	-	229 453 005	229 453 005
Interest rate swap asset	15 168 940	-	15 168 940
Redemption fund asset	-	453 523 720	453 523 720
	15 168 940	6 928 373 674	6 943 542 614

Financial liabilities

	At fair value	At amortised cost	Total
Loans and bonds	-	11 398 063 196	11 398 063 196
Lease liability	-	330 447 450	330 447 450
Retention creditors	-	591 229 324	591 229 324
Consumer deposits	-	947 900 992	947 900 992
Interest rate swap liability	301 625 355	-	301 625 355
Service concession arrangement	-	2 464 975 222	2 464 975 222
Payables from exchange transactions	-	7 781 749 332	7 781 749 332
	301 625 355	23 514 365 516	23 815 990 871

Group - 2020

Financial assets

	At fair value	At amortised cost	Total
Investments	-	649 748 890	649 748 890
Long term receivables	-	133 777 540	133 777 540
Other receivables	-	671 493 749	671 493 749
Consumer receivables	-	4 937 758 795	4 937 758 795
Cash and bank	-	277 865 652	277 865 652
Interest rate swap asset	31 298 484	-	31 298 484
Redemption fund asset	1 796 491 042	-	1 796 491 042
	1 827 789 526	6 670 644 626	8 498 434 152

Financial liabilities

	At fair value	At amortised cost	Total
Loans and bonds	-	12 094 233 938	12 094 233 938
Lease liability	-	595 486 251	595 486 251
Retention creditors	-	547 269 473	547 269 473
Consumer deposits	-	673 376 886	673 376 886
Interest rate swap liability	413 339 043	-	413 339 043
Service concession arrangement	-	2 210 550 960	2 210 550 960
Payables from exchange transactions	-	6 788 017 280	6 788 017 280
	413 339 043	22 908 934 788	23 322 273 831

Municipality - 2021

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

76. Financial instruments (continued)

Financial assets

	At fair value	At amortised cost	Total
Investments	-	384 208 957	384 208 957
Long term receivables	-	358 029 813	358 029 813
Other receivables	-	778 508 209	778 508 209
Consumer receivables	-	4 723 967 354	4 723 967 354
Cash and bank	-	1 909 547 232	1 909 547 232
Interest rate swap asset	15 168 940	-	15 168 940
Redemption fund asset	453 523 720	-	453 523 720
	468 692 660	8 154 261 565	8 622 954 225

Financial liabilities

	At fair value	At amortised cost	Total
Loans and bonds: term loans, bonds	-	11 398 063 196	11 398 063 196
Lease liability	-	330 447 450	330 447 450
Retention creditors	-	591 229 324	591 229 324
Consumer deposits	-	946 912 232	946 912 232
Interest rate swap liability	301 625 355	-	301 625 355
Service concession arrangement	-	2 464 975 222	2 464 975 222
Payables from exchange transactions	-	7 769 544 202	7 769 544 202
	-	-	-
	301 625 355	23 501 171 626	23 802 796 981

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

76. Financial instruments (continued)

Municipality - 2020

Financial assets

	At fair value	At amortised cost	Total
Investments	-	631 159 289	631 159 289
Other receivables	-	716 680 461	716 680 461
Consumer receivables	-	4 937 758 795	4 937 758 795
Cash and bank	-	216 844 655	216 844 655
Long term receivables	-	133 777 540	133 777 540
Interest rate swap asset	31 298 484	-	31 298 484
Redemption fund asset	1 796 491 042	-	1 796 491 042
	1 827 789 526	6 636 220 740	8 464 010 266

Financial liabilities

	At fair value	At amortised cost	Total
Loans and bonds: term loans, bonds	-	12 094 233 938	12 094 233 938
Lease liability	-	592 202 816	592 202 816
Retention creditors	-	547 269 473	547 269 473
Consumer deposits	-	673 376 886	673 376 886
Interest rate swap liability	413 339 043	-	413 339 043
Service concession arrangement	-	2 210 550 960	2 210 550 960
Payables from exchange transactions	-	6 349 482 286	6 349 482 286
	413 339 043	22 467 116 359	22 880 455 402

Disclosure note amounts compared to financial instruments disclosure and financial instruments: risks involved disclosure:

The disclosure in note 76 and note 77 will differ from what is disclosed in the statement of financial position due to the definitions and requirements of GRAP 104 as not all line items on the statement of financial position constitute a financial instrument as per the definitions of GRAP 104. For example consumer receivables, other receivables and payables from exchange transactions consist of items that do not meet the definition of a financial instrument and these items are therefore excluded in the aforementioned notes.

77. Risk Management

Risks

In running its operations the group is exposed to variety of financial risks: market, liquidity, credit and interest rate risks. Section 62.(1)(c)(i) Of MFMA 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 municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control in response to this the group adopted National Treasury Public Sector Risk Management Framework and is committed to the effective management of the risks. The process is called risk monitoring and control. It involves monitoring the identified risks including the above mentioned financial risks, identifying new risks, and evaluating the overall effectiveness of the risk management plan in reducing the risks.

The Group Financial Services is committed to the effective management of the financial risks, with Treasury office responsible for management of market, liquidity, and interest rate risks. The Revenue office is responsible for credit risk management. In the course of the group's business operations it is exposed to interest rate, credit, liquidity and market risk. The group has developed a comprehensive risk management process to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

There were new risks that were identified due to the Covid-19 pandemic, which also contributed towards the credit risk due to the effect that it had on consumers' ability to pay for their municipality accounts, these risks are recorded and managed in a separate risk register with a similar risk management process applied in the management of the operational risks. The objectives, policies and processes for managing the risk and the methods used to measure the risk since the previous financial year remained the same.

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

77. Risk Management (continued)

Financing risk

Financing risk refers to the group's inability to control its monetary policy and defaulting on bonds or other debt issues. Borrowings could become more difficult or more costly in the future. The City's targeted weighted average cost of borrowing for the MTREF is set at 9.9% per annum and as per the 30 June 2021 annual financial statements, the result was 8.83% meaning that the City is managing its cost of borrowing prudently.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will be negatively affected by the adverse changes in interest rates. Interest rate risk arises from the fluctuations in the economic market due to the economic climate. The group manages its interest rate risk by maintaining an appropriate mix between fixed and floating interest rate borrowings and investments, as well as by entering into interest rate swap contracts on outstanding borrowings. The Municipality's exposure to interest rate risk and the effective interest rates on financial instruments at statement of financial position date are as follows:

The group has significant exposure to interest rate risk due to the volatility in South African interest rates, fluctuations in interest rates on bonds issued and short-term investment will impact the City's cash flow negatively. The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. The Municipality's policy is to maintain approximately 60% of its borrowings in fixed rate instruments. Although the interest rate swap for the past 2 financial years showed mixed performance, it will average out over the long term as the interest rate swaps were taken up for periods ranging between 9 to 20 years.

Mitigation factors -

The City has adopted smoothing, maintaining a balance between fixed interest rates and floating interest rates on different instruments. The city also uses Interest rate swap to manage the risk –

Variable rate loans : R 3 975 236 130.27 (2020: R 8 097 074 967) and
Fixed rate loans: R 7 422 827 063.77 (2020: R3 997 158 97)

There was no change in the exposure to risks and how they arise since the previous financial year. There was further no change in the objectives, policies and processes for managing the risks and the methods used to measure the risks.

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

77. Risk Management (continued)

Group-2021

Description	Floating rate	Fixed rate			Non-interest bearing		Total
	Amount	Amount	Weighted average effective interest rate %	Weighted average period for which rate is fixed Years	Amount	Weighted average period until maturity Years	
Assets							
Investments	400 916 984	3 257 892	4,46	-			404 174 876
Long-term receivables:							
Housing loans		11 249 356	13,50	30,00			11 249 356
Sport club loans		981 880	11,99	10,00			981 880
Sale of land		70 101 497	9,00	5,00			70 101 497
Arrangement debtors		348 543 525	7,08	3,00	-		348 543 525
Consumer receivables		4 658 522 334	7,08	1,00			4 658 522 334
Other receivables		820 477 401	-		-		820 477 401
Cash and bank		229 453 005					229 453 005
Interest rate swap asset	15 168 940						15 168 940
Total financial assets	416 085 924	6 142 586 890			-		6 558 672 814
Liabilities							
Interest bearing borrowings	2 033 991 221	3 776 275 880	10,06				5 810 267 101
Interest rate swaps (notional amounts)	457 119 081	5 130 677 000	10,00				5 587 796 081
Lease liabilities	330 447 450						330 447 450
Trade payables:							
Creditors					7 427 134 149		7 427 134 149
Retention Creditors					591 229 324		591 229 324
Consumer deposits					946 912 232		946 912 232
Service concession arrangements					2 462 248 250		2 462 248 250
Interest rate swap liability		301 625 355					301 625 355
Total financial liabilities	2 821 557 752	9 208 578 235			11 427 523 955		23 457 659 942

Statutory Assets

Statutory Receivables

At amortised cost	Total Carrying amount
1 415 560 861	1 415 560 861

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

77. Risk Management (continued)

Group- 2020

Description	Floating rate	Fixed rate		Non-interest bearing		Total
	Amount	Amount	Weighted average effective interest rate %	Weighted average period for which rate is fixed Years	Amount	Weighted average period until maturity Years
Assets						
Investments	383 873 721	265 875 168	5,34			649 748 889
Long-term receivables:						
Housing loans		11 464 609	13,50	30,00		11 464 609
Sport club loans		1 019 744	11,99	10,00		1 019 744
Sale of land		109 059 607	9,00	5,00		109 059 607
Arrangement debtors		89 092 690	10,13	3,00		89 092 690
Trade receivables						
Consumer		14 940 645 773	10,13	1,00	3 685 033 091	18 625 678 864
Other					1 336 144 477	1 336 144 477
Cash and bank		277 865 652				277 865 652
Interest rate swap asset		31 298 484				31 298 484
Redemption fund asset	1 796 491 042					1 796 491 042
Total financial assets	2 180 364 763	15 726 321 727			5 021 177 568	22 927 864 058
Liabilities						
Interest bearing borrowings	2 486 588 407	3 100 000 000	10,04			5 586 588 407
Interest rate swaps (notional amounts)	890 312 488	5 617 324 086	9,75			6 507 636 574
Lease liabilities	592 202 816					592 202 816
Trade payables:						
Creditors					6 349 482 286	6 349 482 286
Retention Creditors					547 032 262	547 032 262
Consumer deposits					673 376 886	673 376 886
Service concession arrangements					2 210 550 960	2 210 550 960
Interest rate swap liability		413 339 043				413 339 043
Total financial liabilities	3 969 103 711	9 130 663 129			9 780 442 394	22 880 209 234

Statutory Assets

Statutory Receivables

At amortised cost	Total Carrying amount
1 150 286 499	1 150 286 499

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

77. Risk Management (continued)

Interest rate swaps

The group through the municipality has entered into interest rate swap contracts that entitle it to receive interest at fixed rates/floating rates on notional principal amounts and that oblige it to pay interest at variable rates/fixed rates on the same amounts. The interest rate swaps allow the Municipality to raise long-term borrowings at fixed rates/floating rates and effectively swap them into variable rates/fixed rates in terms of the structured finance contractual requirements. The estimated fair value gain/(loss) indicated below was determined by comparing the interest rate swap contracted values (fixed rate) with the variable rate paid.

At the reporting date the municipality had entered into the following interest rate swaps relating to specific statement of financial position items

	Fair value	Estimated fair value gain/(loss)	Fair value	Estimated fair value gain/(loss)
30 June 2021				
current asset interest rate swaps	15 168 940	(16 129 544)	15 168 940	(16 129 544)
Non-current liability: interest rate swap liability	(301 625 355)	111 713 688	(301 625 355)	111 713 688
	(286 456 415)	95 584 144	(286 456 415)	95 584 144
			-	-
	Fair value	Estimated fair value gain/(loss)	Fair value	Estimated fair value gain/(loss)
		%		
30 June 2020				
current asset interest rate swaps	31 298 484	111 713 688	31 298 484	111 713 688
Non-current liability: interest rate swap liability	(413 339 043)	(193 339 258)	(413 339 043)	(193 339 258)
	(382 040 559)	(81 625 570)	(382 040 559)	(81 625 570)
			-	-

Redemption fund

The redemption fund is a financial solution to assist the City of Tshwane to meet its financial obligations to repay previously issued bonds. The City made use of the service of a third party fund manager for two thirds of the 2018/19 financial year. However the strategy that was adopted and approved by the City of Tshwane still remains in force for its intended duration without any deviation. The City of Tshwane pays contributions into the fund so as to enable the Municipality to receive contributions plus growth to repay redemptions of bonds when they fall due. This is part of the risk management framework adopted by the City of Tshwane. The financial liabilities of the fund are disclosed in Note 7.

	Fair value	Estimated fair value gain/loss	Fair value	Estimated fair value gain/loss
30 June 2021				
Assets: other financial assets - redemption fund	453 523 720	(38 570 919)	453 523 720	(38 570 919)

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

77. Risk Management (continued)

	Fair value	Estimated fair value gain/loss	Fair value	Estimated fair value gain/loss
30 June 2020				
Assets: other financial assets - redemption fund	1 796 491 042	182 784 700	1 796 491 042	182 784 700

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

Group		Municipality	
2021	2020 Restated*	2021	2020 Restated*

77. Risk Management (continued)

Currency risk

The group undertakes certain transactions that are denominated in foreign currencies, hence exposures to exchange rate fluctuations might arise. However, the group manages this risk by entering into contracts where the risk is carried by the service provider. The group experiences currency risk predominantly as a result of one contract entered into by the City, as a result of timing differences between the date of invoice and date of payment.

Credit rating

As an issuer of long and short term debt instruments to banks and institutional investors in the Debt Capital Market, the group has to undergo independent credit rating assessments, to determine its creditworthiness and its financial ability to make more debt issuances and to repay them. The City has appointed Moody's Investors Service, an approved credit rating agency to perform credit rating assignments on the City's credit profile and issue credit rating opinions, in terms of the Financial Sector Conduct Authority regulations.

Following an extensive credit rating review carried out in May and June 2021, Moody's came out on 28th June 2021 and issued the City with an official credit rating opinion of Caa2.za/NP.za long and short terms with an outlook of rating under review for further downgrade. The deemed rating assigned by Moody's is a reflection of the City's persistent fiscal challenges and the weakened liquidity position.

The city's access to external borrowing is highly constrained, engagements to secure new borrowing are ongoing in order to improve liquidity of the City.

Credit risk

The risk that one party to a financial instrument will cause a financial loss for the other party by defaulting. The defaulting Consumer receivables on exchange transactions exposes the City to credit risk. The credit risk is very limited due to the nature of the municipality's business and its reliance on government grant as the main source of security funding. The city has Credit Control and Debt Collection Policies to manage the exposure to risk as a result of defaulting customers. Credit control is those managerial, administration and accounting policies the City applies to keep the exposure at a sustainable level while Debt collection is the actual remedies the City takes to enforce the collection of the amounts due and payable to the municipality.

Financial assets, which potentially subject the Municipality to the risk of non-performance by counter-parties and thereby subject the Municipality to concentrations of credit risk, consist mainly of trade receivables. Credit risk is controlled through the application of a credit control policy and monitoring procedures. Where necessary, the Municipality obtains appropriate deposits and guarantees from debtors to mitigate risk. The Municipality's cash and cash equivalents and short-term deposits are placed with high-credit quality financial institutions.

The Municipality limits its treasury counter-party exposure arising from the money market by only dealing with well-established financial institutions confirmed by the rating agency appointed by the Chief Financial Officer. The Municipality only deals with financial institutions with a short-term credit rating of A+ 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.

Credit risk with respect to trade receivables is limited due to the large number of customers comprising the Municipality's customerbase and their dispersion across different industries and geographical areas. The Municipality does not have any significant exposure to any individual customer or counter-party. Accordingly, the Municipality does not consider there to be any significant concentration of credit risk, which has not been adequately provided for. Trade receivables are presented net of the allowance for impairment. The consumer receivables as presented do not include any debt relating to property rates, as property rates do not meet the definition criteria for financial instruments. Strict credit control procedures are in place to mitigate the credit risk relating to trade receivables. Maximum exposure to credit risk: There has been no significant change during the financial year, or since the end of the financial year, to the municipality's exposure to credit risk, the approach to measurement or the objectives, policies and processes for managing this risk. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking into account the value of any collateral obtained. The major concentrations of credit risk (as a percentage) that arise from the Municipality's receivables in relation to customer classification are as follows:

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

77. Risk Management (continued)

	30 June 2021	30 June 2020
Consumer receivables:		
Household	48	47
Industrial/Commercial	31	29
National and provincial government	9	7
Other consumer receivables	6	3
Long-term receivables	2	2
Sundry receivables	4	12
	100	100

Liquidity risk

The risk that the group may encounter difficulties in raising sufficient funds in meeting its obligations and commitments that are due and payable within 12 months. Availability of adequate resources to meet the City's obligations in the needs of its capital and operating expenditure, creditors at large including employees is critical for the city to continue as a going concern of which cannot be compromised. The Municipality manages liquidity risk through proper management of working capital, capital expenditure and monitoring of actual versus forecasted cash flows. Adequate reserves, liquid resources and unutilised borrowing facilities are also maintained. In terms of its borrowing requirements, the municipality ensures that adequate funds are available to meet its expected and unexpected financial commitments. In terms of its long-term liquidity risk, a reasonable balance is maintained between the period over which assets generate funds and the period over which the respective assets are funded. Capital expenditure, budgeted and forecast cash flow calculations are funded as follows from the capital market.

	June 2021	June 2020
Amounts payable within 1 year	R12,092,975.00	R165,461,025.87
Amounts payable between 2 and 5 years	R339,654,632.50	R1,405,727,882.47
Amounts payable between 6 and 10 years	R9,546,315,586.54	R9,022,255,168.58
Amounts payable within 11 and 20 years	R1,500,000,000.00	R1,500,789,863.01
Total	11398063194.04	R12,094,233,939.93

The City, through the Treasury office, manages this risk. The City established the redemption fund as a major safeguard towards this risk. The redemption fund is a financial solution to assist the City to meet its financial obligations.

The City implemented a Financial Sustainability Plan (FSP) for three quarters of the financial year, and is currently implementing a voluntary Financial Recovery Plan (FRP) in order to ensure that there is sufficient monitoring and mitigation of threats to its liquidity with key focus on implementing the revenue enhancement initiatives and commitment to stringent expenditure controls and cost containment particularly on non-essentials and non-revenue generating activities. The municipality's risk to liquidity may result from non-availability of funds to cover future commitments. The municipality manages liquidity risk through ongoing review of future commitments, credit facilities as well as monitoring of key financial indicators. Cash flow forecasts are prepared to determine the City's cash needs and borrowing facilities are monitored closely on a daily, weekly and monthly basis.

	30 June 2021	30 June 2022	30 June 2023
External funding (borrowing): capital expenditure	1 500 000 000	1 500 000 000	1 500 000 000
Grant funding: capital expenditure	2 287 571 493	2 283 236 805	2 211 003 281

Market risk

The group is exposed to fluctuating market prices inherent in the purchasing of electricity, water and coal used in the delivery of electricity and water services. The Municipality manages this risk by giving any price increases through to the consumers on an annual basis. An agreement has been entered into with both Eskom and Rand Water that tariff increases occur only once a year. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of market factors. The cornerstones of market risks are currency risk, interest rate risk and price risk. Market risk cannot simply be eliminated through diversification, though it can be hedged against in other ways. The city applies the following mitigation factors to market risk-

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

77. Risk Management (continued)

The City investments are diversified amongst the well-established financial institutions. The City abides by National Treasury's investment regulations and the City's Investment policy. Interest rate risk management: The Municipality's interest rate profile consists of fixed and floating rate loans and bank balances which expose the municipality to fair value interest rate risk and cash flow interest rate risk and can be summarised as follows:

Financial assets/liabilities:

Trade and other receivables/payables: At a fixed rate of interest. Management manages interest rate risk by negotiating beneficial rates on floating rate loans and where possible using fixed rate loans. Management also has a policy of balancing the interest on asset loans with the interest payable on liabilities.

Fair values

The group's financial instruments consist mainly of cash and cash equivalents, trade receivables, investments, consumer ,Payables, long-term debt and derivative instruments (interest rate swaps). No financial asset was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial assets that are available-for-sale or held-for-trading. The following methods and assumptions are used to determine the fair value of each class of financial instrument.

Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets and financial liabilities.

Trade receivables (debtors)

The carrying amount of trade receivables, net of provision for impairment (provision for bad debt), approximates fair value due to the relatively short-term maturity of these financial assets.

Investments

Investments are carried at their original cost in the statement of financial position, except for those where the interest received semi annually are capitalised. The fair value of publicly traded instruments is based on quoted market prices for those investments.

Trade payables

The carrying amount of trade payables approximates fair value due to the relatively short-term maturity of this financial liability.

Interest-bearing borrowings

Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in surplus or deficit over the period of the borrowings on an effective interest basis. The fair value of interest bearing borrowings with variable interest rates approximates their carrying amounts.

Derivatives (interest rate swaps)

Derivative financial instruments (interest rate swaps) are initially measured at fair value on the contract date and are re-measured to fair value at subsequent reporting dates.

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

77. Risk Management (continued)

Year ended	Fair value	Carrying amount	Fair value	Carrying amount
30 June 2021				
Liabilities				
Interest rate swaps	301 625 355	301 625 355	301 625 355	301 625 355
30 June 2020				
Liabilities				
Interest rate swaps	413 339 043	413 339 043	413 339 043	413 339 043

Capital risk management

The municipality's objectives when managing capital is to safeguard the municipality's ability to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the municipality consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in Note 22 and cash and cash equivalents disclosed in Note 9, and equity as disclosed in the statement of financial position.

Consistent with others in the industry, the municipality monitors capital on the basis of the gearing ratio. There are no externally imposed capital requirements. There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year. The gearing ratio at 30 June 2021 and 30 June 2020 respectively were as follows:

The gearing ratio at 30 June 2021 and 30 June 2020 respectively were as follows:

Total borrowings				
Finance lease obligation	23	333 086 492	595 486 250	330 447 450
Long-term loans	22	11 398 063 196	12 094 233 938	11 398 063 196
		11 731 149 688	12 689 720 188	11 728 510 646
Less: Cash and cash equivalents	13	209 428 651	277 865 652	190 954 732
Net debt		11 521 721 037	12 411 854 536	11 537 555 914
Total equity		27 585 839 255	26 303 162 049	27 425 852 648
Total capital		39 107 560 292	38 715 016 585	38 963 408 562
				421 351 468 319

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

78. In-kind donations and assistance

The following donations in kind and assistance were received for the FY2020/21

Description	Donation provided	Donation received	Total
Ambulance services	1 908 742,00	-	1 908 742,00
Blankets and mattresses	362 273,17	31 613,00	393 886,17
Fire rescue	67 458,72	-	67 458,72
Sheeting	1 713,50	-	1 713,50
SkillsTrain Distribution	-	31 613,00	31 613,00
Grand Total	2 340 187,39	63 226,00	2 371 800,39

The following COVID -19 donations were received for the FY 2020/21

Description of the COVID-19 Related Donations

Donor	Description	Amount
COGTA	Hand sanitizers	1 995,00
-	N95 masks	12 750,00
-	Gowns	2 275,00
-	Overalls/Coveralls	1 360,00
-	Gloves	48 000,00
SABS	Disposable 3-ply masks	203 250,00
	Face shields	
Diversity	Covid 19 donation	18 540,00
Salga donation	Covid 19 donation	32 657,70
Hashtag Marketing	Covid 19 donation	15 867,70
SABS	Surgical masks	200 000,00
-	Face Shields	3 250,00
Standard Bank	Cloth Masks	15 835,00
-	Surgical Masks	6 750,00
Standard Bank	Cloth masks Surgical masks	22 585,00
Ndima Njongo	Covid 19 donation	16 790,00
-	-	601 905,40

The City received the following COVID 19 gift, donations including services in kind from various institutions for the FY2019/20.

Most of the items received were consumables and have therefore been utilised or distributed. The register of this donations is available for inspection

Description	Amount
Food parcels	147 362,53
consumables (hand sanitises, disinfectors, empty bottles, hand towels, sim cards and toiletries)	930 008,4
network booster	1 000 000
Jojo tanks	21 530
PPE (Gloves, face masks, worksuits, chemical tanks and packer spray machines)	177 990,4
cleaning services	51 045
blankets	37 384,24
shelter for the homeless	455 000
Personnel (volunteers)	Value not determined
Provision of essential services of and disinfecting education hygiene support	Value not determined

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

78. In-kind donations and assistance (continued)

The Municipality made the following in-kind- donations and assistance during the 2019/20 financial year:

The Emergency Services Department provided the following assistance to various organisation

Description	Amount
Ambulance standby services	932 960
*Relief items	404 128
Fire and rescue services	57 163

*Relief items consist of Blankets, Mattresses, food parcel, plastic sheeting, tents and other various items

79. Operating lease

- within one year	5 931 866	11 666 097	1 500 929	7 665 737
- in second to fifth year inclusive	12 405 245	17 092 681	1 079 022	1 661 717
	18 337 111	28 758 778	2 579 951	9 327 454

Operating lease payments	8 143 206	11 557 148	7 977 111	11 485 647

The City is leasing office equipment for a period of three years from various service providers in accordance with the National Treasury Transversal contract- RT3-2015 and RT3-2018

The City of Tshwane , may at its sole discretion extend this Agreement for a maximum period of 24 (twenty four) months on the same terms and conditions, except for the rental which shall be reduced by 75% (seventy five percent) of the rental specified therein

TEDA

Operating lease commitment is the rental of offices used by TEDA situated at: 3rd Floor, Lakeview building, 1277 Mike Crawford Road, Centurion effective from 1st November 2019 for a peiod of 5 years. TEDA was previously located at 5th Floor; The Anker Building; 1279 Mike Crawford Road; Centurion for the period of three years which ended on the 31st October 2019. No contingent rent is payable.

HCT.

Operating lease liability represent rentals payable by the entity for its copier machine. This lease was negotiated for a term of 3 years commencing from 01 July 2017 to 30 June 2020 and at the end of lease the machine reverts back to the owner Velaphanda Trading and Projects. The lease was extended by a month until 31 July 2021. The lease has no escalation clause per annum for the period of 3 years. The lease payments for the period amounts to R5,959. The entity entered into a new lease with Dalitso Business Equipment and the lease was negotiated for a 3 year term commencing from 01 Spetember 2020 to 31 August 2023. The lease payments for the period amounts to R125,460. At the end of the lease the machine reverts back to the owner Dalitso Business Equipment. The entity leased the parking space from First Property Trust for the period of 3 months and the lease payment for the period amounts to R34,676..

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

80. Lease accrual

TEDA

Operating lease accrual is due to the straight lining of the lease from the rental of offices by TEDA situated at: 3rd Floor, Lakeview building, 1277 Mike Crawford Road, Centurion effective from 1st November 2019 for a period of 5 years.

HCT

Operating lease liability represent rentals payable by the entity for its copier machinet

Current liability	778 081	382 733	-	-

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group			Municipality	
	2021	2020 Restated*		2021	2020 Restated*
81. Segment Reporting					
Group 2021	Community Public safety	Economic enviroment service	Trading Service	Governance and Adminstration (Non- Segment)	Total
Revenue from exchange transactions	91 638 496	729 435 634	20 679 885 236	694 193 362	22 195 152 728
Revenue from non-exchange transaction	307 860 963	380 976 195	114 123 355	13 349 270 565	14 152 231 078
Total Segment Revenue	399 499 459	1 110 411 828	20 794 008 590	14 043 463 927	36 347 383 804
Segment Expenses	(5 229 360 185)	(2 621 380 132)	(18 305 966 575)	(8 908 001 287)	(35 064 708 179)
Surplus/deficit before taxation	(4 829 860 726)	(1 510 968 303)	2 488 042 015	5 135 462 641	1 282 675 627
Taxation	-	(539 017)	-	-	(539 017)
Surplus/deficit for the year	(4 829 860 726)	(1 511 507 320)	2 488 042 015	5 135 462 641	1 282 136 610
	(4 829 860 726)	(1 511 507 320)	2 488 042 015	5 135 462 641	1 282 136 610
Segment assets	6 842 518 266	10 013 235 344	13 957 194 811	26 736 373	30 839 684 794
Accumulated depreciation & Acc	(252 818 032)	(563 066 240)	(763 129 970)	(485 289 293)	(2 064 303 535)
Impairment loss					
Assets under construction	4 910 353 957	2 591 570 943	3 256 645 303	1 749 285 071	12 507 855 274
	18 089 754 425	21 492 402 442	29 645 105 552	832 179 231	70 059 441 650
Municipality 2021	Community and public safety	Economic environmental services	Trading services	Governance and administration (No segment)	Total
Revenue from non-exchange transaction	82 186 841	728 699 779	20 679 885 236	694 193 362	22 184 965 218
Revenue from exchange transactions	256 724 985	380 915 184	114 123 355	13 349 270 565	14 101 034 089
Total Segment Revenue	338 911 826	1 109 614 962	20 794 008 590	14 043 463 927	36 285 999 305
Segment Expenses	(5 233 413 764)	(2 670 013 783)	(18 301 717 404)	(8 822 696 966)	(35 027 841 917)
Total Segment expense	(5 233 413 764)	(2 670 013 783)	(18 301 717 404)	(8 822 696 966)	(35 027 841 917)
Surplus/deficit for the year	(4 894 501 938)	(1 560 398 820)	2 492 291 187	5 220 766 961	1 258 157 390
Other Information	-	-	-	-	-
Segment assets	6 331 333 451	10 003 270 817	13 957 194 811	4 791 728 244	35 083 527 323
Depreciation	(250 889 268)	(557 542 011)	(763 122 970)	(485 289 293)	(2 056 843 542)
Carrying value	6 080 444 183	2 592 064 233	3 256 961 870	4 306 438 951	16 235 909 237
Assets under construction	4 427 834 279	2 592 064 233	3 256 961 870	1 749 285 071	12 026 145 453
	10 508 278 462	12 037 793 039	16 451 033 711	6 055 724 022	45 052 529 235

The City has resolved to provide reportable segment information for the three key business units: community and public safety, economic and environmental services and trading services.

The segments are categorized based on the nature of service delivered. Segments were aggregated for reporting purposes.

The City operates throughout the Tshwane jurisdiction as determine by the Municipal Demarcation Board, the City has seven regions.

Segments were aggregated on the basis of services delivered as management considered that the economic and the service delivery mandate characteristics of the segments.

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

82. Budget differences

Material differences between budget and actual amounts

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

82. Budget differences (continued)

It is general practice to deem a 10% deviation on operational revenue and expenditure versus the final budget as material and for capital expenditure the percentage deviation is 5%.

2020/21 Financial year :

Revenue :

Service Charges category: (7 % under)

- Under recovery on electricity mainly results from the unprogrammed meters and an increase in the number of estimated accounts. A service provider has been appointed to assist with reading of meters.
- Under recovery on water is mainly on water fees, revenue was less than projected. The budget for water is based on statistical trends and is driven by demand.
- Under recovery on refuse revenue is mainly due to COVID 19 pandemic lockdown, most construction, engineering, building and big businesses that usually use bulk containers were closed down or under lockdown.

Investment revenue category : (43% over)

- The variance between the budgeted and the actual figure was caused by the interest received mainly on the redemption fund investments vehicles.
- The City received slightly more interest on interest rate swaps because when the interest rate declined in the market, the city received higher interest on swaps than what is expected.
- The interest received on Bonds and FFO security was not affected by the current economic conditions because they are on fixed rate.

Other Revenue Category:

- Under recovery is mainly due to the AARTO revenue. AARTO notices were not issued due to COVID 19 lockdown regulations and arrangements to calibrate nine speed laws enforcement cameras below R30 000. The process is underway to enable Tshwane Metro Police to fast track calibration.
-

Expenditure

Employee related Cost category:

- Mainly due to salaries and leave provision. System changes were implemented in the posting percentage of provision for leave from 2.5% to 100%.

Contracted Services category: (10.25% Under)

Mainly on the following line items:

- Watchmen Service, Household refuse removal, municipal services and Tshwane House Contract cost.
- Project-linked Housing : Underspending on projects funded by the Human Settlement Development Grant. The grant will not be spent in full due to delays in supply chain management processes and the signing of service delivery agreements with the Gauteng provincial government. Contractors have been appointed, a roll over will be requested.

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

82. Budget differences (continued)

- Buildings : Due to a delay in the appointment of service providers.
- The project were not resumed as planned due to the delay signing the Service Level Agreement (SLA).

Bulk Purchases :

- The purchase of bulk water from Rand Water is according to seasonal usage and cannot be predicted. The GL has insufficient budget to cater for all Rand Water invoices for 2021.

Capital expenditure:

- The capital expenditure shows a 81.% spending level against the total budget for the financial as various capital projects were affected by the lockdown
- Some contractors were terminated after abandoning the site.
- Delays in approval of designs, procurement report, and finalization of the land and valuation affected in purchasing of landfill sites.

The Proposed Adjustment budget

The porposed adjustment budget was approved by Council on 25 February 2021.

In terms of the section 28 of MFMA, a municipality may revise an approved annual budget through an adjustment budget.

The Council approved the 2020/21 Original Revenue budget to the amount of R37 509 140 358 and adjusted to R 37 469 894 581, a decrease of R 39 245 778. Furthermore the total expenditure increased from R37 274 523 032 original buddget and adjusted to R 34 460 248 666, an increase of R 185 725 634.

The original capital budget was approved for an amount of R 3 865 631 736. During the proposed adjustment budget process the capital budget decreased with an amount of R 138,8 million and the final capital budget for 2020/21 amounts to R3 726 811 470 due to a reduction in council funding and other grants.

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

83. Disclosure on the impact of Covid-19

The City is cognizant of fiscal policies which were introduced by the Government and there is none that has any bearing on the City's financial instruments. The South African Reserve Bank's (SARB) Monetary Policy Committee (MPC) has lowered the repurchase (repo) rate by a cumulative 275 basis points since announcing a rate of 6.25% on 17 January 2020 through four consecutive reductions, from March to June 2020, to mitigate against the economic impact of the coronavirus disease 2019 (COVID-19). This move will reduce the City's cost of borrowing on existing and future loans. There are no new risks emanating from the recent actions of SARB

The City has not defaulted on any of its obligations and it has not modified financial assets. The -council approved a debt impairment written off against allowance of R 944 045 980.

There were new risks that were identified due to the Covid-19 pandemic, these risks are recorded and managed in a separate risk register with a similar risk management process applied in the management of the operational risks. The risk associated with the City's financial instruments are disclosed in the financial statements

Impact on Revenue (Services Charges) Service charges -refuse revenue

Due to the closure of certain industries during the National Lockdown actual income relating to service charges were 7,34 % less than the projected revenue, with the highest impact on electricity charges.

Impact on Revenue (Services Charges)

Actual income relating to service charges are 8% less than the projected revenue, with the highest impact on electricity

2020/2021

* See Note 56

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

83. Disclosure on the impact of Covid-19 (continued)

Service Category	Budget	Actual	Variance	Percentage deviation (%)
Service Charges : Electricity	13 734 197 571	12 583 148 745	(1 151 048 826)	(8)
Service Charges: Water	4 654 762 792	4 282 698 616	(372 064 176)	(8)
Service Charges: - Refuse revenue	1 256 105 533	1 387 716 244	131 610 711	16
Service Charges: Sanitation	1 616 438 578	1 483 578 481	(132 860 097)	(14)
	21 261 504 474	19 737 142 086	(1 524 362 388)	7

Payment Level	Budget Cash Receipts	Actual Cash Receipts	Variance	Variance (%)	Column heading
Property rates	7 338 242 436	7 098 239 016	(240 003 420)	(3)	-
Electricity	13 670 664 322	13 462 758 340	(207 905 982)	(2)	-
Water	4 425 028 878	3 802 881 629	(622 147 249)	(14)	-
Sanitation	1 207 155 127	1 098 242 328	(622 147 249)	9	-
Refuse	1 711 992 746	1 208 056 201	(503 936 545)	29	-
	28 353 083 509	26 670 177 514	(2 196 140 445)	19	-

Debtors Book	June 2020	June 2021	Variance	Variance (%)	Column heading
The year-on-year growth in the debtor's book is 0.53%.	16 189 915 071	16 276 192 646	86 277 575	1	-

Debt Impairment (2019/20) - Service Category	Budget	Actual	Variance	Percentage deviation	Column heading
Service Charges: Electricity	13 439 601 866	11 641 256 894	1 798 344 972	13	-
Service Charges: Water	4 260 352 879	4 068 650 054	191 702 825	4	-
Service Charges: - Refuse revenue	1 170 639 796	1 156 823 026	13 816 770	1	-
Service Charges: Sanitation	1 687 669 170	1 494 244 190	193 424 980	12	-
	20 558 263 711	18 360 974 164	2 197 289 547	11	-

- The repayment probabilities for the various risk categories were adjusted based on the most recent payment behaviour. Impairment as a percentage of total debt for the main services is 70.30% compared to 74.83% the previous financial year.

	Quarter 3	Quarter 4	Variance	% Variance	Column heading
Payment levels	6 667 299 363	5 035 232 958	1 632 066 405	(24)	-

- Debtors Book
The year-on-year growth in the debtor's book is 36.52%. This is the highest year-on-year increase in the last 5 years.

Debt Impairment

The repayment probabilities for the various risk categories were adjusted based on the most recent payment behaviors which resulted in an increase of R3. 324 billion in impairments.

84. Additional Note

* See Note 56