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

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 beincluded in the Consolidated Annual Financial Statements Housing Company Tshwane NPC (Registration nr 2001/029821/08) Tshwane Economic Development Agency Soc Ltd (TEDA) (Registration nr2006/019396/07)

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

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

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the 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)
Cheif Financial Officer

Statement of Financial Position as at 30 June 2021

		Group		Municipality	
Figures in Rand	Note(s)	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	41 016 908 055
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**	**46 799 252 356**
Non-Current Assets		48 481 940 710	46 852 977 529	48 379 335 594	46 799 252 356
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**	**57 126 706 720**
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	8 432 208 857
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**	**14 027 867 749**

* See Note 56

Statement of Financial Position as at 30 June 2021

		Group		Municipality	
Figures in Rand	Note(s)	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	14 027 867 749
Total Liabilities		**30 390 031 497**	**30 985 176 304**	**30 389 633 052**	**30 959 011 635**
Assets		57 975 870 752	57 288 338 353	57 815 485 700	57 126 706 720
Liabilities		(30 390 031 497)	(30 985 176 304)	(30 389 633 052)	(30 959 011 635)
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

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

Statement of Financial Performance

		Group		Municipality	
Figures in Rand	Note(s)	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

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

Cash Flow Statement

		Group		Municipality	
Figures in Rand	Note(s)	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)%**

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 %
	-	**-**	**-**	**-**		**-**	**-**		**-**	**- %**	**- %**

	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
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 %**

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)%**

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 %**

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.

Accounting Policies

		Group		Municipality	
Figures in Rand	Note(s)	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.

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

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 fo assets. This estimate is based on industry norm. The industry norm is adjusted for the entitie's specific considerations. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

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.

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, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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.
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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 depriciated	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	
Builidings	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
0ffice equipment	Straight-line	1-41
plant and equipment	Straight-line	1-41
Builidings	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	
Builiding Tshwane house	Straight-line	25
Leased assets	Straight-line	

1.6 Property, plant and equipment (continued)

Vehicles and equipments ect	Straight-line	3-20

The Data Dictionery contained in the Asset Management Policy contains the details of the components and the specific useful life esitmates.

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

The propety, plant and equipment acquired under finance leases are depriciated over the shorter of the useful life of the asset or the lease term.

The residual value and the useful and depriciation method of each asset are reviwed at the aend 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 prebvious 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).

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.

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 live. 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

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 generationsCarrying 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.

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 thosepolicies.

Investment in associates is accounted at cost in the separate financial statement of the municipalityA 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

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.

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).

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.

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 (Act58 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.

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:

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.

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.

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.

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.

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-measure 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.

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).

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Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 64.

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1.20 Provisions and contingencies (continued)

Levies

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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.

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.

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.

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.

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).

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 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).

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.

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.

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 a 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

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

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.

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

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 iteapplicable; 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 textA 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.

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

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 Mareriality Statements	Impact is currently being assesse
IGRAP 21	The effect of past decsions 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.

	Group		Municipality	
Figures in Rand	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 peartaining 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 form 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)**

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.

	Group		Municipality	
Figures in Rand	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

	Group		Municipality	
Figures in Rand	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)**

	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.

	Group		Municipality	
Figures in Rand	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)	-	-
Staright 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 intagible 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**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	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**

	Group		Municipality	
Figures in Rand	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**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	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)	3 944 728 633	4 141 842 944	3 944 728 633	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 - 150 days	383 838 819	362 861 307	383 838 819	362 861 307
151- 180 days	352 283 231	395 124 295	352 283 231	395 124 295
181- 365 days	1 707 976 516	1 742 711 636	1 707 976 516	1 742 711 636
> 365 days	9 370 747 499	8 659 998 353	9 370 747 499	8 659 998 353
	17 337 560 096	**17 119 345 286**	**17 337 560 096**	**17 119 345 286**

Summary of consumer receivables by customer classification

Consumers				
Household/residential	8 875 411 316	9 442 279 911	8 875 411 316	9 442 279 911
Industrial/Commercial	5 741 696 917	5 717 973 007	5 741 696 917	5 717 973 007
National and Provincial Government	1 657 446 198	1 147 605 068	1 657 446 198	1 147 605 068
Other	1 063 005 666	811 487 300	1 063 005 666	811 487 300
	17 337 560 097	**17 119 345 286**	**17 337 560 097**	**17 119 345 286**

	Group		Municipality	
Figures in Rand	2021	2020	2021	2020

9. Consumer receivables (continued)

Households				
Current (0 -30 days)	1 845 678 263	2 174 453 125	1 845 678 263	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
	8 875 411 316	**9 442 279 911**	**8 875 411 316**	**9 442 279 911**
Industrial/ commercial				
Current (0 -30 days)	1 575 170 659	2 041 398 428	1 575 170 659	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
	5 741 696 918	**5 717 973 007**	**5 741 696 918**	**5 717 973 007**
National and provincial government				
Current (0 -30 days)	468 667 025	592 164 769	468 667 025	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
	1 657 446 199	**1 147 605 068**	**1 657 446 199**	**1 147 605 068**
Other				
Current (0 -30 days)	55 212 687	93 592 412	55 212 687	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
	1 063 005 664	**811 487 300**	**1 063 005 664**	**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)**

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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 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..:

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 it 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)

	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).

	Group 2021	Group 2020 Restated*	Municipality 2021	Municipality 2020 Restated*
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

	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 depsoit - 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

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
Builidings	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 67

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
	1 099 204 674	**48 575 426**	**(811 837)**	**(3 941 569)**	**1 143 026 694**

	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

	Group 2021	Group 2020 Restated*	Municipality 2021	Municipality 2020 Restated*
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)

	Group 2021	Group 2020 Restated*	Municipality 2021	Municipality 2020 Restated*
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

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
Builidings: 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 infranstructure	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**

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	158 160 325	(43 075 583)	115 084 742	156 250 212	(39 209 879)	117 040 333
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
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	446 687 601	(7 714 984)	438 972 617	351 260 912	(7 714 984)	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	313 262 207	(259 814 527)	53 447 680
Land	2 036 930 800	-	2 036 930 800	2 032 825 689	-	2 032 825 689
Library Material	308 774 290	(268 771 096)	40 003 194	308 078 569	(255 236 295)	52 842 274
Libraries: AUC	-	-	-	409 538	-	409 538
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)	1 129 911 631	(156 933 960)	972 977 671	1 129 911 631	(119 269 643)	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
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	865 306 462	(48 253 005)	817 053 457	701 209 864	(48 253 005)	652 956 859
Total	**64 992 247 562**	**(22 970 589 090)**	**42 021 658 472**	**61 778 429 995**	**(20 761 521 940)**	**41 016 908 055**

Reconciliation of property, plant and equipment - Group- 2021

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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 builidings	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 asssets 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**

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
Builidings: 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
Builiding 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 builiding	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
Builiding 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**

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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
Infomationand communication infrustructure	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**

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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**

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	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 ans 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.

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

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**

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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 pleged 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**

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

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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

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.

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

	Group 2021	Group 2020	Municipality 2021	Municipality 2020
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

	Group 2021	Group 2020	Municipality 2021	Municipality 2020
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**	**-**

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

	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) 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.	1 600 000 000	1 600 000 000	1 600 000 000	1 600 000 000
Nedbank (1-2300) 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.	1 200 389 918	1 200 389 918	1 200 389 918	1 200 389 918
Development Bank of South Africa (1-22) 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.	1 500 000 000	1 500 000 000	1 500 000 000	1 500 000 000
Developement Bank of South Africa (1-2551) 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.	1 500 000 000	1 500 789 863	1 500 000 000	1 500 789 863

* See Note 56

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
22. Loans and Bonds (continued)				
Nedbank (1-2500) 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.	500 904 384	500 841 685	500 904 384	500 841 685
Municipal bonds	-	-		
ABSA Bank (1-1900) 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.	573 927 890	573 927 890	573 927 890	573 927 890
ABSA Bank (1-1901) 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.	848 437 142	848 437 143	848 437 142	848 437 143
ABSA Bank (1-1950) 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.	755 053 973	755 053 973	755 053 973	755 053 973
Annuity loans				
Standard Bank (1-1300) 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.	467 036 122	540 705 708	467 036 122	540 705 708
ABSA Bank (1-2450) 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.	706 202 409	788 293 779	706 202 409	788 293 779
ABSA Bank (1-2501) 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.	801 093 216	901 137 600	801 093 216	901 137 600
Development Bank of South Africa (1-950) 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.	84 116 683	91 827 315	84 116 683	91 827 315

* See Note 56

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*
22. Loans and Bonds (continued)				
Development Bank of South Africa (1-851) 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.	-	17 959 209	-	17 959 209
Development Bank of South Africa (1-800) 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.	126 352 617	136 624 978	126 352 617	136 624 978
Development Bank of South Africa (1-700) 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.	49 316 881	54 784 847	49 316 881	54 784 847
Development Bank of South Africa (1-701) 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.	126 587 801	137 288 165	126 587 801	137 288 165
Development Bank of South Africa (1-501) 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.	-	47 433 267	-	47 433 267
Development Bank of South Africa (1-500) 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.	-	9 169 912	-	9 169 912
Development Bank of South Africa (1-200) 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.	-	16 466 599	-	16 466 599
iVuzi Investments (1-550) 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.	12 092 975	33 363 717	12 092 975	33 363 717
iVuzi Investments (1-450) 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.	-	9 934 406	-	9 934 406
iVuzi Investments (1-300) 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.	-	6 633 751	-	6 633 751

* See Note 56

	Group 2021	Group 2020 Restated*	Municipality 2021	Municipality 2020 Restated*
22. Loans and Bonds (continued)				
Nedbank (1-852) 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.	-	23 568 891	-	23 568 891
ABSA Bank Ltd (1-850) 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.	-	34 294 991	-	34 294 991
iVuzi (FirstRand Bank) (1-1850) 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.	52 631 579	105 263 158	52 631 579	105 263 158
Nedbank (1-1800) 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.	182 929 667	266 960 126	182 929 667	266 960 126
iVuzi (FirstRand Bank) (1-1851) 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.	206 896 552	241 379 310	206 896 552	241 379 310
Nedbank (1-1801) 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.	104 093 387	151 703 739	104 093 387	151 703 739
	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

	Group 2021	Group 2020 Restated*	Municipality 2021	Municipality 2020 Restated*
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**

	Group 2021	Group 2020 Restated*	Municipality 2021	Municipality 2020 Restated*
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

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 servicesLease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.The lease term various 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

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	4 407 703 983
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**	**8 432 208 857**

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**

	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**

	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

	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

28. Employee benefit obligations (continued)

	Group 2021	Group 2020 Restated*	Municipality 2021	Municipality 2020 Restated*
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 medial 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

	Group 2021	Group 2020 Restated*	Municipality 2021	Municipality 2020 Restated*
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**

	Group 2021	Group 2020 Restated*	Municipality 2021	Municipality 2020 Restated*
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)**

	Group 2021	Group 2020 Restated*	Municipality 2021	Municipality 2020 Restated*
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

	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

	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

	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

	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	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 Bosha 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

	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 38for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

	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

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

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 .

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:

	Group 2021	Group 2020 Restated*	Municipality 2021	Municipality 2020 Restated*
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

	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

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

31. Service concession arrangement (continued)

During the current financial year under reveiw- 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 " Consenr to use" the facility for its intended purpose.

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	Group 2021	Group 2020 Restated*	Municipality 2021	Municipality 2020 Restated*
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	COID 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

	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	COID 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 restatemnts	-	-	-	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	COID 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	COID 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 onrestatements.	-	-	-	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

	Group 2021	Group 2020 Restated*	Municipality 2021	Municipality 2020 Restated*
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)

	Group 2021	Group 2020 Restated*	Municipality 2021	Municipality 2020 Restated*
License and permits	40 145 075	37 338 520	40 145 075	37 338 520

* See Note 56

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

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

	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- Transfered 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-serviced 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)

	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)
Tranfers	-	(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 be submitted to National Treasury.

* See Note 56

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

	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

	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 supports 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.

	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 Effeciency 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

	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**

	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**

	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 Mehlape-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

	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

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).

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 Opterating 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 Makerting	1 990 956	21 600	21 841	2 034 397
Nosipho Hlatshwayo	Group Head: Strategy & Orginational Perfomance	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**

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	Governace 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**

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
Sebabatso 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
Namadzavho 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**

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, Tiyiselani	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, Sebabatso 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**

42. Remuneration of Top Management (continued)

Acting Top Management during the 2020/2021 finacial 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

Figures in Rand

42. Remuneration of Top Management (continued)

Acting Top Management during the 2019/2020 finacial 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

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-Adminstrator	-	317 761	317 761
Thulisile Njapa Mashanda	Adminstrator(A&EM)	-	238 321	238 321
Rianda Kruger	Adminstrator(ED)	-	317 761	317 761
Lesedi Mere	Adminstrator (CS&ES)	-	317 761	317 761
Mmaseabata Abigail Mutlaneng	Adminstrator (H&HS)	-	79 440	79 440
Gilberto Pereira Martins	Adminstrator (SRAC)	-	317 761	317 761
Lebogang Vashette Mahaye	Adminstrator (H&SD)	-	238 321	238 321
Lefadi Lucas Makibinyane	Adminstrator (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-Adminstrator	-	263 597	263 597
Thulisile Njapa Mashanda	Adminstrator	-	263 597	263 597
Rianda Kruger	Adminstrator	-	263 597	263 597
Lesedi Mere	Adminstrator (CS&ES)	-	263 597	263 597
Mmaseabata Abigail Mutlaneng	Adminstrator (H&HS)	-	263 597	263 597
Gilberto Pereira Martins	Adminstrator (SRAC)	-	263 597	263 597
Lebogang Vashette Mahaye	Adminstrator (H&SD)	-	263 597	263 597
Lefadi Lucas Makibinyane	Adminstrator (FI)	-	263 597	263 597

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

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

44. Impairment of assets

Impairments				
Other asset 1 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.]	139 684 294	83 702 490	139 684 294	83 702 490
Other asset 2 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.]	29 725 972	7 763 656	29 725 972	7 763 656
Other asset 3 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.]	-	2 030 000	-	2 030 000
Inventories 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.]	5 440	-	5 440	-
	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

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	-	-

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

48. Contracted services (continued)

	Group 2021	Group 2020 Restated*	Municipality 2021	Municipality 2020 Restated*
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 & Suppor	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

	Group 2021	Group 2020 Restated*	Municipality 2021	Municipality 2020 Restated*
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

	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

	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 applivable 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

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 thechanges 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

	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 IInvestment Grade	Negative

IIn 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

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

	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

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 mSCOA classifications:

Group 2020	As previously reported	Reclassi-fication	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**

56. Prior period restatements (continued)

Group 2020	As previously reported	Reclassi-fication	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)

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

56. Prior period restatements (continued)

Municipality 2020	As previously reported	Reclassi-fication	Correction of errors	Restated
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 2020	As previously reported	Reclassi-fication	Correction of errors	Restated
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**

56. Prior period restatements (continued)

Municipality 2020	As previously reported	Reclassi-fication	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	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 obliagation	(333 096 282)	-	-	(333 096 282)
Employee benefit obliagation	(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

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

56. Prior period restatements (continued)

			-	-
Cash paid to employees			-	-
			-	-
			-	**-**
Cash flow from financing activities				
Net cash from financing activities			**-**	**-**
Purchase of property, plant & equipment				
		-	**-**	**-**

* See Note 56

56. Prior period restatements (continued)

Reasons for restatements for statements of financial performance

<u>Correction of error</u>s

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 invetories balance to reflect the overpayment of fuel in the past financial year.

Reclassifications

Property, plant and equipment
? Reclasifications 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

56. Prior period restatements (continued)
Investment property.

Reclasifications between intangible assets and property, plant and equipment 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.

Intagible assets
? Reclasifications between investment assets and property, plant and equipment 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.

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 resourcesAudit
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

	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

	Group 2021	Group 2020 Restated*	Municipality 2021	Municipality 2020 Restated*
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 Developmnet Agency : Proprerty 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

	Group 2021	Group 2020 Restated*	Municipality 2021	Municipality 2020 Restated*
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: Adminstartive 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

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 stratergic and operational decision. The relationship with the adminstrators were terminated on 31 October 2021 after the council meeting.

The transactions relating to the adminstrators were as follows:

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-Adminstrator	-	317 761	317 761
Thulisile Njapa Mashanda	Adminstrator(A&EM)	-	238 321	238 321
Rianda Kruger	Adminstrator(ED)	-	317 761	317 761
Lesedi Mere	Adminstrator (CS&ES)	-	317 761	317 761
Mmaseabata Abigail Mutlaneng	Adminstrator (H&HS)	-	79 440	79 440
Gilberto Pereira Martins	Adminstrator (SRAC)	-	317 761	317 761
Lebogang Vashette Mahaye	Adminstrator (H&SD)	-	238 321	238 321
Lefadi Lucas Makibinyane	Adminstrator (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-Adminstrator	-	263 597	263 597
Thulisile Njapa Mashanda	Administrator	-	263 597	263 597
Rianda Kruger	Administrator	-	263 597	263 597
Lesedi Mere	Adminstrator (CS&ES)	-	263 597	263 597
Mmaseabata Abigail Mutlaneng	Adminstrator (H&HS)	-	263 597	263 597
Gilberto Pereira Martins	Adminstrator (SRAC)	-	263 597	263 597
Lebogang Vashette Mahaye	Adminstrator (H&SD))	-	263 597	263 597
Lefadi Lucas Makibinyane	Adminstrator (FI)	-	263 597	263 597
Shiva Kesaobaka Makotoko	Administrator (SI)	-	263 597	263 597
		710 300	**2 397 243**	**3 107 543**

	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.

	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

	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**

	Group		Municipality	
	2021	2020 Restated*	2021	2020 Restated*

60. Fruitless and wasteful expenditure

	Group 2021	Group 2020 Restated*	Municipality 2021	Municipality 2020 Restated*
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 recoved in line with section 32 of MFMA (Adminstrator 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

	2021	2020 Restated*
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 udentified in current (Annexure F)	-	673 105
Amounts to be recovered in line with section 32 of MFMA (Adminstrator 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

	Group 2021	Group 2020 Restated*	Municipality 2021	Municipality 2020 Restated*
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

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 Municipal Supply Chain Management Regulations 22(1)(b)(i)		469 691	71 598	-	-
TEDA: Quotations awarded to bidders whose tax matters are not in order SCM regulations 43(2) & (3)		-	211 625	-	-
TEDA: Insufficient evidence that requests for quotations were advertised for 7 days SCM regulation 17(a) and (c).		955 288	-	-	-
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	-	-

61. Irregular expenditure (continued)

HCT: Non-compliance with regulation 22 (1) ofMunicipal SCM regulation - Bids of LTnature not advetised for 30 days	17 242 357	-	-	-
Awards given to the bidder who commited 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

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/fruitl18 annual financial statements be recovered in terms of section 32(2)(b).

Incidents were related to:

* Non-compliance with MFMA, SCM regulatons 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.

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

	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 casses	-	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

	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

	Group 2021	Group 2020 Restated*	Municipality 2021	Municipality 2020 Restated*
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

	Group 2021	Group 2020 Restated*	Municipality 2021	Municipality 2020 Restated*
Guarantees issued in favour of Eskom	213 500	213 500	213 500	213 500

Insurance claims

	Group 2021	Group 2020 Restated*	Municipality 2021	Municipality 2020 Restated*
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

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 squattr 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 restranfer the property Erf 443 Soshanguve in the name of the applicant.

Case 7:
Applicant requested an order to restranfer 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 accomodation

Case 12:
Emergency alternative accomodation

Case 13:
Emergency alternative accomodation

Case 14:
Emergency alternative accomodation

Case 15
The sale agreement regarding the sale of the property erf 14993 Mamelodi East be set aside

* See Note 56

	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 accomodation.

Case 18:
Application for Rescission of an Eviction Order.

Case 19:
Eviction Application. Calls for the City to provide alternative accomodation

Case 20:
Eviction Application. Calls for the City to provide alternative accomodation

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 Soshangube EXT L

Case 25
Province case on eviction

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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 orde that they 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 electrcity and water reading

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

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 reinstatment of dimissed EPWP employees

Case 54:
Applicationt to review an award

Case 55:
COT Review Application

Case 56:
Review Abitration Award

Case 57:
Review Abitration Award

Case 58:
Interdict Application and to declare the Citys conduct unlawful

Case 59:
Application for review by the Union

Case 60
Labour Court review application by CoT to challenge arbitration for reinstatment 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 Applicatiion 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.

64. Contingencies (continued)

Case 68:
Employee is challeging 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 reviiew Condonation application for unfair dismissal

Case 76:
Application to make a seperation agreement an order of court and for payment of interest on the seperation amount

Case 77:
Application for review by employee

Case 78:
National Empowerment Fund dispute on pension

Case 79:
IImatu review application against award

Case 80:
SAMWU review appllication

Case 81:
Applicaton 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 expecation for emoployee.

Case 85:
SAMWU application for review.

Case 86:
Salary disparity dispute .

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.

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 hight 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 andthe 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

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

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 andthe 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 contigent 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

		Group 2021	Group 2020 Restated*	Municipality 2021	Municipality 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 sffuered 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 terminted 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

		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 clrearance 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	-

		Group 2021	Group 2020 Restated*	Municipality 2021	Municipality 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

		Group 2021	Group 2020 Restated*	Municipality 2021	Municipality 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

		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	Exproriation 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 allowwed 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

		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 Bronkhorstspruit. 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 unlawfull eviction constitutional damages for 150 applicants (alleged evictees) at R1500, 00 per person. Applicant clamied they were unlawfuly 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

		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	Claiim for undue enrishment 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 untitlise them ito the contract provisions			47 440 027	-
Regional Operations and Coordination	Claim for loss of income for failing to untitlise them ito the contract provisions			17 946 566	-
Regional Operations and Coordination	Claim for loss of income for failing to untitlise them ito the contract provisions			59 244 567	-
Regional Operations and Coordination	Claim for loss of income for failing to untitlise them ito the contract provisions			80 214 095	-
Regional Operations and Coordination	Claim for loss of income for failing to untitlise them ito the contract provisions			111 615 305	-
Regional Operations and Coordination	Claim for loss of income for failing to untitlise 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

	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

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

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

	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 loses:

*Meter audits and normalize of stuck meters

*Normalization of prepaid meters that are on low buying electricity

* See Note 56

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.
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	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 Infrustructure 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**

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 theproject. 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 phase1 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

	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 Note24)	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

	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

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**

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

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.

77. Risk Management (continued)

Group-2021

Description	Floating rate Amount	Fixed rate Amount	Weighted average effective interest rate %	Weighted average period for which rate is fixed Years	Non-interest bearing Amount	Weighted average period until maturity Years	Total
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 Carring amount**
	1 415 560 861	1 415 560 861

77. Risk Management (continued)

Group- 2020

Description	Floating rate Amount	Fixed rate Amount	Weighted average effective interest rate %	Weighted average period for which rate is fixed Years	Non-interest bearing Amount	Weighted average period until maturity Years	Total
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

	At amortised cost	Total Carring amount
Statutory Receivables	1 150 286 499	1 150 286 499

* See Note 56

77. Risk Management (continued)

Interest rate swaps

The group through the municipalit 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 interms 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 financialposition 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)

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

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 tp 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:

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 therisk. 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

77. Risk Management (continued)

The City investments are diversified amongst the well-established financial institutions. The City abides by National Treasury'sinvestment 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 financialassets 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.

	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:

	Note	Group 2021	Group 2020	Municipality 2021	Municipality 2020
Total borrowings					
Finance lease obligation	23	333 086 492	595 486 250	330 447 450	592 202 816
Long-term loans	22	11 398 063 196	12 094 233 938	11 398 063 196	12 094 233 938
		11 731 149 688	**12 689 720 188**	**11 728 510 646**	**12 686 436 754**
Less: Cash and cash equivalents	13	209 428 651	277 865 652	190 954 732	216 844 655
Net debt		11 521 721 037	12 411 854 536	11 537 555 914	12 469 592 099
Total equity		27 585 839 255	26 303 162 049	27 425 852 648	26 167 695 085
Total capital		**39 107 560 292**	**38 715 016 585**	**38 963 408 562**	**421 351 468 319**

* See Note 56

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 Donat	-	-
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 Face shields	203 250,00
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, donationas 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

	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

	Group 2021	Group 2020 Restated*	Municipality 2021	Municipality 2020 Restated*
- 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**

	Group 2021	Group 2020 Restated*	Municipality 2021	Municipality 2020 Restated*
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..

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	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 peiod 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

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 Impairment loss	(252 818 032)	(563 066 240)	(763 129 970)	(485 289 293)	(2 064 303 535)
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 adminstration (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**

					Total
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

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 assit 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 mainky due to COVID 19 pandemic lockdown, most construction, engineering, builkding and big businesses that usually use bulk containers were closed down or underlockdown.

Investment revenue category : (43% over)

- The variance between the budgeted and the actual figure was cause 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 decline 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 noticies 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.
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Expenditure

Employee related Cost category:

- Mainly due to salaries and leave provision. System changes were implemented in the posting percenrage 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.

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 affacted 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.

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

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
Servive 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 Receipets	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	-
Servive 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