City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements
for the year ended 30 June 2023

General Information

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.
Mayoral committee	
Executive Mayor	Cllr Cilliers Brink
Speaker	Cllr Mncedi Ndzwanana
Chief Whip	Ald Christo van den Heever
Member of the Mayoral Committee	Ald Sutton Peter
	Ald Mathebe Rachel Katlego
	Cllr Wakelin Kingsley
	Cllr Marx Gertruida Elizabeth Catha
	Cllr De Bruin Granny Peggy
	Ald Theunissen Umberto Grandi
	Ald Coetzee Johannes Jacobus
	Cllr Fosi Thembsmandla Elijah
	Cllr Zwane Douglas Ziyanda
	Cllr Madzebatela Ofentse Nathaniel

General Information

Other councillors

Cllr Dzumba Yvonne Kwena	Cllr Boshielo Mokhokela Kgope Frans	Cllr Seelane Nomvula Joyce	Cllr Maluleka Aaron Mokgale
Cllr Mashego Rasello Terence	Cllr Lelaka Sylvia Paulina	Cllr Tshabadi Molwamtwa Samuel	Cllr Masupha Nathaniel Rabasotho
Cllr Tsela Donald Khotso	Cllr Kgosiemang Jairus Kgosietsile	Cllr Mbokane Ellen Phumzile	Cllr Tsiane Sizwe Paulos Clifton
Cllr Moss Darryl	Cllr Patel Naeem	Cllr Mathibedi Moses Thabo	Cllr Masha Mogauwane Kenneth
Cllr Modise Veronica Palesa	Cllr Mazibuko Macalene Stanley	Cllr Moabelo Sarah Salamina	Cllr Fourie Roelof Petrus
Cllr Wakelin Kingsley'S Hope	Cllr Bosch Adru	Cllr Aphane Lerato Marcia	Cllr Sebola Abbiot Masopo
Cllr Joubert Mari	Cllr Phasha Mmakgoko Veron	Cllr Sethole Rose Sisi	Cllr Uys Reyaan
Cllr Kgatle Tshepo Floyd	Cllr Kgopotso Kholofelo Patience	Cllr Nhlapo Bafana Johan	Cllr Hlatshwayo Phumzile Brian
Cllr Mampuru Sekokobale Fortune	Cllr Mashapa Tebogo Patrick Kholofe	Cllr Matjeke Alfred Boas	Cllr Wilkinson Shaun
Cllr Leshabana Leofi Phillip	Cllr Mashego Phasudi Jeffrey	Cllr Masemola Thabang Mabitse	Cllr Strydom Catharina Elizabeth
Cllr Boikanyo Tshepang Sagious	Cllr Viljoen Henning Johannes	Cllr Molapo Nkele	Cllr Nkosi Fikile Emily
Cllr Molaba Polo Francinah	Cllr Sekanka Daniel Salthie	Cllr Mabogwana Magwaile Oliver	Cllr Breytenbach Andries
Cllr Mokgalotsi Nkoata Ananias	Cllr Makena Silias Mothupi	Cllr Uys Jacqueline	Cllr Marishane Mmina Tau Seabelo
Cllr Farquharson David James	Cllr Thabatha Tembeni Innocent	Cllr Van Buuren Johan Gerhard	Cllr Mashola Molatelo Samuel
Cllr Le Roux André	Cllr Mashigo Fiki Zophonia	Cllr Moloi Eunice Dineo	Cllr Masilela Joel Kgomotso
Cllr Smith Frans Johannes	Cllr Makola Maloke Joseph	Cllr Motubatse Hlowane Elisa	Cllr Muller Siobhan
Cllr Chiloane Enos Papiki	Cllr Ratau Saul Mokube	Cllr Zwane Douglas Ziyanda	Cllr Visser Gert Petrus
Cllr Bekker Johannes Christoffel	Cllr Madonsela Mashiba Isaac	Cllr Millar Peter Edward	Cllr Duvenage Yolanda
Cllr Makgaleng Katlego Godwill	Cllr Surgeon Mark Andrew	Cllr Mnisi Nondlandla Patricia	Cllr Breytenbach Aletta Susanna
Cllr De Jager Leanne Jennifer	Cllr Kekana Mavis Elizabeth	Cllr Nel Elma Johanna	Cllr Isak Petrus Du Plooy
Cllr Mtakati Nosipho	Cllr Jacobs Wesley Andre	Cllr Barendrecht John Willem	Cllr Mabaswa Mamma Cathrine

General Information

Other councillors

Cllr Thema Floyd Makete	Cllr De Kock Issabel Alta	Cllr Grebe Roche Jacques	Cllr Lawrence Benjamin William
Cllr Helfrich Wayne Peter	Cllr Dibakwane Rebecca Khibidu	Cllr Malope Petrus	Cllr Ntohla Zacharia Sekete
Cllr Masemola Vusi Isaac	Cllr Setimo Zacharea	Cllr Meijer Peter Wynand Warnar	Cllr Phalwane Violet
Cllr Van Heerden Pieter Willem	Cllr Harmse Dehan	Cllr Pietersen Isak Jacobus	Cllr Rakabe Malesela Phohlo John
Cllr Mamatepa Seakakgole Peter	Cllr Malosi Thabo	Cllr Motau Lema Godfrey	Cllr Machava Patricia Lerato
Cllr Marx Gertruida Elizabeth Catha	Cllr Ngoveni Conride	Cllr Nortje Hendrik Jacobus	Cllr Ramphile Mpati Isaac
Cllr De Bruin Granny Peggy	Cllr Matlou Malesela Hendrick	Cllr Maas Shane	Cllr Matshiane Oupa Patrick
Cllr Mohlamme Thabiso Thabiso	Cllr Mathevula Benjamin Khazamula	Cllr Moloisane Segotlheng Trevor	Cllr Mtshali Raisibe Meriam
Cllr Morake Ronald	Cllr Matlhabane Ramokgushwane Lucas	Cllr Ratikwane Godwin Kaekae	Cllr Mabotsa Sarah Makaoka Mabotsa
Cllr Thwala Dumisani Sibusiso	Cllr Williams Moses Debyre Theresa	Cllr Pillay Novina Abegail	Cllr Basson Elizabeth Maria
Cllr Malefane Tshepo Patrick	Cllr Coetzee Johannes Jacobus	Cllr Mabitsela Mosima Maria	Cllr Notununu Odwa
Cllr Baloyi Jan Japane	Cllr Du Plooy Juanita	Cllr Mahlangu Nthabiseng	Cllr Seanego Sydney Ngoako
Cllr Mashapa Matome Adam	Cllr Erasmus Barend Hendrik Josephe	Cllr Meyer Christopher Anru	Cllr Manhique Rubesta Monyamane
Cllr Ramabodu Obakeng Samuel	Cllr Kruger Muller Marika Elizabeth	Cllr Mabena Tlhabajane William	Cllr Mashao Diamond Hendrick
Cllr Erasmus Lourens Abraham	Cllr Mc Donald Casper Nicolaas	Cllr Mabena Vusi Ephraim	Cllr Monama Mmabora Flora
Cllr Pienaar Christiaan Frederik	Cllr Mocumi Neo Tiragalo	Cllr Kgaboesele Frank	Cllr Mothoa Lesibana Hans
Cllr Mabusela Madumetja Rodney	Cllr Billson Cindy	Cllr Mthimunye Pogiso Glen	Cllr Manamela Makgopha Simon
Cllr Monchusi Rebecca Getrude Mmamo	Cllr Makhafula Madimetja Alfred	Cllr Frimmel Jarad	Cllr Chauke Hlamalani Queen
Cllr Moloto Lucas Kwena Pratt	Cllr Rambau Tshililo Victor	Cllr De Klerk Malcom Ian	Cllr Masuku Esther Nonzingo
Cllr Motale Sandy Kgaogelo	Cllr Janse Van Rensburg Lenor Dalee	Cllr Barron Marcia	Cllr Matlala Pinye Pilot
Cllr Barron Marcia	Cllr Sparg Anne Marie	Cllr Kruyshaar Leon Pieter	Cllr Madzebatela Ofentse Nathaniel

General Information

Other councillors

Cllr Morodi Kholofelo Vivian	Cllr Makwarela Murunwa	Cllr Chapman Barend William	Cllr Rasweswe Unique Boitumelo
Cllr Semfeng Karabo Darius	Cllr Lewele Mpho Hans	Cllr Van Niekerk Albertus Martinus	Cllr Kgopa William Nkholo
Cllr Sebotsane Thabang Gamolemo	Cllr Nefdt Alette Catharina	Cllr Bekker Chris Francois	Cllr Moshidi Thabang
Cllr Erasmus Morne	Cllr Majola Duduzile Elsa	Cllr Mlotshwa Manakedi Elisa	Cllr Van Der Spuy Dirk Johannes Jac
Cllr Johnston Daryl	Cllr Pascoe Nicolaas Cornelius	Cllr Masina Bongani Mcdonald	Cllr Ndzwanana Mncedi
Cllr Shume Thulang Joseph	Cllr Middelberg Alexander Willem Fr	Cllr Masia Christopher Sikhumbuzo	Cllr Mogale Tlangi Jina
Cllr Michael Ndlovu	Cllr Lesch Andrew	Cllr Kgaugelo Stephans Phiri	Cllr Mark Mabitsi Boikanyo
Cllr Hlubi Gafane	Cllr Jacob Kekole Mathabathe	Cllr Henriette Louise Frohlich	Cllr Brendon Govender
Cllr Derick Thulani Mahlangu	Cllr Prajay Ramjee	Cllr Japhta Tshepiso Modiba	Cllr EugeneThipe Modise
Cllr Ofentse Moalusi	Cllr Makgabo Alex Kobo	Cllr Martin Tsintsi Madileng	Cllr Sylvester Tennyson Theophilus Phokoje
Cllr Tsung-Wei Lee	Cllr Mpho Malethakwe Mehalpe-Zimu	Cllr Daniel Gabriel Wannenburg	Cllr Odwa Notununu
Cllr Tshegofaso Molefe Mashabela	Cllr Tautona Sipho Nkadima	Cllr Komaseroto Benjamin Disoloane	

Grading of local authority — Category A Grade 6 urban municipality (demarcation code - TSH)

Chief Financial Officer — Gareth Mnisi

Accounting Officer — Johann Mettler

Registered office

Tshwane House
320 Madiba street
Pretoria
0002

General Information

Postal address	PO Box 408 Pretoria 0001
Bankers	ABSA
Auditors	Auditor General South Africa (AGSA) Registered Auditors
Legislation governing the Municipality's operations	Local Government: Municipal Finance Management Act (Act 56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Housing Act (Act 107 of 1997) Constitution of the Republic of South Africa, 1996 Property Rates Act (Act 6 of 2004) Division of Revenue Act (Act 3 of 2016)
Entities to be consolidated at year end	Consistent with the prior financial year the following municipal entities will be included in the Consolidated Annual Financial Statements Housing Company Tshwane NPC (Registration nr 2001/029821/08) Tshwane Economic Development Agency Soc Ltd (TEDA) (Registration nr 2 006/019396/07)

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

Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
USDG	Urban Settlement Development Grant
HCT	Housing Company Tshwane
TEDA	Tshwane Economic Development Agency
TASEZ	Tshwane Automotive Special Economic Zone

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 is given unrestricted access to all financial records and related data.

The accounting officer acknowledges that he 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, standards are set for internal control aimed at reducing the risk of error or deficit. 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, 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, except for the property, plant and equipment.

The group conducted a verification exercise for all its infrastructure assets and this exercise resulted in an additional newly identified assets, which were brought into the group’s assets registers during the 2021/22 financial year. Based on a high-level assessment conducted by management, it appears that the newly identified assets includes components of existing assets resulting in a possible overstatement of the fixed asset register. Management is in a process of correcting the error and the process could not be completed in the current year and will overlap into the next auditing cycle of 2023/24.

The accounting officer has reviewed the group’s cash flow forecast for the year to 30 June 2024 and, in the light of this review and the current financial position, he is satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future. We would however like to bring to the attention of the users that uncertainty exists at reporting date due to the group’s declining liquidity levels and inability to secure external funding. These conditions may cast significant doubt on the group’s ability to continue as a going concern. Refer to Going Concern note 51 for additional information and measures

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.

We certify that the salaries, allowances and benefits of councillors as disclosed in note 37 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government’s determination in accordance with the Act.

The audited consolidated annual financial statements set out on pages 8 to 172, which have been prepared on the going concern basis, were approved on 30 November 2023 and were signed on its behalf by:

Johann Mettler
City Manager

Statement of Financial Position as at 30 June 2023

		Group		Municipality	
Figures in Rand	Note(s)	2023	2022 Restated*	2023	2022 Restated*
Assets					
Current Assets					
Inventories	3	936 609 648	829 307 765	936 609 648	829 307 765
Investments	4	753 936 842	870 166 084	753 936 842	870 166 084
Consumer receivables: Exchange	5	3 719 518 347	3 458 481 678	3 719 518 347	3 458 481 678
Consumer receivables: Non exchange	5	1 323 281 963	1 574 489 424	1 323 281 963	1 574 489 424
Other receivables from exchange transactions	6	822 076 156	677 662 918	818 343 098	706 641 902
Other receivables from non-exchange transactions	6	248 968 523	477 534 075	248 968 523	477 534 075
Long-term receivables - short term	7	177 873 136	319 764 045	177 873 136	319 764 045
Current tax receivable	10	622 062	176 480	-	-
Cash and cash equivalents	11	257 942 071	260 249 909	207 659 969	217 481 812
		8 240 828 748	**8 467 832 378**	**8 186 191 526**	**8 453 866 785**
Non-Current Assets					
Long-term receivables	7	184 980 377	172 956 380	184 980 377	172 956 380
Redemption fund asset	9	207 895 138	14 621 844	207 895 138	14 621 844
Living resources	12	301 779	323 268	301 779	323 268
Investment property	13	2 065 375 530	2 113 395 023	2 065 375 530	2 113 395 023
Property, plant and equipment	14	51 170 804 926	51 881 960 616	50 201 004 919	51 123 337 379
Intangible assets	15	1 131 649 776	1 074 827 766	1 131 016 720	1 074 470 077
Heritage assets	16	3 371 581 600	3 371 581 600	3 371 581 600	3 371 581 600
Investments in controlled entities	17	-	-	1 000	1 000
Investments in joint venture	18	825 075 388	729 982 089	825 075 388	729 982 089
Interest rates swaps	19	247 940 777	156 939 067	247 940 777	156 939 067
Deferred tax	20	626 897	603 636	-	-
		59 206 232 188	**59 517 191 289**	**58 235 173 228**	**58 757 607 727**
Total Assets		**67 447 060 936**	**67 985 023 667**	**66 421 364 754**	**67 211 474 512**
Liabilities					
Current Liabilities					
Loans and bonds	21	408 869 661	2 235 416 404	408 869 661	2 235 416 404
Finance lease obligation	22	40 441 700	100 016 320	39 610 903	99 250 104
Operating lease liability	8	810 296	396 340	-	-
Payables from exchange transactions	23	12 666 394 851	11 008 808 841	12 637 290 077	11 039 036 254
VAT payable	24	2 911 786 655	4 333 104 396	2 910 527 205	4 333 554 139
Consumer deposits	25	764 132 255	781 190 973	764 132 255	781 190 973
Employee benefit obligation	26	1 824 961 857	2 002 977 730	1 821 514 428	1 998 133 432
Unspent conditional grants and receipts	27	509 350 120	622 893 250	509 350 120	622 893 250
Provisions	28	-	413 854	-	-
Service concession arrangement	29	286 223 928	261 601 443	286 223 928	261 601 443
		19 412 971 323	**21 346 819 551**	**19 377 518 577**	**21 371 075 999**
Non-Current Liabilities					
Redemption fund liability	9	247 075 556	162 174 781	247 075 556	162 174 781
Interest rates swaps	19	9 560 148	11 907 174	9 560 148	11 907 174
Loans and bonds	21	9 091 315 444	8 619 508 047	9 091 315 444	8 619 508 047
Finance lease obligation	22	58 263 799	83 804 055	57 970 625	82 680 083
Operating lease liability	8	204 666	709 414	-	-
Employee benefit obligation	26	1 743 862 300	2 010 297 310	1 743 862 300	2 010 297 310
Provisions	28	1 330 175 817	1 395 981 272	1 330 175 817	1 395 981 272
Service concession arrangement	29	2 258 076 521	2 197 201 724	2 258 076 521	2 197 201 724
		14 738 534 251	**14 481 583 777**	**14 738 036 411**	**14 479 750 391**
Total Liabilities		**34 151 505 574**	**35 828 403 328**	**34 115 554 988**	**35 850 826 390**

* See Note 71

Statement of Financial Position as at 30 June 2023

		Group		Municipality	
Figures in Rand	Note(s)	2023	2022 Restated*	2023	2022 Restated*
Net Assets		**33 295 555 362**	**32 156 620 339**	**32 305 809 766**	**31 360 648 122**
Accumulated surplus		33 295 555 362	32 156 620 339	32 305 809 766	31 360 648 122
Total Net Assets		**33 295 555 362**	**32 156 620 339**	**32 305 809 766**	**31 360 648 122**

* See Note 71

Statement of Financial Performance

		Group		Municipality	
Figures in Rand	Note(s)	2023	2022 Restated*	2023	2022 Restated*
Revenue					
Revenue from exchange transactions					
Service charges	30	22 082 026 846	21 341 134 097	22 082 536 989	21 341 584 955
Rental of facilities and equipment	35	166 269 283	144 635 711	152 934 706	135 351 089
Interest received (trading)		1 253 249 568	724 129 956	1 253 249 568	724 129 956
License and permits		45 134 784	41 244 557	45 134 784	41 244 557
Share of profit in associates: TASEZ	18	95 093 299	308 855 551	95 093 299	308 855 551
Other income	31	1 240 554 155	889 741 732	1 239 515 183	889 163 744
Interest received - investment		217 357 236	144 393 245	216 193 227	143 574 545
Total revenue from exchange transactions		**25 099 685 171**	**23 594 134 849**	**25 084 657 756**	**23 583 904 397**
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	32	9 068 528 767	8 573 481 923	9 069 425 546	8 574 328 398
Interest - Taxation revenue		41 804	33 192	-	-
Transfer revenue					
Government grants & subsidies	33	7 997 252 757	7 285 763 894	7 924 635 258	7 189 558 445
Public contributions and donations		77 434 592	17 344 513	9 434 592	17 344 513
Fines, Penalties and Forfeits	34	151 567 098	115 987 027	151 567 098	115 987 027
Total revenue from non-exchange transactions		**17 294 825 018**	**15 992 610 549**	**17 155 062 494**	**15 897 218 383**
Total revenue		**42 394 510 189**	**39 586 745 398**	**42 239 720 250**	**39 481 122 780**
Expenditure					
Employee related costs	36	(11 327 911 182)	(11 237 412 077)	(11 242 050 360)	(11 157 463 097)
Remuneration of councillors	37	(131 912 644)	(129 577 084)	(131 912 644)	(129 577 084)
Depreciation and amortisation	39	(2 552 368 304)	(2 952 063 575)	(2 550 371 952)	(2 949 604 160)
Finance costs	41	(2 211 922 633)	(1 673 304 864)	(2 211 768 972)	(1 673 075 316)
Debt Impairment	42	(3 366 563 441)	(2 774 333 980)	(3 365 289 194)	(2 772 904 927)
Other materials	43	(627 882 455)	(611 959 165)	(627 882 455)	(611 959 165)
Bulk purchases	44	(14 840 951 593)	(14 633 109 038)	(14 840 951 593)	(14 633 109 038)
Contracted services	45	(4 250 995 136)	(4 087 772 448)	(4 306 048 849)	(4 225 109 263)
Transfers and Subsidies	46	(3 272 188)	(8 051 388)	(100 723 760)	(102 761 036)
General Expenses	47	(1 798 678 032)	(1 956 403 291)	(1 772 289 359)	(1 932 313 649)
Total expenditure		**(41 112 457 608)**	**(40 063 986 910)**	**(41 149 289 138)**	**(40 187 876 735)**
Operating surplus (deficit)		**1 282 052 581**	**(477 241 512)**	**1 090 431 112**	**(706 753 955)**
Loss on disposal of assets		(130 512 703)	(432 395 862)	(130 323 273)	(432 176 357)
Gain/(loss) on foreign exchange		292 877	(394 113)	292 877	(394 113)
Fair value adjustments		108 297 255	267 407 051	108 011 734	267 407 051
Actuarial gains/(losses)	26	191 170 625	50 079 895	191 170 625	50 079 895
Impairment loss	40	(230 333 951)	(294 707 514)	(230 333 951)	(294 707 514)
Interest rate swap valuation		(84 087 481)	(389 105 504)	(84 087 481)	(389 105 504)
		(145 173 378)	**(799 116 047)**	**(145 269 469)**	**(798 896 542)**
Surplus (deficit) before taxation		**1 136 879 203**	**(1 276 357 559)**	**945 161 643**	**(1 505 650 497)**
Taxation	49	23 261	(1 590 954)	-	-
Surplus (deficit) for the year		**1 136 902 464**	**(1 277 948 513)**	**945 161 643**	**(1 505 650 497)**

* See Note 71

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus
Group	
Opening balance as previously reported	32 209 985 720
Adjustments	
Prior year adjustments	1 224 583 132
Balance at 01 July 2021 as restated*	**33 434 568 852**
Changes in net assets	
Surplus for the year	(1 277 948 513)
Total changes	(1 277 948 513)
Restated* Balance at 01 July 2022	**32 158 652 898**
Changes in net assets	
Surplus for the year	1 136 902 464
Total changes	1 136 902 464
Balance at 30 June 2023	**33 295 555 362**
Note(s)	
Municipality	
Opening balance as previously reported	38 527 950 601
Adjustments	
Correction of errors	(5 661 651 982)
Balance at 01 July 2021 as restated*	**32 866 298 619**
Changes in net assets	
Deficit for the year	(1 505 650 497)
Total changes	(1 505 650 497)
Opening balance as previously reported	36 585 718 690
Adjustments	
Correction of errors (refer to note 71)	(5 225 070 567)
Restated* Balance at 01 July 2022 as restated*	**31 360 648 123**
Changes in net assets	
Surplus for the year	945 161 643
Total changes	945 161 643
Balance at 30 June 2023	**32 305 809 766**

Cash Flow Statement

		Group		Municipality	
Figures in Rand	Note(s)	2023	2022 Restated*	2023	2022 Restated*
Cash flows from operating activities					
Receipts					
Cash receipts from customers		28 061 478 323	28 319 774 259	28 048 072 668	28 310 178 569
Grants and subsidies received		8 150 399 878	7 369 771 481	8 077 782 379	7 262 814 497
Cash Interest income		1 401 661 865	885 724 967	1 400 512 117	884 885 782
Cash receipts from other revenue sources		1 493 754 226	980 162 119	1 493 768 573	979 727 461
		39 107 294 292	37 555 432 826	39 020 135 737	37 437 606 309
Payments					
Cash paid to employees		(11 978 442 230)	(11 151 058 765)	(11 891 664 922)	(11 070 511 348)
Cash paid to suppliers		(21 486 288 207)	(20 653 773 528)	(21 545 052 686)	(20 764 257 443)
Transfers and grants		(9 456 187)	(15 051 387)	(100 723 759)	(102 761 035)
Finance costs		(1 860 606 821)	(1 398 905 719)	(1 860 453 160)	(1 398 676 171)
Taxation		(445 582)	(36 507)	-	-
		(35 335 239 027)	(33 218 825 906)	(35 397 894 527)	(33 336 205 997)
Net cash flows from operating activities	50	**3 772 055 265**	**4 336 606 920**	**3 622 241 210**	**4 101 400 312**
Cash flows from investing activities					
Purchase of property, plant and equipment	14	(2 172 405 186)	(2 993 441 865)	(2 030 871 337)	(2 763 252 935)
Proceeds from sale of property, plant and equipment	14	550 000	-	550 000	-
Purchase of other intangible assets	15	(101 144 198)	(167 180 043)	(101 144 197)	(167 180 043)
Proceeds from sale of other intangible assets	15	58 261	-	58 261	-
Net movements in investments		(14 763 161)	(160 103 569)	(14 763 161)	(160 104 569)
Movement in redemption fund	9	(192 460 000)	197 349 309	(192 460 000)	197 349 309
Net cash flows from investing activities		**(2 480 164 284)**	**(3 123 376 168)**	**(2 338 630 434)**	**(2 893 188 238)**
Cash flows from financing activities					
Repayment of loans and bonds	21	(1 354 739 344)	(543 138 745)	(1 354 739 344)	(543 138 745)
Finance lease payments	22	(85 114 876)	(149 266 116)	(84 348 676)	(148 517 262)
Interest rate swaps		14 662 998	(164 081 258)	14 662 998	(164 081 258)
Net cash flows from financing activities		**(1 425 191 222)**	**(856 486 119)**	**(1 424 425 022)**	**(855 737 265)**
Net increase/(decrease) in cash and cash equivalents		**(133 300 241)**	**356 744 633**	**(140 814 246)**	**352 474 809**
Cash and cash equivalents at the beginning of the year		969 078 258	612 333 625	926 310 161	573 835 352
Cash and cash equivalents at the end of the year	11	**835 778 017**	**969 078 258**	**785 495 915**	**926 310 161**

* See Note 71

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Group						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	24 482 175 904	28 750 130	**24 510 926 034**	22 082 026 846	**(2 428 899 188)**	[1],[28]
Rental of facilities and equipment	185 328 567	(17 765 283)	**167 563 284**	166 269 283	**(1 294 001)**	[2],[28]
Interest received (trading)	839 461 560	51 346 325	**890 807 885**	1 253 249 568	**362 441 683**	[3]
Licences and permits	54 534 476	(9 806 075)	**44 728 401**	45 134 784	**406 383**	
Share of profit in associate: TASEZ	-	-	**-**	95 093 299	**95 093 299**	
Other income - (rollup)	1 010 866 674	1 069 396	**1 011 936 070**	1 240 554 155	**228 618 085**	[4],[27],[28]
Interest received - investment	52 869 584	13 215 730	**66 085 314**	217 357 236	**151 271 922**	[5],[27],[28]
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	9 102 662 104	(819 900)	**9 101 842 204**	9 068 528 767	**(33 313 437)**	[28]
Interest - Taxation revenue	-	-	**-**	41 804	**41 804**	
Transfer revenue						
Government grants & subsidies	6 149 138 250	123 077 093	**6 272 215 343**	6 413 406 961	**141 191 618**	[6],[27],[28]
Public contributions and donations	-	-	**-**	77 434 592	**77 434 592**	[17]
Fines, Penalties and Forfeits	274 803 177	(45 967 439)	**228 835 738**	151 567 098	**(77 268 640)**	[17]
Total revenue	**42 151 840 296**	**143 099 977**	**42 294 940 273**	**40 810 664 393**	**(1 484 275 880)**	
Expenditure						
Personnel	(12 633 285 079)	(4 676 975)	**(12 637 962 054)**	(11 327 911 182)	**1 310 050 872**	[8],[27],[28]
Remuneration of councillors	(163 862 988)	10 000 000	**(153 862 988)**	(131 912 644)	**21 950 344**	[9]
Depreciation and amortisation	(2 642 244 469)	15 448 875	**(2 626 795 594)**	(2 552 368 304)	**74 427 290**	[10],[27],[28]
Impairment loss/ Reversal of impairments	-	-	**-**	(230 333 951)	**(230 333 951)**	[26]
Finance costs	(1 508 149 599)	31 231 215	**(1 476 918 384)**	(2 211 922 633)	**(735 004 249)**	[11],[27],[28]
Debt Impairment	(2 306 620 209)	-	**(2 306 620 209)**	(3 366 563 441)	**(1 059 943 232)**	[12],[28]
Other materials	(677 408 572)	22 903 667	**(654 504 905)**	(627 882 455)	**26 622 450**	[13]
Bulk purchases	(15 777 290 691)	50 000 000	**(15 727 290 691)**	(14 840 951 593)	**886 339 098**	[14]
Contracted Services	(4 334 203 788)	(288 848 069)	**(4 623 051 857)**	(4 250 995 136)	**372 056 721**	[15],[28]
Transfers and Subsidies	(38 057 939)	6 467 851	**(31 590 088)**	(3 272 188)	**28 317 900**	
General Expenses	(2 067 361 852)	34 312 133	**(2 033 049 719)**	(1 798 678 032)	**234 371 687**	[16],[27],[28]
Total expenditure	**(42 148 485 186)**	**(123 161 303)**	**(42 271 646 489)**	**(41 342 791 559)**	**928 854 930**	
Operating deficit	**3 355 110**	**19 938 674**	**23 293 784**	**(532 127 166)**	**(555 420 950)**	
Loss on disposal of assets	(47 092)	(193 161)	**(240 253)**	(130 512 703)	**(130 272 450)**	[27]
Gain on foreign exchange	-	-	**-**	292 877	**292 877**	
Fair value adjustments	-	-	**-**	108 297 255	**108 297 255**	[17]
Actuarial gains/losses	-	-	**-**	191 170 625	**191 170 625**	[17]
Loss on redemption fund	-	-	**-**	(84 087 481)	**(84 087 481)**	[17]
	(47 092)	**(193 161)**	**(240 253)**	**85 160 573**	**85 400 826**	
Deficit before taxation	**3 308 018**	**19 745 513**	**23 053 531**	**(446 966 593)**	**(470 020 124)**	
Taxation	(515 021)	260 000	**(255 021)**	(23 261)	**231 760**	
Surplus for the year from continuing operations	**3 823 039**	**19 485 513**	**23 308 552**	**(446 943 332)**	**(470 251 884)**	

Capital transfers and contributions	2 074 545 455	52 585 298	**2 127 130 753**	1 583 845 796	**(543 284 957)**	
Surplus/(Deficit) after capital transfers	**2 078 368 494**	**72 070 811**	**2 150 439 305**	**1 136 902 464**	**(1 013 536 841)**	

Capital expenditure per funding source	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	
Public Transport Infrastructure and Systems Grant (PTIS)	269 700 000	(79 254 005)	**190 445 995**	165 411 332	**(25 034 663)**	18
Neighbourhood Development Partnership Grant (NDPG)	10 215 000	3 565 000	**13 780 000**	13 425 742	**(354 258)**	19
Urban Settlements Development Grant (USDG)	1 012 788 000	-	**1 012 788 000**	847 012 895	**(165 775 105)**	20
Energy Efficiency Demand Side Management (EEDSM)	8 280 000	-	**8 280 000**	8 277 414	**(2 586)**	21
Community Library Services (CLS)	14 562 000	(1 419 024)	**13 142 976**	12 936 590	**(206 386)**	22
Informal Settlements Upgrading Partnership Grant	564 000 750	-	**564 000 750**	464 163 555	**(99 837 195)**	23
Housing Company Tshwane - Social Housing Regulatory Authority (SHRA)	194 999 705	129 693 327	**324 693 032**	140 317 904	**(184 375 128)**	23
Public contributions and donations	50 000 000	-	**50 000 000**	39 912 042	**(10 087 958)**	24
Internally generated funds	180 840 687	458 218 607	**639 059 294**	536 247 395	**(102 811 899)**	25
Borrowings	487 719 010	(487 719 010)	**-**	-	**-**	25
Total sources of capital funds	**2 793 105 152**	**23 084 895**	**2 816 190 047**	**2 227 704 869**	**(588 485 178)**	
Reconciliation						

Municipality

Statement of Financial Performance

Revenue by source						
Service charges	24 482 175 906	28 750 129	**24 510 926 035**	22 082 536 989	**(2 428 389 046)**	[1]
Rental of facilities and equipment	114 051 558	-	**114 051 558**	152 934 706	**38 883 148**	[2]
Interest received (trading)	839 209 993	51 374 701	**890 584 694**	1 253 249 568	**362 664 874**	[3]
Licences and permits	54 534 476	(9 806 075)	**44 728 401**	45 134 784	**406 383**	
Share of profit in associate: TASEZ	-	-	**-**	95 093 299	**95 093 299**	
Other income	1 010 190 799	-	**1 010 190 799**	1 239 515 183	**229 324 384**	[4]
Interest received - investment	51 615 688	13 644 615	**65 260 303**	216 193 227	**150 932 924**	[5]
Property rates	9 102 662 104	(819 900)	**9 101 842 204**	9 069 425 546	**(32 416 658)**	
Government grants & subsidies	6 149 138 250	123 077 093	**6 272 215 343**	6 413 406 961	**141 191 618**	[6]
Public contributions and donations	-	-	**-**	9 434 592	**9 434 592**	
Fines, Penalties and Forfeits	274 803 177	(45 967 439)	**228 835 738**	151 567 098	**(77 268 640)**	
Total revenue	**42 078 381 951**	**160 253 124**	**42 238 635 075**	**40 728 491 953**	**(1 510 143 122)**	
Expenditure by type						
Employee related costs	(12 536 236 059)	(8 553 951)	**(12 544 790 010)**	(11 242 050 360)	**1 302 739 650**	[8]
Remuneration of councillors	(163 862 988)	10 000 000	**(153 862 988)**	(131 912 644)	**21 950 344**	[9]
Depreciation and amortisation	(2 623 014 866)	(2)	**(2 623 014 868)**	(2 550 371 952)	**72 642 916**	[10]
Finance costs	(1 507 813 010)	31 051 399	**(1 476 761 611)**	(2 211 768 972)	**(735 007 361)**	[11]
Debt Impairment	(2 305 356 818)	-	**(2 305 356 818)**	(3 365 289 194)	**(1 059 932 376)**	[12]
Other materials	(671 005 857)	18 456 515	**(652 549 342)**	(627 882 455)	**24 666 887**	[13]
Bulk purchases	(15 777 290 691)	50 000 000	**(15 727 290 691)**	(14 840 951 593)	**886 339 098**	[14]
Contracted Services	(4 307 123 410)	(297 162 700)	**(4 604 286 110)**	(4 306 048 849)	**298 237 261**	[15]
Transfers and Subsidies	(135 859 511)	6 817 851	**(129 041 660)**	(100 723 760)	**28 317 900**	

Statement of Comparison of Budget and Actual Amounts

General Expenses	(2 048 025 753)	33 627 557	**(2 014 398 196)**	(1 772 289 359)	**242 108 837**	[16]
Total expenditure	**(42 075 588 963)**	**(155 763 331)**	**(42 231 352 294)**	**(41 149 289 138)**	**1 082 063 156**	
Operating deficit	**2 792 988**	**4 489 793**	**7 282 781**	**(420 797 185)**	**(428 079 966)**	
Loss on disposal of assets	-	(193 161)	**(193 161)**	(130 323 273)	**(130 130 112)**	
Gain on foreign exchange	-	-	**-**	292 877	**292 877**	
Fair value adjustments	-	-	**-**	108 011 734	**108 011 734**	[17]
Actuarial gains/losses	-	-	**-**	191 170 625	**191 170 625**	[17]
Impairment loss	-	-	**-**	(230 333 951)	**(230 333 951)**	[26]
Loss on redemption fund	-	-	**-**	(84 087 481)	**(84 087 481)**	[17]
	-	**(193 161)**	**(193 161)**	**(145 269 469)**	**(145 076 308)**	
Deficit before taxation	**2 792 988**	**4 296 632**	**7 089 620**	**(566 066 654)**	**(573 156 274)**	
Surplus for the year from continuing operations	**2 792 988**	**4 296 632**	**7 089 620**	**(566 066 654)**	**(573 156 274)**	
Capital transfers and contributions	1 879 545 750	(77 108 029)	**1 802 437 721**	1 511 228 297	**(291 209 424)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**1 882 338 738**	**(72 811 397)**	**1 809 527 341**	**945 161 643**	**(864 365 698)**	

Capital expenditure per funding source	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	
Public Transport Infrastructure and Systems Grant (PTIS)	269 700 000	(79 254 005)	**190 445 995**	165 411 332	**(25 034 663)**	18
Neighbourhood Development Partnership Grant (NDPG)	10 215 000	3 565 000	**13 780 000**	13 425 742	**(354 258)**	19
Urban Settlements Development Grant (USDG)	1 012 788 000	-	**1 012 788 000**	847 012 895	**(165 775 105)**	20
Energy Efficiency Demand Side Management (EEDSM)	8 280 000	-	**8 280 000**	8 277 414	**(2 586)**	21
Community Library Services (CLS)	14 562 000	(1 419 024)	**13 142 976**	12 936 590	**(206 386)**	22
Informal Settlements Upgrading Partnership Grant	564 000 750	-	**564 000 750**	464 163 555	**(99 837 195)**	23
Public contributions and donations	50 000 000	-	**50 000 000**	39 912 042	**(10 087 958)**	24
Internally generated funds	179 437 121	419 652 378	**599 089 499**	533 206 162	**(65 883 337)**	25
Borrowings	487 719 010	(487 719 010)	**-**	-	**-**	25
Total sources of capital funds	**2 596 701 881**	**(145 174 661)**	**2 451 527 220**	**2 084 345 732**	**(367 181 488)**	

Budget information - City

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 annual financial statements.

Explanation of variance on revenue and expenditure

Revenue

[1] Revenue from electricity is lower than projected due to various factors such loadshedding with more people making use of alternative electricity sources and due to low meter-reading rate resulting from faulty meters.

[2] The revenue from business rentals was better than projected budget.

[3] Interest earned on outstanding debtors is over the budget due to increase in arrear debtors.

[4] Other income was better than projected, mainly on Market Fees, Admission Fees, Transport Fees, Township development contribution. Most items in this group are demand driven.

[5] Interest earned on investments was more than what was projected in the budget.

[6] The variance on Government grants is as a result of under performance on Public Transport Network Grant, Human Settlements Development Grant, and Project Preparation Grant. Revenue recognition is based on performance.

[7] The underperformance on fines, penalties and forfeits revenue is attributed to the lower collection of AARTO fine.

Expenditure

[8] Employee related costs performance against budget reflects a savings mainly on salaries due to vacant positions not filled and a savings resulting from recalculation of leave provision and revaluation of provision for employee benefits.

[9] The savings on remuneration of councillors is due to non payment of councillors remuneration increases.

[10] Depreciation increased due to higher than projected additional assets added to the fixed assets register and capitalised for the year under review.

[11] The over expenditure on interest payable is due to reclassification of leases and interest levied on late payment of invoices.

[12] Debt impairment exceed the budget as a result of high default rate on consumer accounts.

[13] The savings on other material is due to under expenditure on various line items ranging from stationery to materials and supplies.

[14] Bulk purchases reflects a savings due to decreased unit purchased for both electricity and water services.

[15] Contracted Services is under the budget mainly due to reclassification of Tshwane House rental and due to the under expenditure on housing top structures. containment.

[16] General expenditure is under the budget on various line items including savings on rental of buildings, uniforms and rental of equipment due to implementation of cost.

[17] This refers to Share of profit in Joint Venture: TASEZ, Impairment, Fair value adjustment, Actuarial gains and redemption fund which were not budgeted for

Capital

[18]Wonderboom Intermodal Facility (Building Works) - Expenditure has been affected by lack of performance by the contractor.

[19]Tshwane Automotive SEZ Phase 1 Bulk Infrastructure Roll out - Most of the snags have not yet been completed and signed off by the City's engineers, thus the under expenditure.

[20]The under expenditure relates to delay in the commissioning of some of the projects i.e Ekangala Block A - F sewer reticulation project

[21]Energy Efficiency and Demand Side Management - Financial milestones achieved.

[22]Capital Funded from Operating (Capital Movables) - All library books, ITC equipment and library furniture delivered.

[23]Under expenditure on Informal Settlements Upgrading Partnership Grant is due to land acquisition delayed negotiations with landowners & changes brought by not agreeing on the selling price.

[24]Wapadrand 132/11kV Substation - The project experienced delays on manufacturing of the switchgear.

[25]The underspending was caused by delays in the conclusion of the services agreement for Township Water and Sanitation Services Development and for Kameelfontein Extension 1

[26]This refers to impairment of assets which was also not budgeted for.

[27] Budget differences - TEDA

The entity's approved budget is R63,553,293 excluding operational capital budget of R451,783. The approved budget covers the period from 01 July 2022 to 30 June 2023. The budget and accounting bases are the same. The financial statements are prepared on the accrual basis using a classification on the nature of expenses in the statement of financial performance.

A reconciliation between the actual amounts on the comparable basis as presented in the statement of comparison of budget and actual amounts and the actual amounts in the cash flow statement for the period ended 30 June 2023 is presented below. The financial statements and budget documents are prepared for the same period. There is a basis difference between the budget and the cash flow statement presented by the reconciliation statement below which is attributed to the purchase of property, plant and equipment and taxation.

TEDA considers 10% a material variance in monitoring spending trends. A detail explanation of the variance is important in order to aid planning and decision making. The budget is as per the economic classification and explanation on revenue collection and expenditure is as follows:

Revenue Analysis

Revenue for the entity constitute of the grant received from CoT, other income, interest income from a favourable bank balances and interest income from taxation.

- Grant revenue from CoT is transferred to TEDA every quarter in four equal installments. For the reporting period ended 30 June 2023, 100% of the budgeted revenue has been invoiced. The operational grant is not conditional, thus the unspent portion of the grant is regarded as a saving.
- Other income represents funds received from ad hoc sources and R240,074 has been earned as at the reporting date and is as expected.
- Interest income earned for the period is at 127% compared to budget and it is as expected given the prevailing high interest rate.
- TEDA managed to earn interest income from the overpayment of the provisional tax amounting to R41,804.

Expenditure Analysis

Total expenditure for the period is at 100% of the total budget with a variance of +0.4% excluding taxation and capital expenditure, below is detailed expenditure analysis:

- Remuneration of employees is at 100% as the former CEO legal matter has been settled.
- Remuneration of board of directors is at 100% as expected and per the board annual work plan.
- Depreciation and amortisation is a non-cash item and the expense is at 98% and is as planned.
- Trade and investment promotion spending is at 50%.
- Projects spending is R258,230 towards the agro processing hub in line with budget.
- General expenses spending is at 103% and savings from prior years have been appropriated for this purpose.
- Finance cost refers to finance leases interest where spending is at R153,660.
- Loss on assets written-off is R33,282 as at the reporting period and is as expected.
- Taxation expense driven by deferred tax and for the period under review there is an assessed loss with no actual tax liability.

[28] Budget differences - HCT

Rental of facilities and equipment

The variance of 75% (underperformance), was due to delay on tenanting Townlands project and the fact that the entity has not invoiced the transfers from COT (Group property & Human Settlement) in the current financial year. The transfer agreements were approved, and HCT has finalised the transfer process for Group Property stock to HCT through conveyancing process. The entity tenanted Townlands on the 1 December 2022 and billed R3,1 million.

Interest received - outstanding debtors

interest received of 37% (underperformance),was due to the delay in sourcing Group Property debtor’s book from the transferred stock.

Interest received - external investments

Interest on investment was higher than the budget by 9%, due to more cash invested in a call account. As at 30 Jun 2023 the call account balance was R3.4 million @ the interest of 8.1% compounded daily.

Other revenue

Other revenue lower than the budget by 13% as a result of less leasing administration fees, electricity recoveries and bad debts recovered

Donated Group Property Assets

The entity did not budget for Group Property Stock.This resulted to over revenue performance of 100%.

Fair Value adjustment

The entity did not budget for fair value adjustment. This resulted to over fair value adjustment of 100%.

Employee Costs

The variance of 12% underspending was due to delay in filling vacant critical positions waiting for the City of Tshwane to lift the moratorium on filling vacant critical positions.

Remuneration of directors

The variance of 16% underspending was due to less Board meetings as per the Board Calendar. Furthermore, the reduction of Non-Executive Directors declined from 7 to 5 members.

Debt impairment

The variance of over budget by 1% was due to non- payment of levies by Clarina tenants. Clarina building is a complex transferred to Housing Company Tshwane by the City. The complex is utilized to provide alternative accommodation to ex- Schubart Park residents.

Depreciation and amortisation

Overbudget of 10% as a result of re-classification from Assets under construction to Building.

Other material

The variance of 12% underspending was due the delay in procurement process to appoint panel of service providers for plumbing and electrical consumables for repairs and maintenance of the buildings. The consumables were only bought in quarter 4 cumulatively.

Contracted services

Contracted services were fully utilised (15% overspending) due to conveyancing costs incurred on Group Properties stock transferred to the Entity.

General Expenses

The variance was attributable to non-spending by 15% on operating expenses on items such as uniforms, travel and accommodation, printing and stationery, advertising, and promotion.

Loss on disposal of assets

Management did not budget for loss on disposal of assets. This resulted in the overspending of 100%.

Transfer recognised - Capital

The variance of 61% underperformance was due to less grant allocated to the entity by the City of Tshwane and grant not claimed for Chantelle project from Social Housing Regulatory Authority (SHRA).

1. Significant account policies

The principal accounting policies applied in the preparation of these audited consolidated annual financial statements are set out below.

1.1 Basis of preparations

The audited consolidated annual financial statements have been prepared in accordance, and are in compliance 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.

1.2 Presentation currency

These audited consolidated annual financial statements are presented in South African Rand, which is the functional currency of the group.

1.3 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 51). 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.

1.4 Significant judgements and sources of estimation uncertainty

The preparation of these 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.

1.5 Investment property

Investment property is carried at cost, less accumulated depreciation and impairment. Transaction costs are included in the initial measurement.

Depreciation is calculated on a straight-line basis.

Cost model

Item	**Useful life**
Property - land	indefinite
Property - buildings	9 - 47 years

1.6 Property, plant and equipment

Property, plant and equipment is measured at cost, less accumulated depreciation and impairment.

Depreciation is calculated at cost, using the straight-line method.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item including individual components	**Useful life**
Land	Indefinite
Operational Buildings	3 - 80 years
Transport assets	3 - 15 years
Infrastructure	3 - 100 years
Community Assets	3 - 100 years

1.6 Property, plant and equipment (continued)

Other property, plant and equipment	
• Housing	10 - 119 years
• Computer equipment	3 - 10 years
• Furniture and Office equipment	2 - 15 years
• Machinery and Equipment	2 - 20 years
• Library Materials	5- 20 years
Service Concession: Community	Indefinite
Service Concession: Tshwane house	30 years
Leased assets	
• Vehicles, equipment, etc	3 - 20 years

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

The residual value and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the charge is accounted for a change in accounting estimate.

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

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

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

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

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.

1.7 Intangible assets

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 group and have a probable benefit exceeding the cost beyond one year, are recognised as an intangible asset.

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.

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.

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.

1.7 Intangible assets (continued)

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

Item	Useful life
Computer software	4 -30 years
Servitudes	Indefinite

Servitudes when registered do not expire after a period of time. There is no time condition coupled to it, therefore the indefinite useful life.

Intangible assets are derecognised:

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

The gain or loss (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).

1.8 Heritage assets

Heritage assets are measured at cost less accumulated impairment.

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.

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 group estimates the recoverable amount or the recoverable service amount of the heritage asset.

1.9 Living resources

Living resources consist of animals kept and maintained for recreational purposes i.e. cattle, poultry, fellow deer, goats, horses, pigs and sheep, as well as service animals i.e. dogs and horses.

Non-living resources, other than land, is not recognised as assets.

A living resource shall be recognised as an asset if, and only if:

(a) it is probable that future economic benefits or service potential associated with the asset will flow to the entity; and
(b) the cost or fair value of the asset can be measured reliably.

A living resource that qualifies for recognition as an asset shall be measured at its cost less accumulated depreciation and impairment.

Where a living resource is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

Item	Useful life
Cattle (Bull, Cow, Calf)	11 - 20 year
Poultry	10 - 15 years
Fellow deer	7 - 9 years
Goat (Ram, Ewe, Lamb)	7 - 20 years
Horse (Recreation)	4 - 20 years
Pig	6 - 8 years
Sheep (Ram, Ewe, Lamb)	2 - 20 years
Dog (Law Enforcement)	5 - 15 years
Horse (Law Enforcement)	9 - 17 years

1.10 Interest in joint venture

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost and the carrying amount is increased or decreased to recognise the investor’s share of the surplus or deficit of the investee after the date of acquisition. The investor’s share of the investee’s surplus or deficit is recognised in the investor’s surplus or deficit. Adjustments to the carrying amount may also be necessary for changes in the investor’s proportionate interest in the investee arising from changes in the investee’s equity that have not been recognised in the investee’s surplus or deficit.

The most recent available financial statements of the associate or joint venture are used by the entity in applying the equity method. When the end of the reporting period of the entity is different from that of an associate or a joint venture the entity either:

(a) obtains, for the purpose of applying the equity method, additional financial information as of the same date as the financial statements of the entity; or

(b) uses the most recent financial statements of the associate or joint venture adjusted for the effects of significant transactions or events that occur between the date of those financial statements and the date of the entity’s financial statements.

1.11 Financial instruments

Classification

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

Class	**Category**
Investments	Financial asset measured at amortised cost
Other receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Long-term receivables	Financial asset measured at amortised cost
Consumer receivables: Exchange	Financial asset measured at amortised cost
Consumer receivables: Non exchange	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Redemption fund asset	Financial asset measured at fair value
Interest rates swaps	Financial asset measured at fair value

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

Class	**Category**
Loans and bonds	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at amortised cost
Service concession arrangement	Financial liability measured at amortised cost
Interest rate swaps	Financial liability measured at fair value
Redemption fund liabilities	Financial liability measured at fair value

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.

Initial measurement of financial assets and financial liabilities

The group measures a financial asset and financial liability initially at its fair value.

1.11 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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, 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.

Presentation

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

Fair value 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.

1.12 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset, which consist of fines and property rates.

Recognition

The group recognises statutory receivables using the policy on Revenue from non-exchange transactions (Property rates and transfers).

Initial measurement

The group initially measures statutory receivables at their transaction amount.

Subsequent measurement

The group measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

1.13 Tax

Current tax assets and liabilities

Tax for current and prior periods is, to the extent unpaid is recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

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 by the end of the reporting period.

Accounting Policies

1.13 Tax (continued)

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.

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.

Tax expenses

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).

1.14 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.

Finance leases - lessee

The group 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.

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

The finance lease assets are depreciated at the same rates as owned property unless the group will not obtain ownership. Where there is no reasonable certainty that the group will obtain ownership by the end of lease term, the leased assets are depreciated over the shorter of the lease and its useful life.

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.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

1.15 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) 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.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to the moving average price linked to each item on the accounting system.

Water inventory:

Water is regarded as inventory when the group purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the group 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 group 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/write-off 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.

1.16 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.

The City classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. A commercial return means that the return charged by the entity is commensurate with the risk associated with holding the asset and the asset is intended to generate positive cash inflows. All other assets are classified as non-cash-generating assets.

The group does not have any cash generating assets, as its primary objective is service delivery

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:

1.16 Impairment of non-cash-generating assets (continued)

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.

1.17 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of a group after deducting all of its liabilities.

1.18 Employee benefits

Short-term employee benefits

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

Informal practices give rise to a constructive obligation where the group has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the group's informal practices would cause unacceptable damage to its relationship with employees.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an group provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Multi-employer plans consist of;
- Municipal Employees Pension Fund
- South African Local Authorities Pension Fund
- Government Employees Pension Fund
- Joint municipal Pension Fund
- Germiston Municipal Fund

Post-employment benefits: Defined contribution plans

Accounting Policies

1.18 Employee benefits (continued)

When an employee has rendered services to the group during a reporting period, the group recognises 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, a group recognises 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 employee 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

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The group accounts 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 group’s informal practices.

The group 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).

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.

Actuarial assumptions

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.

1.19 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.

The group's provisions consist of;

- Landfill sites

1.19 Provisions and contingencies (continued)

- Clearing of alien vegetation
- Quarries
- Legal proceedings

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 (8.9%) is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

1.20 Revenue from exchange transactions

- it is probable that the economic benefits or service potential associated with the transaction will flow to the group;
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Service charges

Service charges relating to electricity and water are based on consumption. Sanitation charge is calculated based on the wastewater discharged into the municipal sewer system. 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 recognised 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.

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.

Interest income

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.

1.21 Revenue from non-exchange transactions

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

Property rates

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Fines, penalties and forfeits

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Potential revenue from fines is measured at the best estimate of the inflow of resources to the municipality.

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 group and the fair value of the assets can be measured reliably.

Government grants and subsidies

Accounting Policies

1.21 Revenue from non-exchange transactions (continued)

Revenue received from conditional grants 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.

1.22 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.

1.23 Accounting by principals and agents

The City is a party to a principal-agent arrangement. The City acts as Principal for the Ekurhuleni Water Care Company (ERWAT) which was appointed as an implementing agent for the phase 1 upgrade and urgent refurbishment at the Rooiwaal wastewater treatment works and related project, in terms of section 110(2) of Local Government: Municipal Finance Management Act; for a three-year period by the City of Tshwane (CoT) which commenced during the first quarter of the prior financial year.

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.

1.24 Comparative figures

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

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.

1.25 Unauthorised expenditure

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.

1.26 Fruitless and wasteful expenditure

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.

1.27 Irregular expenditure

Irregular expenditure is accounted for as an expense in surplus or deficit in the period it occurred.

1.28 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.

Accounting Policies

- 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.

1.29 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 exists 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.

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.

1.30 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 consolidated 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 1 July 2022 to 30 June 2023.

1.31 Related parties

The City controls two municipal entities (TEDA and HCT) and has investment in associates (TASEZ). 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 notes 36, 37,and 46).

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 58).

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.

1.32 Service concession arrangements: Entity as grantor

Recognition of asset and liability

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

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

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

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

Measurement of asset and liability

The entity initially measures the service concession asset as follows:

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

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

Service concession consists of;

- Denneboom Station Public Transport Interchange
- Tshwane House
- Tshwane Broadband Network

Financial liability model

The finance charge and charges for services provided by the operator in a service concession arrangement are accounted for as expenses.

1.33 Value Added Tax

The municipality 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 municipality accounts for VAT on the cash basis.

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 item applicable; and
- Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from or payable to the taxation authority is reported separate from other receivables or payables in the statement of financial position.

1.34 Impairment of cash-generating assets

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

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

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

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:
- the period of time over which an asset is expected to be used by the group; or
- the number of production or similar units expected to be obtained from the asset by the group.

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

[Specify judgements made]

2. New standards and revised standards

2.1 Standards and interpretations issued, but not yet effective

The group has not applied the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 July 2023 or later periods:

GRAP 103 (as revised): Heritage Assets

Background

The Accounting Standards Board (the Board) completed its post-implementation review of the Standard of GRAP on Heritage Assets (GRAP 103) (hereafter referred to as "the review") in 2020. Based on the feedback received as part of the review, the Board agreed to reconsider certain principles in GRAP 103.

The objective of the project was to revise and clarify principles in GRAP 103 following feedback received from the review and actions agreed by the Board.

Key amendments to GRAP 103

The Board agreed that the definition of a heritage asset in GRAP 103 should be reconsidered to better align it with the legislative explanation of a heritage resource in the National Heritage Resources Act, 1999, and the classification by the South African Heritage Resources Agency.

The proposed definition focuses on assets that have "cultural significance" and defines a heritage asset as "an asset that has cultural significance, and is held indefinitely for the benefit of present and future generations". "Cultural significance" has also been defined and described in GRAP 103 based on legislation.

The characteristics displayed by heritage assets, and the range of assets that could be heritage assets, have also been aligned with legislation.

The amendments further relate to the Classification of dual purpose heritage assets, Determining a reliable value for a heritage asset, Protective rights imposed on heritage assets, Re-assessing if a reliable value becomes available subsequently, Aggregation of individually insignificant heritage assets, Impairment of heritage assets, Mandatory disclosures of heritage assets borrowed or on loan.

The effective date of these revisions have not yet been set.

It is unlikely that the standard will have a material impact on the group's audited consolidated annual financial statements.

Guideline: Guideline on Accounting for Landfill Sites

The objective of this guideline: The Constitution of South Africa, 1996 (Act No. 108 of 1996) (the constitution), gives local government the executive authority over the functions of cleaning, refuse removal, refuse dumps and solid waste disposal. Even though waste disposal activities are mainly undertaken by municipalities, other public sector entities may also be involved in these activities from time to time. Concerns were raised about the inconsistent accounting practices for landfill sites and the related rehabilitation provision where entities undertake waste disposal activities. The objective of the Guideline is therefore to provide guidance to entities that manage and operate landfill sites. The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making. The principles from the relevant Standards of GRAP are applied in accounting for the landfill site and the related rehabilitation provision. Where appropriate, the Guideline also illustrates the accounting for the land in a landfill, the landfill site asset and the related rehabilitation provision.

It covers: Overview of the legislative requirements that govern landfill sites, Accounting for land, Accounting for the landfill site asset, Accounting for the provision for rehabilitation, Closure, End-use and monitoring, Other considerations, and Annexures with Terminology & References to pronouncements used in the Guideline.

It is unlikely that the standard will have a material impact on the group's audited consolidated annual financial statements.

2. New standards and revised standards (continued)

GRAP 25 (as revised): Employee Benefits

Background

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS® 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board® has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14®) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

Key amendments to GRAP 25

The Board agreed to align GRAP 25 with IPSAS 39, but that local issues and the local environment need to be considered. As a result of this decision, there are areas where GRAP 25 departs from the requirements of IPSAS 39. The Board's decisions to depart are explained in the basis for conclusions.

The amendments to GRAP 25 are extensive and mostly affect the accounting for defined benefit plans. A new renumbered Standard of GRAP (e.g. GRAP 39) will not be issued, but rather a new version of the current GRAP 25.

The impact of this revisions is currently being assessed.

iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction

Background

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS® 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board® has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14®) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

The impact of this revisions is currently being assessed.

Notes to the Audited Consolidated Annual Financial Statements

2. New standards and revised standards (continued)

GRAP 104 (as revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:
- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the revisions is not yet set by the Minister of Finance.

The group expects to adopt the revisions for the first time when the Minister sets the effective date for the revisions.

The impact of this standard is currently being assessed.

iGRAP 21: The Effect of Past Decisions on Materiality

Background

The Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors (GRAP 3) applies to the selection of accounting policies. Entities apply the accounting policies set out in the Standards of GRAP, except when the effect of applying them is immaterial. This means that entities could apply alternative accounting treatments to immaterial items, transactions or events (hereafter called “items”).

The Board received questions from entities asking whether past decisions to not apply the Standards of GRAP to immaterial items effect future reporting periods. Entities observed that when they applied alternative accounting treatments to items in previous reporting periods, they kept historical records on an ongoing basis of the affected items. This was done so that they could assess whether applying these alternative treatments meant that the financial statements became materially “misstated” over time. If the effect was considered material, retrospective adjustments were often made.

This Interpretation explains the nature of past materiality decisions and their potential effect on current and subsequent reporting periods.

iGRAP 21 addresses the following two issues:
- Do past decisions about materiality affect subsequent reporting periods?
- Is applying an alternative accounting treatment a departure from the Standards of GRAP or an error?

It is unlikely that the interpretation will have a material impact on the group's audited consolidated annual financial statements.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

3. Inventories

Raw materials, components	521 919 193	540 769 490	521 919 193	540 769 490
Water for distribution	33 675 455	20 425 710	33 675 455	20 425 710
Fuel (Diesel, Petrol)	240 188 955	127 231 168	240 188 955	127 231 168
ARY Card stock	789 893	921 437	789 893	921 437
Materials	1 154 268	1 078 076	1 154 268	1 078 076
Coal (power stations)	138 881 884	138 881 884	138 881 884	138 881 884
	936 609 648	**829 307 765**	**936 609 648**	**829 307 765**

No inventory is pledged as security.

Inventory Write-downs

Inventory to the value of R6 224 143 (2022: R5 156 779) was scrapped during the year and expenses.

Surplus inventory (items identified during stock take)	51 145	31 864	51 145	31 864
Shortages	(1 909 730)	(401 502)	(1 909 730)	(401 502)
Theft	(3 163 637)	(3 059 352)	(3 163 637)	(3 059 352)
Adjustment of inventory cost	(48 941)	(885 560)	(48 941)	(885 560)
Damaged inventory	(234 307)	(576 210)	(234 307)	(576 210)
Obsolete Inventory	(918 673)	(266 019)	(918 673)	(266 019)
	(6 224 143)	**(5 156 779)**	**(6 224 143)**	**(5 156 779)**

4. Investments

Short-term investments (highly liquid)	577 835 946	708 828 349	577 835 946	708 828 349
Short-term investments	176 100 896	161 337 735	176 100 896	161 337 735
	753 936 842	**870 166 084**	**753 936 842**	**870 166 084**
Current assets				
Short-term investments	176 100 896	161 337 735	176 100 896	161 337 735
Short-term investments (refer to note 11)	577 835 946	708 828 349	577 835 946	708 828 349
	753 936 842	**870 166 084**	**753 936 842**	**870 166 084**

The investments listed below are all permitted in terms of Regulation 308 (Local Government: Municipal Finance Management Act 2003: Municipal Investment Regulations).

The value (indicated below) was obtained from balance certificates or statement from the various financial institutions.

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

4. Investments (continued)

Amortised cost of listed investments and management's valuation of unlisted investments:				
Unlisted investments: Insurance Policy DGA 30118 no 28 (insurance policy) (unceded) (highly liquid)	950 162	820 812	950 162	820 812
Insurance Policy DYA 301182 no 29 (insurance policy) (unceded) (highly liquid)	3 763 784	2 572 912	3 763 784	2 572 912
ABSA Money Market investment no 32 (interest capitalised monthly) (unceded)(highly liquid)	44 987 779	40 266 412	44 987 779	40 266 412
ABSA Money Market investment no 33 (interest capitalised monthly) (unceded)(highly liquid)	15 760 961	14 182 786	15 760 961	14 182 786
ABSA Money Market investment no 34 interest capitalised monthly) (unceded) highly liquid)	11 807 956	10 622 643	11 807 956	10 622 643
ABSA Money Market investment no 35 (interest capitalised monthly) (unceded)(highly liquid)	259 921	233 869	259 921	233 869
Ninety One Money Market investment no 37(interest capitalised monthly)(unceded) (highly liquid)	39 967 603	37 361 337	39 967 603	37 361 337
Ninety One Money Market investment no 38 (interest capitalised monthly)(unceded) (highly liquid)	12 774 425	11 941 411	12 774 425	11 941 411
Ninety One Money Market investment no 39 (interest capitalised monthly)(unceded) (highly liquid)	1 711 313	1 599 720	1 711 313	1 599 720
Stanlib Money Market investment no 40 (interest capitalised monthly) (unceded)(highly liquid)	145 589 008	135 134 408	145 589 008	135 134 408
Standard Bank Money Market investment no. 41 (Interest capitalised monthly)(Unceded) (Highly Liquid)	4 518 898	4 194 400	4 518 898	4 194 400
Standard Bank Money Market investment no. 108 (Interest capitalised monthly)(Unceded) (Highly Liquid)	44 707 712	41 782 200	44 707 712	41 782 200
Standard Bank Money Market investment no. 260 (Interest capitalised monthly)(Unceded) (Highly Liquid)	100 485 307	94 324 782	100 485 307	94 324 782
Standard Bank Call Investment no 408	20 650	19 328	20 650	19 328
Standard Bank Call Investment no 414	23 295	1 437	23 295	1 437
Standard Bank Call Investment no 415	48 651 071	21 803	48 651 071	21 803
Nedbank Call Investment no 508	-	1 972	-	1 972
ABSA Call Investment no 338	49 253 354	16 606	49 253 354	16 606
First National Bank no 527	-	1 437	-	1 437
Stanlib Contingency Fund Investment no 106/411	-	295 409	-	295 409
ABSA Term Investment no 499	-	160 518 876	-	160 518 876
ABSA Term Investment no 526	-	818 860	-	818 860
Money market investment no 531	-	249 607 030	-	249 607 030
Nedbank Term Investment no 485	48 022 267	-	48 022 267	-
ABSA Term Investment no 541	10 748 565	-	10 748 565	-
ABSA Term Investment no 489	873 150	-	873 150	-
ABSA Term Investment no 500	18 064 307	-	18 064 307	-
First National Bank	444 237	-	444 237	-
Nedbank 40215	150 551 117	63 825 634	150 551 117	63 825 634
	753 936 842	**870 166 084**	**753 936 842**	**870 166 084**

Average rate of return				
On long-term investments	7.80 %	4.25 %	7.80 %	4.25 %
On short-term investments	7.50 %	3.38 %	7.50 %	3.38 %

Secured and unsecured investments				
Unsecured investments (unceded)	753 936 842	870 166 084	753 936 842	870 166 084

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

4. Investments (continued)

Investments that the city can easily convert into cash within 6 months of the next financial year and those investments that are on call in nature (cash on call).

5. Consumer debtors (contractual and statutory)

Financial instruments

	Group 2023	Group 2022	Municipality 2023	Municipality 2022
Gross balances				
Rates	4 165 075 994	4 082 665 084	4 165 075 994	4 082 665 084
Electricity	3 517 541 373	3 283 106 934	3 517 541 373	3 283 106 934
Water	6 036 865 600	4 786 721 981	6 036 865 600	4 786 721 981
Waste water	725 721 038	680 274 373	725 721 038	680 274 373
Sewerage	1 198 235 428	909 957 235	1 198 235 428	909 957 235
Refuse	1 635 530 230	1 362 265 630	1 635 530 230	1 362 265 630
Interest	4 514 781 689	3 666 695 693	4 514 781 689	3 666 695 693
Arrangement debtors (refer to note 7)	(282 922 469)	(413 809 190)	(282 922 469)	(413 809 190)
	21 510 828 883	**18 357 877 740**	**21 510 828 883**	**18 357 877 740**
Less: Allowance for impairment				
Rates	(2 841 794 031)	(2 508 175 660)	(2 841 794 031)	(2 508 175 660)
Electricity	(2 524 573 637)	(2 182 786 238)	(2 524 573 637)	(2 182 786 238)
Water	(4 640 447 687)	(3 454 626 979)	(4 640 447 687)	(3 454 626 979)
Waste water	(497 826 464)	(490 801 709)	(497 826 464)	(490 801 709)
Sewerage	(924 131 536)	(655 456 838)	(924 131 536)	(655 456 838)
Refuse	(1 220 229 771)	(993 189 085)	(1 220 229 771)	(993 189 085)
Interest	(3 819 025 447)	(3 039 870 129)	(3 819 025 447)	(3 039 870 129)
	(16 468 028 573)	**(13 324 906 638)**	**(16 468 028 573)**	**(13 324 906 638)**
Net balance				
Non-exchange				
Rates	1 323 281 963	1 574 489 424	1 323 281 963	1 574 489 424
Exchange				
Electricity	992 967 736	1 100 320 696	992 967 736	1 100 320 696
Water	1 396 417 913	1 332 095 002	1 396 417 913	1 332 095 002
Waste water	227 894 574	189 472 664	227 894 574	189 472 664
Sewerage	274 103 892	254 500 397	274 103 892	254 500 397
Refuse	415 300 459	369 076 545	415 300 459	369 076 545
Interest	695 756 242	626 825 564	695 756 242	626 825 564
Arrangement debtors	(282 922 469)	(413 809 190)	(282 922 469)	(413 809 190)
	3 719 518 347	3 458 481 678	3 719 518 347	3 458 481 678
	5 042 800 310	**5 032 971 102**	**5 042 800 310**	**5 032 971 102**
Statutory receivables included in consumer debtors above are as follows:				
Rates	1 323 281 963	1 574 489 424	1 323 281 963	1 574 489 424

Statutory Receivables General Information

Transaction arising from statute: Property Rates are levied in terms of the Local Government Municipal Property Rates Act No.6 of 2004, approved Property Rates Policy and by-laws.

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

5. Consumer debtors (contractual and statutory) (continued)

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.

Discount rate applied to the estimated future cash flows: The prime lending rate is applied as stipulated in Interest or other charges levied/charged above.

Main events and circumstances that led to the recognition or reversal of impairment losses on statutory receivables: 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	992 967 736	1 100 320 696	992 967 736	1 100 320 696
Water	1 396 417 913	1 332 095 002	1 396 417 913	1 332 095 002
Waste water	227 894 574	189 472 664	227 894 574	189 472 664
Sewerage	274 103 892	254 500 397	274 103 892	254 500 397
Refuse	415 300 459	369 076 545	415 300 459	369 076 545
Interest	695 756 242	626 825 564	695 756 242	626 825 564
Arrangement debtors	(282 922 469)	(413 809 190)	(282 922 469)	(413 809 190)
	3 719 518 347	**3 458 481 678**	**3 719 518 347**	**3 458 481 678**

Included in above is receivables from non-exchange transactions (taxes and transfers)				
Rates	1 323 281 963	1 574 489 424	1 323 281 963	1 574 489 424
Net balance	**5 042 800 310**	**5 032 971 102**	**5 042 800 310**	**5 032 971 102**

Rates				
Current (0 -30 days)	756 785 685	943 490 104	756 785 685	943 490 104
31 - 60 days	85 605 871	99 949 126	85 605 871	99 949 126
61 - 90 days	96 013 181	107 788 360	96 013 181	107 788 360
91 - 120 days	81 448 285	84 293 710	81 448 285	84 293 710
121 - 150 days	80 793 712	71 768 183	80 793 712	71 768 183
151 - 180 days	72 771 792	79 687 902	72 771 792	79 687 902
181 - 365 days	406 149 943	404 218 478	406 149 943	404 218 478
> 365 days	2 585 507 525	2 291 469 221	2 585 507 525	2 291 469 221
	4 165 075 994	**4 082 665 084**	**4 165 075 994**	**4 082 665 084**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

5. Consumer debtors (contractual and statutory) (continued)

Electricity				
Current (0 -30 days)	813 801 077	965 822 340	813 801 077	965 822 340
31 - 60 days	68 544 211	101 754 252	68 544 211	101 754 252
61 - 90 days	75 940 406	116 501 951	75 940 406	116 501 951
91 - 120 days	49 251 784	78 487 606	49 251 784	78 487 606
121 - 150 days	43 963 224	46 295 258	43 963 224	46 295 258
151 - 180 days	46 578 018	74 082 344	46 578 018	74 082 344
181 - 365 days	341 526 337	425 516 126	341 526 337	425 516 126
> 365 days	2 077 936 316	1 474 647 057	2 077 936 316	1 474 647 057
	3 517 541 373	**3 283 106 934**	**3 517 541 373**	**3 283 106 934**

Water				
Current (0 -30 days)	1 040 186 868	1 380 160 571	1 040 186 868	1 380 160 571
31 - 60 days	125 969 313	112 034 574	125 969 313	112 034 574
61 - 90 days	203 043 780	188 369 150	203 043 780	188 369 150
91 - 120 days	140 936 835	112 668 886	140 936 835	112 668 886
121 - 150 days	175 983 057	111 787 315	175 983 057	111 787 315
151 - 180 days	118 860 573	145 899 585	118 860 573	145 899 585
181 - 365 days	849 554 444	917 853 616	849 554 444	917 853 616
> 365 days	3 382 330 730	1 817 948 284	3 382 330 730	1 817 948 284
	6 036 865 600	**4 786 721 981**	**6 036 865 600**	**4 786 721 981**

Waste water				
Current (0 -30 days)	85 366 979	153 053 109	85 366 979	153 053 109
31 - 60 days	11 957 944	14 691 085	11 957 944	14 691 085
61 - 90 days	53 993 918	18 487 340	53 993 918	18 487 340
91 - 120 days	8 084 373	6 388 310	8 084 373	6 388 310
121 - 365 days	5 727 528	3 894 641	5 727 528	3 894 641
151 - 180 days	5 608 717	3 665 327	5 608 717	3 665 327
181 - 365 days	71 875 189	45 334 470	71 875 189	45 334 470
> 365 days	483 106 390	434 760 091	483 106 390	434 760 091
	725 721 038	**680 274 373**	**725 721 038**	**680 274 373**

Sanitation				
Current (0 -30 days)	246 499 526	281 995 574	246 499 526	281 995 574
31 - 60 days	20 897 249	23 910 313	20 897 249	23 910 313
61 - 90 days	38 700 175	33 488 120	38 700 175	33 488 120
91 - 120 days	27 992 292	21 899 725	27 992 292	21 899 725
121 - 150 days	33 503 717	23 475 514	33 503 717	23 475 514
151 - 180 days	24 361 671	25 517 990	24 361 671	25 517 990
181 - 365 days	159 921 220	142 743 524	159 921 220	142 743 524
> 365 days	646 359 578	356 926 475	646 359 578	356 926 475
	1 198 235 428	**909 957 235**	**1 198 235 428**	**909 957 235**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

5. Consumer debtors (contractual and statutory) (continued)

Refuse				
Current (0 -30 days)	278 168 269	362 070 480	278 168 269	362 070 480
31 - 60 days	22 723 158	23 519 477	22 723 158	23 519 477
61 - 90 days	41 240 709	30 464 637	41 240 709	30 464 637
91 - 120 days	29 297 196	22 831 906	29 297 196	22 831 906
121 - 150 days	28 406 285	19 931 760	28 406 285	19 931 760
151 - 180 days	27 382 463	25 091 957	27 382 463	25 091 957
181 - 365 days	158 490 134	122 910 797	158 490 134	122 910 797
> 365 days	1 049 822 016	755 444 616	1 049 822 016	755 444 616
	1 635 530 230	**1 362 265 630**	**1 635 530 230**	**1 362 265 630**

Interest				
Current (0 -30 days)	349 590 467	254 016 753	349 590 467	254 016 753
31 - 60 days	71 615 284	59 291 739	71 615 284	59 291 739
61 - 90 days	132 212 820	76 453 791	132 212 820	76 453 791
91 - 120 days	91 928 662	57 914 310	91 928 662	57 914 310
121 - 150 days	87 770 454	53 431 664	87 770 454	53 431 664
151 - 180 days	73 470 960	61 400 605	73 470 960	61 400 605
181 - 365 days	447 269 949	335 321 927	447 269 949	335 321 927
> 365 days	3 260 923 093	2 768 864 904	3 260 923 093	2 768 864 904
	4 514 781 689	**3 666 695 693**	**4 514 781 689**	**3 666 695 693**

Ageing: Total gross receivables				
Current (0 -30 days)	3 570 398 871	4 340 608 919	3 570 398 871	4 340 608 919
31 - 60 days	407 313 030	435 150 566	407 313 030	435 150 566
61 - 90 days	641 144 990	571 553 350	641 144 990	571 553 350
91 - 120 days	428 939 426	384 484 462	428 939 426	384 484 462
121 - 150 days	456 147 977	330 584 336	456 147 977	330 584 336
151 - 180 days	369 034 194	415 345 709	369 034 194	415 345 709
181 - 365 days	2 434 787 215	2 393 898 939	2 434 787 215	2 393 898 939
> 365 days	13 485 985 649	9 900 060 649	13 485 985 649	9 900 060 649
	21 793 751 352	**18 771 686 930**	**21 793 751 352**	**18 771 686 930**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

5. Consumer debtors (contractual and statutory) (continued)

Summary of consumer receivables by customer classification

Consumers				
Household/residential	13 528 158 688	11 744 960 588	13 528 158 688	11 744 960 588
Industrial/Commercial	5 606 185 876	4 615 748 276	5 606 185 876	4 615 748 276
National and Provincial Government	982 961 785	1 068 196 668	982 961 785	1 068 196 668
Other	1 676 445 003	1 342 781 398	1 676 445 003	1 342 781 398
	21 793 751 352	**18 771 686 930**	**21 793 751 352**	**18 771 686 930**

Households				
Current (0 -30 days)	2 075 775 204	2 971 512 944	2 075 775 204	2 971 512 944
31 - 60 days	228 449 817	227 065 033	228 449 817	227 065 033
61 - 90 days	423 401 690	359 679 703	423 401 690	359 679 703
91 - 120 days	292 540 505	226 253 980	292 540 505	226 253 980
121 - 150 days	329 648 929	210 449 133	329 648 929	210 449 133
151 - 180 days	254 119 529	273 681 587	254 119 529	273 681 587
181 - 365 days	1 661 933 047	1 597 928 135	1 661 933 047	1 597 928 135
> 365 days	8 262 289 967	5 878 390 073	8 262 289 967	5 878 390 073
	13 528 158 688	**11 744 960 588**	**13 528 158 688**	**11 744 960 588**

Industrial/ commercial				
Current (0 -30 days)	1 139 975 855	747 996 434	1 139 975 855	747 996 434
31 - 60 days	125 475 044	122 767 829	125 475 044	122 767 829
61 - 90 days	186 304 787	163 491 555	186 304 787	163 491 555
91 - 120 days	113 634 382	119 596 999	113 634 382	119 596 999
121 - 150 days	110 089 335	91 920 648	110 089 335	91 920 648
151 - 180 days	98 974 377	113 788 711	98 974 377	113 788 711
181 - 365 days	588 035 409	513 536 535	588 035 409	513 536 535
> 365 days	3 243 696 687	2 742 649 565	3 243 696 687	2 742 649 565
	5 606 185 876	**4 615 748 276**	**5 606 185 876**	**4 615 748 276**

National and provincial government				
Current (0 -30 days)	330 115 658	376 351 648	330 115 658	376 351 648
31 - 60 days	47 382 946	19 321 639	47 382 946	19 321 639
61 - 90 days	24 987 840	29 914 067	24 987 840	29 914 067
91 - 120 days	15 405 688	21 630 935	15 405 688	21 630 935
121 - 150 days	11 983 588	19 911 625	11 983 588	19 911 625
151 - 180 days	11 453 800	30 745 392	11 453 800	30 745 392
181 - 365 days	107 545 162	124 954 518	107 545 162	124 954 518
> 365 days	434 087 103	445 366 844	434 087 103	445 366 844
	982 961 785	**1 068 196 668**	**982 961 785**	**1 068 196 668**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

5. Consumer debtors (contractual and statutory) (continued)

Other				
Current (0 -30 days)	68 800 051	848 434 718	68 800 051	848 434 718
31 - 60 days	5 760 639	25 081 851	5 760 639	25 081 851
61 - 90 days	5 257 111	41 570 297	5 257 111	41 570 297
91 - 120 days	6 283 861	15 379 543	6 283 861	15 379 543
121 - 150 days	3 913 136	3 940 070	3 913 136	3 940 070
151 - 180 days	4 126 497	22 714 617	4 126 497	22 714 617
181 - 365 days	62 151 180	135 500 559	62 151 180	135 500 559
> 365 days	1 520 152 528	250 159 743	1 520 152 528	250 159 743
	1 676 445 003	**1 342 781 398**	**1 676 445 003**	**1 342 781 398**

Reconciliation of allowance for impairment				
Balance at beginning of the year	(13 324 906 638)	(10 568 459 224)	(13 324 906 638)	(10 568 459 224)
Contributions to allowance	(2 184 410 696)	(2 012 966 267)	(2 184 410 696)	(2 012 966 267)
Adjustments to allowance - review of impairment at year end	(1 181 978 384)	(884 599 052)	(1 181 978 384)	(884 599 052)
Debt impairment written off against allowance during the financial year	223 267 145	141 117 905	223 267 145	141 117 905
	(16 468 028 573)	**(13 324 906 638)**	**(16 468 028 573)**	**(13 324 906 638)**

Consumer debtors past due and impaired

The ageing of amounts past due and impaired is as follows:

0-30 Days	934 906 267	675 937 777	934 906 267	675 937 777
31-60 Days	238 498 111	283 284 605	238 498 111	283 284 605
61-90 Days	459 754 257	422 090 073	459 754 257	422 090 073
91-120 Days	310 569 724	284 615 217	310 569 724	284 615 217
121-150 Days	354 825 972	259 654 527	354 825 972	259 654 527
151-180 Days	281 046 582	329 294 231	281 046 582	329 294 231
181-365 Days	1 969 511 174	2 115 414 278	1 969 511 174	2 115 414 278
Above 365 Days	11 918 916 486	8 954 615 930	11 918 916 486	8 954 615 930
	16 468 028 573	**13 324 906 638**	**16 468 028 573**	**13 324 906 638**

Consumer debtors past due and not impaired

Consumer debtors past due and not impaired	-	-	-	-

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

6. Other receivables from exchange and non-exchange transactions

Other receivables from exchange transactions				
Financial instruments				
Overpayment to creditors	31 271 153	31 271 153	31 271 153	31 271 153
Trade debtors	1 889 277	1 588 423	-	-
Deposits	1 681 185	1 642 979	-	-
Sundry rentals	502 118 719	484 875 366	502 316 431	485 073 001
Sundry debtors	944 773 653	598 001 841	944 773 653	628 996 735
Miscellaneous	302 547 399	293 283 156	301 811 735	292 854 309
	1 784 281 386	1 410 662 918	1 780 172 972	1 438 195 198
Other receivables from exchange transactions				
Non - Financial instruments				
Lease revenue	27 150 807	27 653 220	27 150 807	27 653 220
Pre-payment Sanral	113 323 994	113 323 994	113 323 994	113 323 994
Prepayments	1 245 753	89 548	-	-
	3 679 012 173	2 931 121 445	140 474 801	140 977 214
Other receivables from exchange transactions	1 784 281 386	1 410 662 918	1 920 647 773	1 579 172 412
Impairment allowance: Exchange	(1 103 925 784)	(874 066 762)	(1 102 304 675)	(872 530 510)
	822 076 156	**677 662 918**	**818 343 098**	**706 641 902**

Other receivables from non-exchange transactions				
AARTO fine debtor	595 205 627	485 005 618	595 205 627	485 005 618
Public contributions and subsidies	141 264 620	141 264 620	141 264 620	141 264 620
Year End Grant debtor	28 560 319	295 250 569	28 560 319	295 250 569
	765 030 566	921 520 807	765 030 566	921 520 807
Impairment: Non-exchange	(516 062 043)	(443 986 732)	(516 062 043)	(443 986 732)
	248 968 523	**477 534 075**	**248 968 523**	**477 534 075**

Reconciliation of other receivables allowance				
Opening balance	(1 318 053 494)	(1 597 942 291)	(1 316 517 242)	(1 596 484 940)
Impairment adjustment at year end	(81 970 159)	441 146 706	(81 970 159)	441 146 706
Contribution to allowance (monthly contribution)	(435 784 463)	(1 151 455 356)	(434 387 336)	(1 150 135 869)
Write off against allowance	1 189 390	2 645 377	-	1 525 305
Correction contribution allowance	214 508 019	(166 381 373)	214 508 019	(166 381 373)
Corrections of write off's against allowance	-	1 153 812 929	-	1 153 812 929
Amounts recovered	122 880	120 514	-	-
	(1 619 987 827)	**(1 318 053 494)**	**(1 618 366 718)**	**(1 316 517 242)**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

6. Other receivables from exchange and non-exchange transactions (continued)

Sundry rentals past due and impaired

The ageing of amounts past due but not impaired is as follows:

0-30 Days	12 022 362	10 470 506	12 022 362	10 470 506
31-60 Days	6 163 901	5 092 071	6 163 901	5 092 071
61-90 Days	5 777 622	4 774 660	5 777 622	4 774 660
91-120 Days	5 981 202	4 543 819	5 981 202	4 543 819
121-150 Days	5 061 264	31 156 658	5 061 264	31 156 658
151-180 Days	26 278 238	24 519 196	26 278 238	24 519 196
181-365 Days	3 623 420	4 176 196	3 623 420	4 176 196
Above 365 Days	322 696 911	285 678 165	322 696 911	285 678 165
	387 604 920	**370 411 271**	**387 604 920**	**370 411 271**

Sundry rentals past due and not impaired

Sundry rentals past due and not impaired	-	-	-	-

AARTO - Past due and impaired

0-30 Days	5 128 145	2 924 158	5 128 145	2 924 158
31-60 Days	6 351 898	4 489 751	6 351 898	4 489 751
61-90 Days	4 520 419	3 710 901	4 520 419	3 710 901
91-120 Days	5 668 590	4 221 605	5 668 590	4 221 605
121-150 Days	5 179 106	4 561 918	5 179 106	4 561 918
151-180 Days	4 322 341	4 448 938	4 322 341	4 448 938
181-365 Days	27 991 141	22 198 743	27 991 141	22 198 743
Above 365 Days	315 635 782	256 166 097	315 635 782	256 166 097
	374 797 422	**302 722 111**	**374 797 422**	**302 722 111**

AARTO - Past due and not impaired

AARTO - past due and not impaired	-	-	-	-

Sundry debtors past due and impaired

0-30 Days	22 885 472	24 812 226	22 885 472	24 812 226
31-60 Days	2 674 390	13 735 113	2 674 390	13 735 113
61-90 Days	36 251 771	25 301 909	36 251 771	25 301 909
91-120 Days	560 792	9 592 678	560 792	9 592 678
121-150 Days	7 525 390	2 987 092	7 525 390	2 987 092
151-180 Days	17 911 379	16 497 239	17 911 379	16 497 239
181-365 Days	179 200 008	109 957 264	179 200 008	109 957 264
Above 365 Days	343 048 207	250 922 168	343 048 207	250 922 168
	610 057 409	**453 805 689**	**610 057 409**	**453 805 689**

Sundry debtors past due but not impaired

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

6. Other receivables from exchange and non-exchange transactions (continued)

Sundry debtors past due and not impaired	-	-	-	-

7. Long-term receivables

Financial instruments measured at amortised cost:

	Group 2023	Group 2022	Municipality 2023	Municipality 2022
Consumer: Arrangement debtors (refer to note 5)	282 922 469	413 809 189	282 922 469	413 809 189
Housing loans	11 794 759	11 157 377	11 794 759	11 157 377
Loan to sport clubs	955 216	937 106	955 216	937 106
Sale of land	70 983 319	70 365 009	70 983 319	70 365 009
Non-current portion of long-term receivables	366 655 763	496 268 681	366 655 763	496 268 681
Current portion of long-term receivables	(177 873 136)	(319 764 045)	(177 873 136)	(319 764 045)
Impairment allowance	(3 802 250)	(3 548 256)	(3 802 250)	(3 548 256)
Net long-term receivables	**184 980 377**	**172 956 380**	**184 980 377**	**172 956 380**

	Group 2023	Group 2022	Municipality 2023	Municipality 2022
Reconciliation of impairment allowance				
Balance at the beginning of year	(3 548 256)	(74 188 644)	(3 548 256)	(74 188 644)
Contributions to allowance (monthly)	(2 742 470)	(82 706 042)	(2 742 470)	(82 706 042)
Adjustment to contribution - review of impairment	2 488 476	153 346 430	2 488 476	153 346 430
	(3 802 250)	**(3 548 256)**	**(3 802 250)**	**(3 548 256)**

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 the lease term agreement and the Club has no claim to the improvements made to the facility 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 indicate the amount of the deposit (10%) and VAT (14% up to March 2018, and 15% from 1 April 2018) issued. 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.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

7. Long-term receivables (continued)

Long term receivables general information

Long term receivables ageing

0 - 30 Days	362 598	20 436 189	362 598	20 436 189
31 - 60 Days	120 866	20 382 202	120 866	20 382 202
61 - 90 Days	120 866	268 727	120 866	268 727
91 - 120 Days	120 866	235 033	120 866	235 033
121 - 150 Days	120 866	205 107	120 866	205 107
151 - 180 Days	543 013	775 895	543 013	775 895
181 - 365 Days	90 502	667 089	90 502	667 089
365+ Days	11 300 963	14 235 908	11 300 963	14 235 908
	12 780 540	**57 206 150**	**12 780 540**	**57 206 150**

Long term receivables past due and impaired

0 - 30 Days	96 804	29 713	96 804	29 713
31 - 60 Days	32 998	23 989	32 998	23 989
61 - 90 Days	33 323	24 970	33 323	24 970
91 - 120 Days	33 653	21 639	33 653	21 639
121 - 150 Days	33 991	22 077	33 991	22 077
151 - 180 Days	154 256	135 291	154 256	135 291
181 - 365 Days	26 935	26 486	26 935	26 486
365+ Days	3 390 289	3 264 091	3 390 289	3 264 091
	3 802 249	**3 548 256**	**3 802 249**	**3 548 256**

Long term receivables past due and not impaired

0 - 30 Days	265 794	20 406 476	265 794	20 406 476
31 - 60 Days	87 868	20 358 213	87 868	20 358 213
61 - 90 Days	87 543	243 758	87 543	243 758
91 - 120 Days	87 213	213 394	87 213	213 394
121 - 150 Days	86 875	183 030	86 875	183 030
151 - 180 Days	388 756	640 604	388 756	640 604
181 - 365 Days	63 567	640 604	63 567	640 604
365+ Days	7 910 674	10 971 817	7 910 674	10 971 817
	8 978 290	**53 657 896**	**8 978 290**	**53 657 896**

8. Operating lease

Non-current liabilities	(204 666)	(709 414)	-	-
Current liabilities	(810 296)	(396 340)	-	-
	(1 014 962)	**(1 105 754)**	**-**	**-**

Operating lease expense	27 011 339	9 672 795	22 749 706	6 438 932

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

8. Operating lease (continued)

Minimum lease payments due				
- within one year	22 566 668	12 206 945	17 599 698	7 179 096
- in second to fifth year inclusive	26 305 285	7 955 569	24 984 341	1 667 654
	48 871 953	**20 162 514**	**42 584 039**	**8 846 750**

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 fee which shall be reduced by 75% (seventy five percent) of the specified amount therein.

TEDA

Operating lease commitment is the rental of offices used by TEDA situated at: 3rd Floor, Lakeview building, 1277 Mike Crawford Road, Centurion effective from 1st November 2019 for a period of 5 years. TEDA was previously located at 5th Floor; The Anker Building; 1279 Mike Crawford Road; Centurion for the period of three years which ended on the 31st October 2019. No contingent rent is payable.

HCT

The entity entered into a lease with Dalitso Business Equipment for the copier machines and the lease was negotiated for a 3 year term commencing from 01 September 2020 to 31 August 2023. The lease payments for the period amounts to R150,552. At the end of the lease the machine reverts back to the owner Dalitso Business Equipment. The entity also entered into the lease with SKG Towers (Pty) Ltd for the rental of Office space and the lease was negotiated for the period of 3 years, commencing from 01 October 2021 to 31 September 2024. The SKG lease payments amounts to R4,111,081. The total operating lease payments amounts to R4,261,633.

9. Redemption fund

The City has in place a Redemption fund that is generally known as a Sinking fund. The objective of the Sinking fund is to make provisions for the redemption of the City’s bullet loans and repayment of bond liabilities when they fall due. The Sinking Fund is a ring-fenced pool of funds that arises from contributions by the City and investment income from the same fund (margin call, FFO collateral, and the interest rate swaps) that serve to provide capital to repay bullet loans and bond liabilities when they fall due.

Some of the benefits of having a Sinking Fund are:

- Mitigation of Liquidity Risk: The fund removes the need to raise money in the debt capital markets to repay long-term debt.
- Reduced cost of funding, and
- Enhancing the City's credit rating status by lowering levels of both net direct risk and net overall risk which are actively monitored by Rating Agencies.

The City of Tshwane has a redemption fund account (fixed deposit account) held at Nedbank. The City recently benefited from the redemption fund when it repaid one of its bonds (R830 000 000) that matured on the 3rd of April 2023.

A liability swap is a financial derivative consisting of an interest rate swap used to change the interest rate exposure assumed by a party to the transaction, the liability that arises from exposure to a particular interest rate structure.

Generally, liability swaps involve exchanging a fixed rate for a floating rate. This simply means that if interest rates decline below the fixed rate, then the City will report the swap as a liability on its balance sheet at fair value.

The fair value of the swap is the net difference between the fixed interest rate and the floating interest rate legs with liability losses being generated through an accounting entry rather than the actual sale of an asset or security.

It must be noted that the forward interest rates utilized in swap contracts are variable and are projected based on the swap zero rates stripped out of the swap curve compiled by the Johannesburg Stock Exchange (JSE) and can only be accessed by subscription on the JSE.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

9. Redemption fund (continued)

Financial assets measured at fair value				
Cash collateral - FFO Securities (Pty) Ltd	15 435 138	14 621 844	15 435 138	14 621 844
Margin call collateral investment	192 460 000	-	192 460 000	-
Non-current assets	**207 895 138**	**14 621 844**	**207 895 138**	**14 621 844**
Total Assets	**207 895 138**	**14 621 844**	**207 895 138**	**14 621 844**
Financial liabilities measured at fair value				
Swaps	(247 075 556)	(162 174 781)	(247 075 556)	(162 174 781)
Non-current liability	**(247 075 556)**	**(162 174 781)**	**(247 075 556)**	**(162 174 781)**

30 June 2023	**Fair value**	**Estimated fair value gain/(loss)**
Assets: other financial assets - redemption fund	(39 180 418)	(84 900 775)

30 June 2022	**Fair value**	**Estimated fair value gain/(loss)**
Assets: other financial assets - redemption fund	147 552 937	(65 755 942)

Reconciliation of cash flow movement on redemption fund asset				
Opening balance - Current	14 662 998	25 243 356	14 662 998	25 243 356
Opening balance - Non-current	-	413 658 520	-	413 658 520
	14 662 998	438 901 876	14 662 998	438 901 876
Withdrawal	-	(398 995 522)	-	(398 995 522)
Investment	178 610 296	-	178 610 296	-
Non-cash	-	(25 243 356)	-	(25 243 356)
	193 273 294	**14 662 998**	**193 273 294**	**14 662 998**
Closing balance				
Current	-	-	-	-
Non-current	207 895 138	14 621 844	207 895 138	14 621 844
	207 895 138	**14 621 844**	**207 895 138**	**14 621 844**
Reconciliation of cash flow movement on redemption fund liability				
Opening balance	(162 174 781)	-	(162 174 781)	-
Fair value adjustment	(84 900 775)	(162 174 781)	(84 900 775)	(162 174 781)
	(247 075 556)	**(162 174 781)**	**(247 075 556)**	**(162 174 781)**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

10. Current tax receivable

Balance at beginning of the period	(176 480)	(1 671 882)	-	-
Current tax for the period recognised in surplus or deficit	-	1 531 909	-	-
Provisional tax paid	(445 583)	(1 900 739)	-	-
Normal income tax refund from SARS	-	1 864 232	-	-
	(622 063)	**(176 480)**	**-**	**-**

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	663 921	654 345	661 985	651 735
Cashbook balances	248 762 094	247 161 641	206 997 984	216 830 077
Short-term deposits	8 516 056	12 433 923	-	-
Cash and bank (per statement of financial position)	**257 942 071**	**260 249 909**	**207 659 969**	**217 481 812**

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	257 942 071	260 249 909	207 659 969	217 481 812
Short-term investments (highly liquid) (refer to note 4)	577 835 946	708 828 349	577 835 946	708 828 349
Cash and cash equivalents (per cash flow statement)	**835 778 017**	**969 078 258**	**785 495 915**	**926 310 161**

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Absa - 4060738263	71 181 344	126 227 172	42 256 209	78 614 920
FNB - 51420107207	26 348 477	33 314 442	26 348 477	33 013 079
Standard - 410801453	63 695 520	50 282 434	63 404 535	49 405 727
Tshwane Market-Absa - 4068829119	68 997 808	4 062 488	68 997 808	40 062 488
Nedbank-1454121963	5 990 955	15 736 198	5 990 955	15 733 863
Total	**236 214 104**	**229 622 734**	**206 997 984**	**216 830 077**

TEDA had the following bank accounts

Account number / description	**Bank statement balances**		**Cash book balances**	
	30 June 2023	**30 June 2022**	**30 June 2023**	**30 June 2022**
Absa Bank - Account Type- Primary Account - 4093241083	3 072 399	9 474 529	3 072 399	9 474 529
Investec Bank- Investment Account-1100521102531	5 062 750	4 727 324	5 062 750	4 727 324
Total	**8 135 149**	**14 201 853**	**8 135 149**	**14 201 853**

TEDA is a municipal entity controlled by the City of Tshwane Metropolitan Municipality which monitors and control the use of available funds and the operational grant limited to the approved business plan.

*The entity has a primary bank account with Absa bank which is used to meet the entity's obligations.
^The entity has a short-term deposit account with Investec Bank.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

11. Cash and cash equivalents (continued)

HCT had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2023	**30 June 2022**	**30 June 2023**	**30 June 2022**
9110 408 066 - Eloff deposit	428 994	233 789	428 994	233 789
4065 722 829 - Eloff cheque	696 022	1 321 128	696 022	1 321 128
4057 481 879 - Cheque	5 592 419	12 171 768	5 592 419	12 171 768
4091 569 887 - Townlands phase 1	31 701 291	3 879 894	31 701 291	3 879 894
4101 588 183 - Townlands phase 2	272 984	3 250 456	272 984	3 250 456
10089094-ZAR-2201-01 Tenants deposit call	2 050 578	1 341 540	2 050 578	1 341 540
10372656-ZAR-2201-01 Call deposit	1 006 657	1 003 781	1 006 657	1 003 781
10810943-ZAR-2201-01 Call deposit - maintenance reserve	396 070	5 361 278	396 070	5 361 278
Total	**42 145 015**	**28 563 634**	**42 145 015**	**28 563 634**

12. Living resources

Group	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Animals	603 222	(301 443)	301 779	621 428	(298 160)	323 268

Municipality	2023			2022		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Animals	603 222	(301 443)	301 779	621 428	(298 160)	323 268

Reconciliation of living resources - Group - 2023

	Opening balance	Fair value gain on initial recognition of asset	Disposals	Depreciation	Total
Animals	323 268	45 463	(30 466)	(36 486)	301 779

Reconciliation of living resources - Group - 2022

	Opening balance	Fair value gain on initial recognition of asset	Disposals	Depreciation	Total
Animals	323 815	70 431	(30 011)	(40 967)	323 268

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

12. Living resources (continued)

Reconciliation of living resources - Municipality - 2023

	Opening balance	Fair value gain on initial recognition of asset	Disposals	Depreciation	Total
Animals	323 268	45 463	(30 466)	(36 486)	301 779

Reconciliation of living resources - Municipality - 2022

	Opening balance	Fair value gain on initial recognition of asset	Disposals	Depreciation	Total
Animals	323 815	70 431	(30 011)	(40 967)	323 268

Animals consist of animals kept and maintained for recreational purposes i.e. cattle, poultry, fellow deer, goats, horses, pigs and sheep, as well as service animals i.e. dogs and horses.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

12. Living resources (continued)

Change in estimates

The effect of changing the remaining useful lives during 2022/2023 has decreased the depreciation charge for the current and future periods. The total number of assets affected is 11 (2021/2022: 5).

Effect change in estimates				
Animals	3 699	1 323	3 699	1 323

Change in estimate

The effect of changing the remaining useful lives during 2022/2023 has decreased the depreciation charge for the current and future periods. The total number of assets affected is 7 (2021/2022: 20).

Effect change in estimates				
Buildings	40 694	9 513	40 694	9 513

13. Investment property

Group	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	944 932 704	(4 691 147)	940 241 557	945 405 067	-	945 405 067
Investment property	339 897 948	(241 174 372)	98 723 576	340 087 946	(237 379 501)	102 708 445
Community service concession agreement	1 166 133 414	(139 723 017)	1 026 410 397	1 166 133 414	(100 851 903)	1 065 281 511
Total	**2 450 964 066**	**(385 588 536)**	**2 065 375 530**	**2 451 626 427**	**(338 231 404)**	**2 113 395 023**

Municipality	2023			2022		
	Cost	Accumulated depreciation/ Accumulated impairment	Carrying value	Cost	Accumulated depreciation/ Accumulated impairment	Carrying value
Land	944 932 704	(4 691 147)	940 241 557	945 405 067	-	945 405 067
Buildings	339 897 948	(241 390 986)	98 506 962	340 087 946	(237 657 021)	102 430 925
Community service concession agreement	1 166 133 414	(139 506 403)	1 026 627 011	1 166 133 414	(100 574 383)	1 065 559 031
Total	**2 450 964 066**	**(385 588 536)**	**2 065 375 530**	**2 451 626 427**	**(338 231 404)**	**2 113 395 023**

Reconciliation of investment property - Group - 2023

	Opening balance	Disposals	Impairments	Depreciation	Total
Land	945 405 067	(472 363)	(4 691 147)	-	940 241 557
Buildings	102 708 445	(97 184)	-	(3 887 685)	98 723 576
Community service concession agreement	1 065 281 511	-	-	(38 871 114)	1 026 410 397
	2 113 395 023	**(569 547)**	**(4 691 147)**	**(42 758 799)**	**2 065 375 530**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

13. Investment property (continued)

Reconciliation of investment property - Group - 2022

	Opening balance	Disposals	Impairments	Depreciation	Total
Land	945 890 582	(485 515)	-	-	945 405 067
Buildings	137 366 903	-	(30 728 100)	(3 930 358)	102 708 445
Community service concession agreement	1 104 152 624	-	-	(38 871 113)	1 065 281 511
	2 187 410 109	**(485 515)**	**(30 728 100)**	**(42 801 471)**	**2 113 395 023**

Reconciliation of investment property - Municipality - 2023

	Opening balance	Additions	Disposals	Impairments	Depreciation	Total
Land	945 405 067	-	(472 363)	(4 691 147)	-	940 241 557
Buildings	102 708 445	-	(97 184)	-	(3 887 686)	98 723 575
Community service concession agreement	1 065 281 511	-	-	-	(38 871 113)	1 026 410 398
	2 113 395 023	**-**	**(569 547)**	**(4 691 147)**	**(42 758 799)**	**2 065 375 530**

Reconciliation of investment property - Municipality - 2022

	Opening balance	Additions	Disposals	Impairments	Depreciation	Total
Land	945 890 582	-	(485 515)	-	-	945 405 067
Buildings	137 366 903	-	-	(30 728 100)	(3 930 358)	102 708 445
Community service concession agreement	1 104 152 624	-	-	-	(38 871 113)	1 065 281 511
	2 187 410 109	**-**	**(485 515)**	**(30 728 100)**	**(42 801 471)**	**2 113 395 023**

	Group 2023	Group 2022	Municipality 2023	Municipality 2022
Expenditure incurred to repair and maintain investment property				
General expenses	605 039	765 063	605 039	765 063
Carrying value of investment property where construction or development has been halted either during the current or previous reporting period(s)				
Management decision to discontinue project, referred for forensic investigation	30 757 050	-	30 757 050	-

Amounts recognised in surplus or deficit

Rental revenue from Investment property	-	95 008 442	-	95 008 442

Included in Investment property is assets under construction:

13. Investment property (continued)

2023	Included within Land	Included within Buildings	Total
Opening balance	35 000 000	30 757 049	65 757 049
Disposal	-	-	-
Transfers	-	-	-
Impairment	-	-	-
	35 000 000	**30 757 049**	**65 757 049**

2022	Included within Land	Included within Buildings	Total
Opening balance	35 000 000	61 485 149	96 485 149
Disposal	-	-	-
Transfers	-	-	-
Impairment	-	(30 728 100)	(30 728 100)
	35 000 000	**30 757 049**	**65 757 049**

14. Property, plant and equipment

Group	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	2 097 584 343	(3 122 427)	2 094 461 916	2 092 896 516	-	2 092 896 516
Buildings	2 974 264 776	(1 083 779 987)	1 890 484 789	2 786 894 714	(1 040 802 046)	1 746 092 668
Transport assets	1 475 547 197	(917 738 716)	557 808 481	1 347 059 337	(810 894 093)	536 165 244
Infrastructure	69 905 508 035	(28 890 817 942)	41 014 690 093	68 307 227 779	(26 959 115 080)	41 348 112 699
Community	6 872 618 020	(3 726 679 085)	3 145 938 935	6 762 048 025	(3 435 131 331)	3 326 916 694
Other property, plant and equipment	2 525 652 916	(2 178 649 137)	347 003 779	2 583 478 738	(2 085 358 006)	498 120 732
Tshwane house	1 129 911 631	(232 262 595)	897 649 036	1 129 911 631	(194 598 278)	935 313 353
Laboratory equipment	2 253 708 546	(1 108 557 572)	1 145 150 974	2 218 687 233	(1 047 788 994)	1 170 898 239
Leased assets	1 423 042 762	(1 345 425 839)	77 616 923	1 449 304 289	(1 221 859 818)	227 444 471
Total	**90 657 838 226**	**(39 487 033 300)**	**51 170 804 926**	**88 677 508 262**	**(36 795 547 646)**	**51 881 960 616**

14. Property, plant and equipment (continued)

Municipality	2023			2022		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	2 092 884 343	(3 122 427)	2 089 761 916	2 088 796 516	-	2 088 796 516
Buildings	2 015 149 982	(1 082 922 785)	932 227 197	2 035 810 327	(1 037 823 319)	997 987 008
Transport assets	1 473 191 692	(915 957 099)	557 234 593	1 344 617 854	(809 181 839)	535 436 015
Infrastructure	69 905 508 035	(28 890 817 942)	41 014 690 093	68 307 227 779	(26 959 115 080)	41 348 112 699
Community	6 872 618 020	(3 726 679 085)	3 145 938 935	6 762 048 025	(3 435 131 331)	3 326 916 694
Other property, plant and equipment	2 513 241 531	(2 172 486 315)	340 755 216	2 571 965 406	(2 079 506 403)	492 459 003
Tshwane house	1 129 911 631	(232 262 595)	897 649 036	1 129 911 631	(194 598 278)	935 313 353
Housing assets	2 253 708 546	(1 108 557 572)	1 145 150 974	2 218 687 233	(1 047 788 994)	1 170 898 239
Leased assets	1 422 833 725	(1 345 236 766)	77 596 959	1 449 095 252	(1 221 677 400)	227 417 852
Total	**89 679 047 505**	**(39 478 042 586)**	**50 201 004 919**	**87 908 160 023**	**(36 784 822 644)**	**51 123 337 379**

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

14. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2023

	Opening balance	Additions	Fair value at initial recognition	Disposals	Revaluations	Movement due to change in estimate	Depreciation	Impairment loss	Total
Land	2 092 896 516	9 767 174	160 000	(5 839 347)	600 000	-	-	(3 122 427)	2 094 461 916
Buildings	1 746 092 668	210 886 527	-	(9 456 589)	1 432 558	-	(58 470 375)	-	1 890 484 789
Transport assets	536 165 244	123 122 286	5 548 302	-	-	-	(107 027 351)	-	557 808 481
Infrastructure	41 348 112 699	1 646 717 631	5 771 349	(39 310 170)	-	-	(1 761 184 733)	(185 416 683)	41 014 690 093
Community	3 326 916 694	119 062 479	-	(4 175 094)	-	-	(258 761 451)	(37 103 693)	3 145 938 935
Other property, plant and equipment	498 120 732	94 936 036	3 889 560	(937 455)	-	(149 642 252)	(99 362 842)	-	347 003 779
Tshwane house	935 313 353	-	-	-	-	-	(37 664 317)	-	897 649 036
Housing assets	1 170 898 239	38 018 013	-	(1 258 035)	-	-	(62 507 243)	-	1 145 150 974
Leased assets	227 444 471	-	-	(68 935 999)	-	-	(80 891 549)	-	77 616 923
	51 881 960 616	**2 242 510 146**	**15 369 211**	**(129 912 689)**	**2 032 558**	**(149 642 252)**	**(2 465 869 861)**	**(225 642 803)**	**51 170 804 926**

14. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2022

	Opening balance	Additions	Fair value at initial recognition	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	2 194 229 266	67 000	-	(104 106 750)	2 707 000	-	-	2 092 896 516
Buildings	1 487 343 925	283 713 084	-	(4 160 790)	47 649 231	(65 748 004)	(2 704 778)	1 746 092 668
Transport assets	622 560 331	30 566 882	-	(641 731)	(6 825 600)	(109 494 638)	-	536 165 244
Infrastructure	41 668 578 102	2 069 926 379	11 510 349	(220 629 871)	(266 935)	(1 935 729 871)	(245 275 454)	41 348 112 699
Community	3 554 606 923	182 824 904	-	(79 103 533)	2 238 611	(318 753 699)	(14 896 512)	3 326 916 694
Other property, plant and equipment	477 123 968	169 974 908	15 768 732	(6 667 399)	(45 502 307)	(111 503 106)	(1 074 064)	498 120 732
Tshwane house	972 977 671	-	-	-	-	(37 664 318)	-	935 313 353
Housing assets	1 068 591 152	173 539 129	-	(1 556 011)	-	(69 676 031)	-	1 170 898 239
Leased assets	345 637 296	91 761 539	-	-	-	(209 954 364)	-	227 444 471
	52 391 648 634	**3 002 373 825**	**27 279 081**	**(416 866 085)**	**-**	**(2 858 524 031)**	**(263 950 808)**	**51 881 960 616**

14. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Municipality - 2023

	Opening balance	Additions	Fair value at initial recognition	Disposals	Movement due to change in estimate	Depreciation	Impairment loss	Total
Land	2 088 796 516	9 767 174	160 000	(5 839 347)	-	-	(3 122 427)	2 089 761 916
Buildings	997 987 008	1 256 121	-	(9 456 589)	-	(57 559 343)	-	932 227 197
Transport assets	535 436 015	123 025 536	5 548 302	-	-	(106 775 260)	-	557 234 593
Infrastructure	41 348 112 699	1 646 460 642	5 771 349	(39 053 181)	-	(1 761 184 733)	(185 416 683)	41 014 690 093
Community	3 326 916 694	119 062 479	-	(4 175 094)	-	(258 761 451)	(37 103 693)	3 145 938 935
Other property, plant and equipment	492 459 003	93 304 055	3 889 560	(708 725)	(149 642 252)	(98 546 425)	-	340 755 216
Tshwane house	935 313 353	-	-	-	-	(37 664 317)	-	897 649 036
Housing assets	1 170 898 239	38 018 013	-	(1 258 035)	-	(62 507 243)	-	1 145 150 974
Leased assets	227 417 852	-	-	(68 935 999)	-	(80 884 894)	-	77 596 959
	51 123 337 379	**2 030 894 020**	**15 369 211**	**(129 426 970)**	**(149 642 252)**	**(2 463 883 666)**	**(225 642 803)**	**50 201 004 919**

Reconciliation of property, plant and equipment - Municipality - 2022

	Opening balance	Additions	Fair value at initial recognition	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	2 190 129 266	67 000	-	(104 106 750)	2 707 000	-	-	2 088 796 516
Buildings	975 750 232	44 963 400	-	(4 160 790)	47 649 231	(63 510 287)	(2 704 778)	997 987 008
Transport assets	621 581 398	30 566 882	-	(641 731)	(6 825 600)	(109 244 934)	-	535 436 015
Infrastructure	41 668 578 102	2 069 926 379	11 510 349	(220 629 871)	(266 935)	(1 935 729 871)	(245 275 454)	41 348 112 699
Community	3 554 606 923	182 824 904	-	(79 103 533)	2 238 611	(318 753 699)	(14 896 512)	3 326 916 694
Other property, plant and equipment	470 686 184	169 670 702	15 768 732	(6 447 895)	(45 502 307)	(110 642 349)	(1 074 064)	492 459 003
Tshwane house	972 977 671	-	-	-	-	(37 664 318)	-	935 313 353
Housing assets	1 068 591 152	173 539 129	-	(1 556 011)	-	(69 676 031)	-	1 170 898 239
Leased assets	345 541 068	91 761 539	-	-	-	(209 884 755)	-	227 417 852
	51 868 441 996	**2 763 319 935**	**27 279 081**	**(416 646 581)**	**-**	**(2 855 106 244)**	**(263 950 808)**	**51 123 337 379**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

14. Property, plant and equipment (continued)

Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)

Cumulative expenditure recognised in the carrying value of property, plant and equipment that has been halted				
Acquisition cancelled, awaiting refund	5 580 810	-	5 580 810	-
Awaiting appointment of contractor/consultant	263 276	-	263 276	-
Awaiting replacement of additional components to complete the asset	3 217 196	-	3 217 196	-
Awaiting site identification to install equipment	584 589	-	584 589	-
Budget Constraints	104 521 220	129 474 771	104 521 220	129 474 771
Bulk water shortage	3 867 451	-	3 867 451	-
Components subject to modification	1 071 394	-	1 071 394	-
Contract terminated	304 072 671	-	304 072 671	-
Contractors issues/abandoned site	53 083 168	1 886 217	53 083 168	1 886 217
Contractual dispute	-	58 065 454	-	58 065 454
Encroachment dispute	-	16 549 357	-	16 549 357
Delays caused contractor	1 269 686	-	1 269 686	-
Funds utilised for other purposes	6 723 384	-	6 723 384	-
Lack of material at stores	13 595 321	-	13 595 321	-
Project under dispute - Legal process awaiting judgement	42 443 429	-	42 443 429	-
Unavailability of construction tender	1 630 073	-	1 630 073	-
Wayleave application not approved	7 550	-	7 550	-
Timberlands - contract terminated by contractor	1 312 503	-	-	-
Townlands - project under construction	92 279 604	211 572 306	-	-
Chantelle - project under construction	48 038 299	27 177 288	-	-
	683 561 624	**444 725 393**	**541 931 218**	**205 975 799**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

14. Property, plant and equipment (continued)

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

Additional scope of work	235 055 107	-	235 055 107	-
Appointment of Safety Agent	24 992 211	-	24 992 211	-
Arbitration	93 813 642	28 826 153	93 813 642	28 826 153
Assessment of works required outstanding	160 240	-	160 240	-
Awaiting appointment of contractor / consultants	29 795 123	35 210 260	29 795 123	35 210 260
Awaiting building plan approval	199 194 546	-	199 194 546	-
Awaiting equipment from manufacturer	36 348 338	-	36 348 338	-
Awaiting registration of servitude	450 000	-	450 000	-
Awaiting rezoning of land	-	1 527 389	-	1 527 389
Awaiting service connection	15 528 045	167 166 918	15 528 045	167 166 918
Awaiting site identification to install equipment	98 231	98 231	98 231	98 231
Budget constraints and community unrest	3 915 651	-	3 915 651	-
Budget contraints	447 726 428	351 712 136	447 726 428	351 712 136
Bulk water shortage	47 668 442	251 594 106	47 668 442	251 594 106
Community protest/unrest	15 558 339	101 851	15 558 339	101 851
Contract lapsed	83 694 400	-	83 694 400	-
Contractor failed to rectify defects	-	505 324	-	505 324
Contract terminated	192 991 405	262 029 092	192 991 405	262 029 092
Contractor's contract lapsed/delay in ESKOM Connection	322 637 570	-	322 637 570	-
Contractors issues/abandoned site	27 208 344	4 301 274	27 208 344	4 301 274
Delay caused by contractor	-	404 312 577	-	404 312 577
Delay in road expansion project	392 490	-	392 490	-
Dependent on Civil Works contract to commence with building work	19 220 313	165 872 296	19 220 313	165 872 296
Dependent on ESKOM connection	264 150	-	264 150	-
Dispute over invoice awaiting BAC approval	22 679 684	-	22 679 684	-
Designs not yet approved	-	6 145 844	-	6 145 844
Eviction required	-	700 402	-	700 402
Forensic Investigation	13 517 000	-	13 517 000	-
Funds utilised for other purposes	7 311 324	-	7 311 324	-
Holistic transport study done	-	46 395 826	-	46 395 826
Interdepartmental dependencies	-	70 948 140	-	70 948 140
Lack of material at stores	384 238	-	384 238	-
Pending decision on land by Department of Agriculture	-	31 281 882	-	31 281 882
Project under dispute - Legal process awaiting judgement	-	43 265 094	-	43 265 094
Poor performance of contrator	174 899 617	-	174 899 617	-
Project material used in an emergency maintenance project.	597 677	-	597 677	-
Tender delay	-	675 772	-	675 772
Unavailability of construction tender	-	209 152	-	209 152
Unfavourable ground conditions	-	456 504 166	-	456 504 166
	2 016 102 555	**2 329 383 885**	**2 016 102 555**	**2 329 383 885**

14. Property, plant and equipment (continued)

Included in Property, plant and equipment under construction Group - 2023

	Included within Land	Included within Buildings	Included within Transport Assets	Included within Infrastructure	Included within Community	Included within Housing assets	Included within Other PPE	Total
Opening balance	76 421 679	178 190 001	9 785 659	9 216 694 494	547 235 044	291 064 128	758 250 529	11 077 641 534
Additions/capital expenditure	9 767 174	1 304 158	102 435 361	1 600 381 705	113 325 542	38 018 013	141 630 406	2 006 862 359
Disposal	-	-	-	-	-	-	(25 800 000)	(25 800 000)
Transfers	-	-	(8 843 629)	(337 753 577)	(1 643 226)	-	(8 134 559)	(356 374 991)
Impairment	-	-	-	(48 803 075)	(25 967 599)	-	-	(74 770 674)
	86 188 853	**179 494 159**	**103 377 391**	**10 430 519 547**	**632 949 761**	**329 082 141**	**865 946 376**	**12 627 558 228**

Included in Property, plant and equipment under construction Group - 2022

	Included within Land	Included within Buildings	Included within Transport Assets	Included within Infrastructure	Included within Community	Included within Housing assets	Included within Other PPE	Total
Opening balance	76 421 679	135 949 684	147 981 828	7 982 100 843	422 242 935	117 524 999	603 830 855	9 486 052 823
Additions/capital expenditure	-	44 963 400	2 215 501	1 904 196 749	181 444 430	173 539 129	251 200 864	2 557 560 073
Disposal	-	-	-	-	(130 156)	-	(396 000)	(526 156)
Transfers	-	-	(140 411 671)	(447 225 356)	(56 249 248)	-	(96 385 190)	(740 271 465)
Impairment	-	(2 675 046)	-	(222 377 382)	(72 917)	-	-	(225 125 345)
	76 421 679	**178 238 038**	**9 785 658**	**9 216 694 854**	**547 235 044**	**291 064 128**	**758 250 529**	**11 077 689 930**

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

14. Property, plant and equipment (continued)

Included in Property, plant and equipment under construction Municipality - 2023

	Included within Land	Included within Buildings	Included within Transport Assets	Included within Infrastructure	Included within Community	Included within Housing assets	Included within Other PPE	Total
Opening balance	76 421 679	178 238 038	9 785 659	9 216 694 494	547 235 044	291 064 128	27 073 329	10 346 512 371
Additions/capital expenditure	9 767 174	1 256 120	102 435 361	1 600 381 705	113 325 542	38 018 013	-	1 865 183 915
Disposal	-	-	-	-	-	-	-	-
Transfers	-	-	(8 843 629)	(337 753 577)	(1 643 226)	-	(8 134 559)	(356 374 991)
Impairment	-	-	-	(48 803 075)	(25 967 599)	-	-	(74 770 674)
	86 188 853	**179 494 158**	**103 377 391**	**10 430 519 547**	**632 949 761**	**329 082 141**	**18 938 770**	**11 780 550 621**

Included in Property, plant and equipment under construction Municipality - 2022

	Included within Land	Included within Buildings	Included within Transport Assets	Included within Infrastructure	Included within Community	Included within Housing assets	Included within Other PPE	Total
Opening balance	76 421 679	135 949 684	147 981 828	7 982 100 843	422 242 935	117 524 999	111 403 339	8 993 625 307
Additions/capital expenditure	-	44 963 400	2 215 501	1 904 196 749	181 444 430	173 539 129	12 451 180	2 318 810 389
Disposal	-	-	-	-	(130 156)	-	(396 000)	(526 156)
Transfers	-	-	(140 411 671)	(447 225 356)	(56 249 248)	-	(96 385 190)	(740 271 465)
Impairment	-	(2 675 046)	-	(222 377 382)	(72 917)	-	-	(225 125 345)
	76 421 679	**178 238 038**	**9 785 658**	**9 216 694 854**	**547 235 044**	**291 064 128**	**27 073 329**	**10 346 512 730**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

14. Property, plant and equipment (continued)

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance				
Contracted services	495 573 255	551 779 880	494 086 525	551 035 962
General expenses	475 547 321	422 740 121	472 650 857	420 775 872
Other materials	179 721 670	143 452 149	179 721 670	143 452 149
	1 150 842 246	**1 117 972 150**	**1 146 459 052**	**1 115 263 983**

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.

Change in estimate

The effect of changing the remaining useful lives during 2022/2023 has decreased the depreciation charge for the current and future periods. The total number of assets affected is 1 335 995 (2021/2022: 1 316 504).

Effect change in estimates				
Property plant and equipment	159 458 352	80 865 705	159 458 352	80 865 705

15. Intangible assets

Group	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 039 997 383	(401 995 780)	638 001 603	938 853 188	(358 301 532)	580 551 656
Developmental Rights	772 321	(144 251)	628 070	486 800	(135 344)	351 456
Servitudes	493 020 103	-	493 020 103	493 924 654	-	493 924 654
Total	**1 533 789 807**	**(402 140 031)**	**1 131 649 776**	**1 433 264 642**	**(358 436 876)**	**1 074 827 766**

Municipality	2023			2022		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	1 039 866 556	(401 869 939)	637 996 617	938 722 361	(358 176 938)	580 545 423
Servitudes	493 020 103	-	493 020 103	493 924 654	-	493 924 654
Total	**1 532 886 659**	**(401 869 939)**	**1 131 016 720**	**1 432 647 015**	**(358 176 938)**	**1 074 470 077**

Reconciliation of intangible assets - Group - 2023

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	580 551 656	101 144 198	-	(43 694 251)	638 001 603
Developmental Rights	351 456	285 521	-	(8 907)	628 070
Servitudes	493 924 654	-	(904 551)	-	493 020 103
	1 074 827 766	**101 429 719**	**(904 551)**	**(43 703 158)**	**1 131 649 776**

15. Intangible assets (continued)

Reconciliation of intangible assets - Group - 2022

	Opening balance	Additions	Disposals	Amortisation	Impairment loss	Total
Computer software	465 365 160	166 872 140	(10)	(51 657 027)	(28 607)	580 551 656
Developmental Rights	363 576	-	-	(12 120)	-	351 456
Servitudes	508 518 997	307 901	(14 902 244)	-	-	493 924 654
	974 247 733	**167 180 041**	**(14 902 254)**	**(51 669 147)**	**(28 607)**	**1 074 827 766**

Reconciliation of intangible assets - Municipality - 2023

	Opening balance	Additions	Disposals	Amortisation	Impairment loss	Total
Computer software	580 545 423	101 144 198	-	(43 693 004)	-	637 996 617
Servitudes	493 924 654	-	(904 551)	-	-	493 020 103
	1 074 470 077	**101 144 198**	**(904 551)**	**(43 693 004)**	**-**	**1 131 016 720**

Reconciliation of intangible assets - Municipality - 2022

	Opening balance	Additions	Disposals	Amortisation	Impairment loss	Total
Computer software	465 357 369	166 872 140	(10)	(51 655 469)	(28 607)	580 545 423
Servitudes	508 518 997	307 901	(14 902 244)	-	-	493 924 654
	973 876 366	**167 180 041**	**(14 902 254)**	**(51 655 469)**	**(28 607)**	**1 074 470 077**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

15. Intangible assets (continued)

Pledged as security

No Intangible assets have been pledged as security.

Expenditure incurred to maintain intangible assets

Computer software	89 683 388	100 728 125	89 683 388	100 728 125

Carrying value of Intangible assets that is taking a significantly longer period of time to complete than expected				
Awaiting service connections	-	2 366 679	-	2 366 679
Awaiting appointment of contractor/consultant	657 003	-	657 003	-
Additional scope of work	27 792 037	-	27 792 037	-
Delayed in finalysing SAP integration/UAT Testing	24 822 000	-	24 822 000	-
Delay caused by contractor	-	657 003	-	657 003
	53 271 040	**3 023 682**	**53 271 040**	**3 023 682**

Change in estimate

The effect of changing the remaining useful lives during 2022/2023 has decreased the depreciation charge for the current and future periods. The total number of assets affected is 84 (2021/2022: 871).

Effect change in estimates				
Software other	9 972 446	3 706 935	9 972 446	3 706 935

Included in Intangible assets under construction

2023	Included within Servitudes	Included within Software	Total
Opening balance	40 880 224	376 251 058	417 131 282
Additions/capital expenditure	-	101 144 196	101 144 196
Disposal	-	-	-
Transfers	(579 550)	(7 000 000)	(7 579 550)
	40 300 674	**470 395 254**	**510 695 928**

2022	Included within Servitudes	Included within Software	Total
Opening balance	40 680 124	221 288 486	261 968 610
Additions/capital expenditure	307 900	166 284 860	166 592 760
Disposal	-	-	-
Transfers	(107 800)	(11 322 288)	(11 430 088)
	40 880 224	**376 251 058**	**417 131 282**

16. Heritage assets

Group	2023			2022		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Works of art	471 068 232	-	471 068 232	471 068 232	-	471 068 232
Historical buildings and land	3 225 252 890	(327 788 460)	2 897 464 430	3 225 252 889	(327 788 459)	2 897 464 430
Other heritage assets	3 048 938	-	3 048 938	3 048 938	-	3 048 938
Total	**3 699 370 060**	**(327 788 460)**	**3 371 581 600**	**3 699 370 059**	**(327 788 459)**	**3 371 581 600**

Municipality	2023			2022		
	Cost	Accumulated impairment losses	Carrying value	Cost	Accumulated impairment losses	Carrying value
Works of art	471 068 232	-	471 068 232	471 068 232	-	471 068 232
Historical buildings and land	3 225 252 890	(327 788 460)	2 897 464 430	3 225 252 889	(327 788 459)	2 897 464 430
Other heritage assets	3 048 938	-	3 048 938	3 048 938	-	3 048 938
Total	**3 699 370 060**	**(327 788 460)**	**3 371 581 600**	**3 699 370 059**	**(327 788 459)**	**3 371 581 600**

Reconciliation of heritage assets Group - 2023

	Opening balance	Total
Works of art	471 068 232	471 068 232
Historical buildings and land	2 897 464 430	2 897 464 430
Other heritage assets	3 048 938	3 048 938
	3 371 581 600	**3 371 581 600**

Reconciliation of heritage assets Group - 2022

	Opening balance	Disposals	Total
Works of art	471 180 232	(112 000)	471 068 232
Historical buildings and land	2 897 464 430	-	2 897 464 430
Other heritage assets	3 048 938	-	3 048 938
	3 371 693 600	**(112 000)**	**3 371 581 600**

Reconciliation of heritage assets Municipality - 2023

	Opening balance	Disposals	Total
Works of art	471 068 232	-	471 068 232
Historical buildings and land	2 897 464 430	-	2 897 464 430
Other heritage assets	3 048 938	-	3 048 938
	3 371 581 600	**-**	**3 371 581 600**

Reconciliation of heritage assets Municipality - 2022

	Opening balance	Disposals	Total
Works of art	471 180 232	(112 000)	471 068 232

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022
16. Heritage assets (continued)				
Historical buildings and land		2 897 464 430	-	2 897 464 430
Other heritage assets		3 048 938	-	3 048 938
		3 371 693 600	**(112 000)**	**3 371 581 600**

Carrying value of Heritage asset that is taking a significantly longer period of time to complete than expected				
Budget constraints	1 512 530	-	1 512 530	-
	1 512 530	**-**	**1 512 530**	**-**

Carrying value of Heritage asset where construction or development has been halted either during the current or previous reporting period(s)				
Budget constraints	-	1 512 530	-	1 512 530

Expenditure incurred to repair and maintain heritage assets

Expenditure incurred to repair and maintain heritage assets included in Statement of Financial Performance				
General expenses	19 987 452	2 761 934	19 987 452	2 761 934

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

16. Heritage assets (continued)

Included in Heritage assets under construction

2023	Included within Other Heritage assets	Total
Opening balance	1 512 530	1 512 530
Disposal	-	-
Transfers	-	-
	1 512 530	**1 512 530**

2022	Included within Other Heritage assets	Total
Opening balance	1 512 530	1 512 530
Disposal	-	-
Transfers	-	-
	1 512 530	**1 512 530**

17. Investments in controlled entities

City of Tshwane controls 100% of two active and viable municipal entities Housing Company Tshwane (HCT) and Tshwane Economic Development Agency (TEDA).

City of Tshwane is exposed, and has rights, to variable returns from its involvement with the controlled entities and has the ability to affect those returns through its power over the controlled entities.

TEDA was established with the aim of being a catalyst for accelerated economic growth and job creation within Tshwane. It was established as a private company.

Housing Company Tshwane is wholly owned by City of Tshwane and was established as a section 21 company and mandated to act as a long term institutional vehicle through which CoT would promote the business of procuring, developing, owning, letting, maintaining and managing residential accommodation primarily for low and middle income brackets in terms of National Housing Code including provision of Social Housing (SH) products and services to SH the target market to the provision of Affordable Rental.

HCT was later converted to a Non-Profit Company (NPC). Housing Company Tshwane is 100% controlled by the City as it is established to develop and manage social / rental housing for the benefit of the residents of the City of Tshwane.

City of Tshwane accounts for Investments in municipal entities (controlled entities) at cost.

The carrying amounts of controlled entities are shown net of impairment losses.

Investment in Municipal Entity (TEDA)				
Gross Investment	-	-	1 000	1 000

Control over entity (% held)				
Housing Tshwane Company	100	100	100	100
Tshwane Economic Development Agency (Pty) Ltd	100	100	100	100

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

18. Investment in joint venture

Name of company	Listed /Unlisted	Economic Entity Carrying amount 2023	Economic Entity Carrying amount 2022	Controlling Entity Carrying amount 2023	Controlling Entity Carrying amount 2022
Interest in joint venture: TASEZ	Unlisted	825 075 388	729 982 089	825 075 388	729 982 089
		825 075 388	729 982 089	825 075 388	729 982 089

Tshwane Automotive Hub Special Economic Zone (TASEZ)

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 (TASEZ) to industrialize the capital city and mitigate unemployment rates provincially and surrounding Tshwane.

A Special Purpose Vehicle was established namely TASEZ, City of Tshwane holds 33.3% shareholding in the SPV, the DTIC 33.3% and GDED 33.4%. City of Tshwane is the land owners.

The City of Tshwane accounts for investment in TASEZ using the equity method .

Under the equity method, on initial recognition the investment in TASEZ 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

Assets				
Non-current assets	3 134 882 999	2 839 180 413	3 134 882 999	2 839 180 413
Current assets	444 658 459	441 062 105	444 658 459	441 062 105
Total Assets	**3 579 541 458**	**3 280 242 518**	**3 579 541 458**	**3 280 242 518**
Liabilities				
Non-current liabilities	660 034 051	595 756 579	660 034 051	595 756 579
Current liabilities	321 623 348	395 059 532	321 623 348	395 059 532
Total Liabilites	**981 657 399**	**990 816 111**	**981 657 399**	**990 816 111**
Net Assets as at 30 June 2023	2 597 884 059	2 289 426 407	2 597 884 059	2 289 426 407

Reconciliation of the summarised financial information and the carrying amount of the investment in the associates

Carrying amount of the investment in joint venture				
Summarised Financial Information	2 597 884 059	2 289 426 407	2 597 884 059	2 289 426 407
Asset Under Construction included in the City's property, plant and equipment balance	(122 410 348)	(99 261 123)	(122 410 348)	(99 261 123)
Total net assets	**2 475 473 711**	**2 190 165 284**	**2 475 473 711**	**2 190 165 284**
Summarised Financial Information	2 475 473 711	2 190 165 284	2 475 473 711	2 190 165 284
33,33% interest in net assets of the joint venture	(825 075 388)	(729 982 089)	(825 075 388)	(729 982 089)

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

19. Interest rates swaps

The City of Tshwane holds derivative financial instruments to hedge its interest rate risk exposures. The City entered into interest rate swap contracts that entitles it to receive interest at fixed or floating rates on notional principal amounts that obliges it to pay interest at variable or fixed rates on the same amounts. Interest rate swaps are agreements between two parties to exchange one stream of interest payments for another over a set period of time. Interest rate swaps are measured at fair value on trade or reporting dates.

The City entered into interest rate swaps with the following counter parties:

City of Johannesburg: (Trade number - SWS BK 2RS)
Trade date: 23 October 2014 and Settlement date: 30 June 2034
Nominal amount: R 1,600,000,000 (Current Nominal amount R 1,600,000,000)
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: R 1,500,000,000 (Current notional amount R 1,500,000,000)
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 R 1,000,000,000 (Current Nominal amount R 1,000,000,000)
Fixed rate: 10.55% and variable rate: Jibar + 2,65 basis points
Payable: quarterly

Nedbank: (Trade number - 18569588)
Effective Date: 31 December 2012 and Settlement date: 30 June 2026
Original Nominal amount: R 943,766,167 (Current Nominal amount R302 256 430)
Fixed rate: 9,31% and variable rate: Prime -1.28%
Payable: Semi-annual

Nedbank: (Trade number - 24157050)
Effective Date: 1 April 2014 and Settlement date: 30 June 2026
Nominal amount R 890,312,448: (Current Nominal amount R302 256 430)
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 from prices).

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

19. Interest rates swaps (continued)

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 and current nominal values of the existing interest rate swaps were R5 934 078 615 (2022: R6 507 636 534) as at 30 June 2023.

The original and current nominal values of the existing interest rate swaps were R4 704 512 860 (2022: R5 842 454 709) as at 30 June 2023.

Interest paid on the interest rate swaps to the amount of R57 489 941 (2022: R143 058 569) were recognised in surplus or deficit as part of finance cost - refer to note 41.

The fair value of interest rate swaps for the period under review is as indicated below.

Interest rate swap				
Interest rate swap asset	247 940 777	156 939 067	247 940 777	156 939 067
Interest swap liability	(9 560 148)	(11 907 174)	(9 560 148)	(11 907 174)
	238 380 629	**145 031 893**	**238 380 629**	**145 031 893**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

20. Deferred tax

Property, plant and equipment	(209 228)	(257 858)	-	-
Tax rate change	-	(22 357)	-	-
Provision for impairment	37 272	38 653	-	-
Finance lease	(79 662)	(64 375)	-	-
Assessed loss for the year	476 277	-	-	-
Provision for doubtful debts	44 166	45 802	-	-
Provision for leave	479 408	613 574	-	-
Straight lining of operating lease	191 541	250 197	-	-
Prepayment	(312 877)	-	-	-
Total deferred tax (liability)/Asset	**626 897**	**603 636**	**-**	**-**

Reconciliation of deferred tax

At beginning of year	603 636	662 681	-	-
Adjustment due to change in tax rate	-	(22 357)	-	-
Increases (decrease) in tax loss available for set off against future taxable income	476 277	-	-	-
Movement in finance lease	(17 586)	7 030	-	-
Movement on property,plant and equipment as well as intangible assets	39 418	45 623	-	-
Movement in provision for leave pay	(112 252)	(160 328)	-	-
Movement on impairment of debtors	-	38 653	-	-
Operating lease straight lining	(49 719)	32 334	-	-
Prepayment	(312 877)	-	-	-
	626 897	**603 636**	**-**	**-**

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.

21. Loans and bonds

Summary of Long Term Borrowings:				
Bullet Loans	6 301 935 863	6 301 668 932	6 301 935 863	6 301 668 932
Municipal bonds	1 328 630 986	1 328 630 986	1 328 630 986	1 328 630 986
Annuity loans	1 869 618 256	3 224 624 533	1 869 618 256	3 224 624 533
	9 500 185 105	**10 854 924 451**	**9 500 185 105**	**10 854 924 451**

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

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022
21. Loans and bonds (continued)				
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.	1 200 000 000	1 200 415 233	1 200 000 000	1 200 415 233
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
Development 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	1 500 000 000	1 500 000 000	1 500 000 000
Nedbank Loan (1-2501) Unsecured 10 year loan with a variable interest rate (JIBAR) payable quarterly, with the capital amount to be repaid on June 30, 2029.	501 935 863	501 253 699	501 935 863	501 253 699
Municipal bonds				
Standard 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.	573 771 397	573 771 397	573 771 397	573 771 397
Standard 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.	-	-	-	-
Standard 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.	754 859 589	754 859 589	754 859 589	754 859 589
Annuity loans				
Standard Bank (1-1300) Unsecured variable interest rate 15-year loan repayable semi-annually in instalments of interest and capital with interest payable on reducing balance until capital is paid off on 29 June 2026.	301 562 340	1 235 707 471	301 562 340	1 235 707 471
Standard Bank (1-2450) Unsecured (Jibar) variable interest rate 10-year loan repayable with quarterly equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2027.	521 097 812	617 576 196	521 097 812	617 576 196

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022
21. Loans and bonds (continued)				
Standard Bank (1-2501) Unsecured (Jibar) variable interest rate 10-year loan repayable with quarter in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2029.	601 757 589	701 369 699	601 757 589	701 369 699
Development Bank of South Africa (1-950) Unsecured fixed interest 20-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2029.	67 068 744	75 872 663	67 068 744	75 872 663
Development Bank of South Africa (1-800) Unsecured fixed interest 20-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2028.	102 095 085	114 885 061	102 095 085	114 885 061
Development Bank of South Africa (1-700) Unsecured fixed interest 20-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2028.	37 319 918	43 501 828	37 319 918	43 501 828
Development Bank of South Africa (1-701) Unsecured fixed interest 20-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2028.	100 785 734	114 477 379	100 785 734	114 477 379
Nedbank (1-1800) Unsecured (Jibar) variable interest rate 16-year loan repayable in semi-annual equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 1 March 2023.	-	94 800 255	-	94 800 255
iVuzi (FirstRand Bank) (1-1851) Unsecured (Jibar) variable interest rate 14-year loan repayable in semi-annual equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 1 December 2027.	137 931 034	172 413 793	137 931 034	172 413 793
Nedbank (1-1801) Unsecured (Jibar) variable interest rate 12-year loan repayable in semi-annual equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 1 March 2023.	-	54 020 188	-	54 020 188
	9 500 185 105	**10 854 924 451**	**9 500 185 105**	**10 854 924 451**

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

21. Loans and bonds (continued)

Non-current liabilities				
At amortised cost	9 091 315 444	8 619 508 047	9 091 315 444	8 619 508 047
Current liabilities				
At amortised cost	408 869 661	2 235 416 404	408 869 661	2 235 416 404
	9 500 185 105	**10 854 924 451**	**9 500 185 105**	**10 854 924 451**
Secured and unsecured long-term liabilities				
Secured	9 500 185 105	10 854 924 451	-	-
Unsecured	-	-	9 500 185 105	10 854 924 451
	9 500 185 105	**10 854 924 451**	**9 500 185 105**	**10 854 924 451**

No defaults or breaches of loans occurred in the period under review.

The weighted average interest rate is 11.33% (2022: 8.83%).

Reconciliation of cash flow movement on loans and bonds				
Opening balance - Current	(2 235 416 404)	(592 251 745)	(2 235 416 404)	(592 251 745)
Opening balance - Non-current	(8 619 508 045)	(10 805 811 449)	(8 619 508 045)	(10 805 811 449)
	(10 854 924 449)	(11 398 063 194)	(10 854 924 449)	(11 398 063 194)
Payments	1 370 754 802	542 950 339	1 370 754 802	542 950 339
Non-cash movement	(16 015 459)	188 406	(16 015 459)	188 406
	(9 500 185 106)	**(10 854 924 449)**	**(9 500 185 106)**	**(10 854 924 449)**
Closing balance				
Current	(408 869 661)	(2 235 416 404)	(408 869 661)	(2 235 416 404)
Non-current	(9 091 315 445)	(8 619 508 045)	(9 091 315 445)	(8 619 508 045)
	(9 500 185 106)	**(10 854 924 449)**	**(9 500 185 106)**	**(10 854 924 449)**

22. Finance lease obligation

Minimum lease payments due				
- within one year	42 568 875	103 758 208	41 663 266	102 838 332
- in second to fifth year inclusive	70 665 799	117 948 524	70 366 493	116 743 607
	113 234 674	221 706 732	112 029 759	219 581 939
less: future finance charges	(14 529 175)	(37 886 357)	(14 448 231)	(37 651 752)
Present value of minimum lease payments	**98 705 499**	**183 820 375**	**97 581 528**	**181 930 187**
Present value of minimum lease payments due				
- within one year	40 441 700	100 016 320	39 610 903	99 250 104
- Later than one year no later than five years	-	83 804 055	57 970 625	82 680 083
- later than five years	58 263 799	-	-	-
	98 705 499	**183 820 375**	**97 581 528**	**181 930 187**

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

22. Finance lease obligation (continued)

Non-current liabilities	58 263 799	83 804 055	57 970 625	82 680 083
Current liabilities	40 441 700	100 016 320	39 610 903	99 250 104
	98 705 499	**183 820 375**	**97 581 528**	**181 930 187**

Net book value of leased assets				
Cost	1 423 042 762	1 449 304 289	1 422 833 725	1 449 095 252
Accumulated depreciation	(1 345 425 839)	(1 221 859 818)	(1 345 236 766)	(1 221 677 400)
Net book value of leased assets (refer to note 14)	**77 616 923**	**227 444 471**	**77 596 959**	**227 417 852**

The lease liabilities reflected above relate to the lease contract of Fleet Management for the supply of fleet vehicles and fleet related services. The lease contract of Fleet Management is a public-private partnership agreement between the following companies -* Moipone Group of Companies (Pty) Ltd for the supply of category A and C fleet vehicles and fleet-related services; * Fleet Africa, a division of Super Group Africa (Pty) Ltd for the supply of category E fleet vehicles and fleet-related services and* Fleetmatics VMS (Pty) Ltd for the supply of category B fleet vehicles and fleet-related services Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default. The lease term varies between 27 months and 60 months and the average effective borrowing rate is 7%. Interest rates are variable at the date of contract. It is municipality's policy to lease certain [property]motor vehicles and equipment under finance leases. Contracts between Moipone Group of Companies (Pty) Ltd and Fleetmatics VMS (Pty) Ltd expired during financial 2022/23 and no new contracts were entered into during the year. Contract between Fleet Africa and the city is still active but no new contracts were entered into during the financial year 2022/23

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;

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 are amortised over the lease term of 5 years starting from 01 November 2019.

Capital repayment on the finance lease is R766,216 (R748,855) as at 30 June 2023 and 30 June 2022 respectively.

The average lease term was 5 years and the average effective borrowing rate was 2023 7% (2022: 7%).

Interest rates are linked to prime at the contract date. All leases escalate at 7% p.a and no arrangements have been entered into for contingent rent.

23. Payables from exchange transactions

Financial instruments				
Trade payables	8 037 809 252	6 890 380 175	8 041 514 490	6 942 031 043
Debtors with credit balances - reclassification	2 261 444 095	2 109 106 030	2 261 444 095	2 109 106 030
Retention creditors	603 896 538	638 004 405	590 658 461	623 013 615
Other creditors	1 692 067 064	1 292 477 639	1 674 153 118	1 287 019 761
	12 595 216 949	**10 929 968 249**	**12 567 770 164**	**10 961 170 449**
Non - Financial instruments				
Payments received in advanced - contract in process	24 740 168	32 288 308	24 740 168	32 288 308
Deposits received	46 437 734	46 552 284	44 779 745	45 577 497
	12 666 394 851	**11 008 808 841**	**12 637 290 077**	**11 039 036 254**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

24. VAT

VAT Payable	(5 385 904 667)	(6 078 491 989)	(5 384 641 745)	(6 078 938 260)
Impairment adjustment	1 300 787 109	1 021 084 418	1 300 787 109	1 021 084 418
Total VAT Payable	**(4 085 117 558)**	**(5 057 407 571)**	**(4 083 854 636)**	**(5 057 853 842)**
VAT Receivable	2 474 118 012	1 745 387 593	1 173 327 431	724 299 703
	(1 610 999 546)	**(3 312 019 978)**	**(2 910 527 205)**	**(4 333 554 139)**

VAT per accrual accounting	(393 656 993)	(822 078 245)	(392 397 543)	(822 527 988)
VAT per cash basis (Per SARS Statement)	(2 518 129 662)	(3 511 026 151)	(2 518 129 662)	(3 511 026 151)
	(2 911 786 655)	**(4 333 104 396)**	**(2 910 527 205)**	**(4 333 554 139)**

VAT is payable on the receipt basis. Only once payment is received from debtors is VAT paid over to SARS. The VAT payable includes the liability which arose from previous Peu Smartmeter.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

25. Consumer deposits

Electricity and water	764 132 255	781 190 973	764 132 255	781 190 973

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)	179 505 894	188 654 264	179 505 894	188 654 264
Township Development guarantees	737 118 543	677 250 552	737 118 543	677 250 552
	916 624 437	**865 904 816**	**916 624 437**	**865 904 816**

26. Employee benefit obligations

		2023			**2022**	
Group	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Gratuity	1 792 400	1 068 300	2 860 700	3 812 648	1 579 069	5 391 717
Medical	81 520 000	972 279 000	1 053 799 000	74 299 938	1 197 847 555	1 272 147 493
LSA	128 893 000	770 515 000	899 408 000	112 722 471	810 870 686	923 593 157
13th cheque	190 017 806	-	190 017 806	200 448 769	-	200 448 769
Leave Accrual	1 422 633 803	-	1 419 291 222	1 611 169 983	-	1 606 849 606
Other	104 848	-	-	523 921	-	-
Total Employee benefit obligations	**1 824 961 857**	**1 743 862 300**	**3 565 376 728**	**2 002 977 730**	**2 010 297 310**	**4 008 430 742**

		2023			**2022**	
City	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Gratuity	1 792 400	1 068 300	2 860 700	3 812 648	1 579 069	5 391 717
Medical	81 520 000	972 279 000	1 053 799 000	74 299 938	1 197 847 555	1 272 147 493
LSA	128 893 000	770 515 000	899 408 000	112 722 471	810 870 686	923 593 157
13th cheque	190 017 806	-	190 017 806	200 448 769	-	200 448 769
Leave Accrual	1 419 291 222	-	1 419 291 222	1 606 849 606	-	1 606 849 606
Total Employee benefit obligations	**1 821 514 428**	**1 743 862 300**	**3 565 376 728**	**1 998 133 432**	**2 010 297 310**	**4 008 430 742**

Tshwane Municipal Pension Fund

Tshwane municipal pension fund to which 118 (2022: 131)in service members, 1 161 (2022: 1 113) pensioners of municipal employees belong, is a defined benefit plan . The cost of 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.

At the Valuation Date there was an actuarial surplus of R306 million. However this cannot be recognised on the balance sheet because the Fund's rules do not grant the Employer control of that surplus.

At the last valuation (30 June 2023) assets exceeded liabilities by R473.461 million.

Gratuity

The Municipality offers a Gratuity Benefit to 7 (2022: 10) employees who do not belong to a pension or provident fund. The Gratuity is paid on an eligible employee's termination of service.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

26. Employee benefit obligations (continued)

Post-Employment Medical Aid Subsidy

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, if a member who joined the municipality under the current conditions of services retires, they are 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 the expected working lifetime. No plan assets exist and any actuarial gains and losses are recognized immediately. A total of 574 (2022: 637) in-service employees and 1351 (2022: 1 361) continuation employees are qualify for this benefit.

26. Employee benefit obligations (continued)

Long Service Award (LSA)

The municipality offers benefits under a new LSA Policy. The Policy provides a benefit in the form of a lumpsum payment to eligible employees upon completion of the specified number of years of service at a predetermined % of annual salary. The payment is made following the milestone being reached and on termination of service of an employee with 10 or more years or service, for reasons of retirement, death, medical incapacity or retrenchment, the LSA benefit is paid on a pro-rata basis. Employees may opt for a combination of cash payments and/or actual leave. A total of 17 998 (2022: 18 438)employees are eligible for this benefit.

Leave Accrual

Short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;

13th cheque

Bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service.

The amounts recognised in the statement of financial position are as follows:

Reconciliation of accrued liability and carrying value per statement of financial position

30 June 2023	**TMPF**	**Gratuity**	**Medical**	**LSA**	**Total**
Present value (wholly unfunded)	-	2 860 700	1 053 799 000	899 408 000	1 956 067 700
Present value (wholly funded)	1 983 147 774	-	-	-	1 983 147 774
Fair value of plan assets	(2 289 474 724)	-	-	-	(2 289 474 724)
Net liability/(Asset)	(306 326 950)	2 860 700	1 053 799 000	899 408 000	1 649 740 750
Unrecognised due to paragraph 68 Limitation	306 326 950	-	-	-	306 326 950
Post employment liability/(Asset)	**-**	**2 860 700**	**1 053 799 000**	**899 408 000**	**1 956 067 700**

30 June 2022	**TMPF**	**Gratuity**	**Medical**	**LSA**	**Total**
Present value (wholly unfunded)	-	5 391 717	1 272 147 493	923 593 157	2 201 132 367
Present value (wholly funded)	1 994 164 990	-	-	-	1 994 164 990
Fair value of plan assets	(2 467 625 504)	-	-	-	(2 467 625 504)
Net liability/(Asset)	(473 460 514)	5 391 717	1 272 147 493	923 593 157	1 727 671 853
Unrecognised due to paragraph 68 Limitation	473 460 514	-	-	-	473 460 514
Post employment liability/(Asset)	**-**	**5 391 717**	**1 272 147 493**	**923 593 157**	**2 201 132 367**

Changes in the present value of defined benefit obligation are as follows:

30 June 2023	**TMPF**	**Gratuity**	**Medical**	**LSA**	**Total**
Present value of obligation at beginning of year	-	5 391 717	1 272 147 493	923 593 157	2 201 132 367
Interest cost	-	272 957	154 289 465	111 256 108	265 818 530
Current service cost	-	50 317	4 535 949	71 220 756	75 807 022
Benefits paid by the Fund	-	(2 332 878)	(79 603 830)	(91 090 568)	(173 027 276)
Actuarial (gains)/loss on obligation	-	(521 413)	(297 570 077)	(115 571 453)	(413 662 943)
Present value of obligation at year end	**-**	**2 860 700**	**1 053 799 000**	**899 408 000**	**1 956 067 700**

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

26. Employee benefit obligations (continued)

30 June 2022	**TMPF**	**Gratuity**	**Medical**	**LSA**	**Total**
Present value of obligation at beginning of year	-	10 177 444	1 177 764 011	935 591 219	2 123 532 674
Interest cost	-	271 032	130 934 436	87 779 338	218 984 806
Current service cost	-	47 703	4 165 579	75 746 650	79 959 932
Benefits paid by the Fund	-	(7 493 125)	(76 918 467)	(97 955 075)	(182 366 667)
Actuarial (gains)/loss on obligation	-	2 388 663	36 201 934	(77 568 975)	(38 978 378)
Present value of obligation at year end	**-**	**5 391 717**	**1 272 147 493**	**923 593 157**	**2 201 132 367**

Changes in the fair value plan assets are as follows				
Fair value of planned asset at beginning of year	2 467 625 504	2 420 139 000	2 467 625 504	2 420 139 000
Expected return on plan assets	292 480 770	271 392 170	292 480 770	271 392 170
Contributions: members	5 708 673	5 525 796	5 708 673	5 525 796
Contributions: employer	14 263 478	13 806 167	14 263 478	13 806 167
Benefits paid by the Fund	(160 456 442)	(179 813 658)	(160 456 442)	(179 813 658)
Actuarial gain/loss on obligation	(330 147 259)	(63 423 971)	(330 147 259)	(63 423 971)
Fair value of plan asset at end of year	**2 289 474 724**	**2 467 625 504**	**2 289 474 724**	**2 467 625 504**

none of the municipality's own financial instruments or property are included in the fair value of plan assets

Composition of plan assets				
Cash	3.60 %	6.04 %	3.60 %	6.04 %
Equity	14.80 %	16.69 %	14.80 %	16.69 %
Bonds	52.20 %	61.59 %	52.20 %	61.59 %
Property	0.70 %	0.76 %	0.70 %	0.76 %
International	11.50 %	11.21 %	11.50 %	11.21 %
Linked policies	17.10 %	- %	17.10 %	- %
Other	0.10 %	3.71 %	0.10 %	3.71 %
	100.00 %	**100.00 %**	**100.00 %**	**100.00 %**

The amounts included in the statement of financial performance are as follows:

30 June 2023	**TMPF**	**MGF**	**Medical**	**LSA**	**Total**
Current service costs	14 966 881	50 317	4 535 949	71 220 756	90 773 903
Net interest on expected return on asset	(56 806 296)	272 957	154 289 465	111 256 108	209 012 234
Actuarial (gains)/losses	223 236 457	(521 413)	(297 570 077)	(115 571 453)	(190 426 486)
Effect of change in paragraph 68 asset limitation	(167 133 564)	-	-	-	(167 133 564)
Defined benefit expense	**14 263 478**	**(198 139)**	**(138 744 663)**	**66 905 411**	**(57 773 913)**

30 June 2022	**TMPF**	**MGF**	**Medical**	**LSA**	**Total**
Current service costs	15 024 068	47 703	4 165 579	75 746 650	94 984 000
Net interest on expected return on asset	(47 207 548)	271 032	130 934 436	87 779 338	171 777 258
Actuarial (gains)/losses	(11 101 517)	2 388 663	36 201 934	(77 568 975)	(50 079 895)
Effect of change in paragraph 68 asset limitation	57 091 164	-	-	-	57 091 164
Defined benefit expense	**13 806 167**	**2 707 398**	**171 301 949**	**85 957 013**	**273 772 527**

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

26. Employee benefit obligations (continued)

30 June 2023	TMPF	MGF	Medical	LSA	Total
Estimated contributions in the next financial period	13 439 462	238 200	122 509 000	169 916 000	306 102 662

30 June 2022	TMPF	MGF	Medical	LSA	Total
Estimated contributions in the next financial period	14 263 478	(198 139)	(138 744 663)	66 905 411	(57 773 913)

Defined contribution multi-employer plans

The municipality contributes to the following defined contribution plans, which are governed by the pension fund Act of 1956. The total contribution plans are included under employee related costs.

Tshwane Municipal Provident 5 892 (2022: 6 159) of the municipality's employees are members of this fund	446 823 908	427 634 091	446 823 908	427 634 091
Pension Fund for Municipal Councillors 26 (2022: 65) of the municipality's employees is a member of the fund	1 321 078	1 464 754	1 321 078	1 464 754
National fund for municipal workers 7 803 (2022:8 133) of the municipality's employees are members of the fund	569 944 384	551 821 983	569 944 384	551 821 983
SALA provident fund/ gratuity fund 25 (2022:30) of the municipality's employees are members of the fund	872 127	852 822	872 127	852 822
SAMWU National pension fund 11 (2022: 12) of the municipality's employees are members of the fund	1 010 178	969 794	1 010 178	969 794
SAMWU National provident fund 886 (2022: 965) of the municipality's employees are members of the fund	64 888 839	63 353 564	64 888 839	63 353 564
Meshawu gratuity fund 17 (2022: 21) of the municipality's employees are members of the fund	864 175	918 852	864 175	918 852
Sandspruit Alexander forbes and spouse cover 210 (2022: 231) of the municipality's employees are members of the fund	15 902 730	15 135 116	15 902 730	15 135 116
National fund for municipal councillors/Consolidated retirement fund for councillors 1 (2022: 3) of the municipality's employees are members of the fund	53 638	40 069	53 638	40 069

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

26. Employee benefit obligations (continued)

Municipal Gratuity Fund 1135 (2022: 1 198) employees	105 366 407	106 224 655	105 366 407	106 224 655
Consolidated Retirement Fund 15 (2022: 10) employees	422 063	143 678	422 063	143 678
COT Group Life Scheme 17 691 (2022: 19 303) employees - Included for completeness	65 999 406	64 450 372	65 999 406	64 450 372
	1 273 468 933	**1 233 009 750**	**1 273 468 933**	**1 233 009 750**

Principal assumptions used as at balance sheet date

30 June 2023	**TMPF**	**MGF**	**Medical**	**LSA**
Discount rate	10.90 %	9.47 %	11.80 %	11.60 %
Inflation rate	5.40 %	5.91 %	- %	6.91 %
Salary Increase rate	6.40 %	- %	- %	- %
Expected rate of return on assets	10.90 %	- %	- %	- %
Pension increase allowance	4.70 %	- %	- %	- %
Medical inflation rate	- %	- %	7.59 %	- %
Subsidy 'cap' inflation rate	- %	- %	5.32 %	- %

30 June 2022	**TMPF**	**MGF**	**Medical**	**LSA**
Discount rate	12.20 %	7.72 %	12.47 %	11.87 %
Inflation rate	7.55 %	5.85 %	7.78 %	7.31 %
Salary Increase rate	8.55 %	6.85 %	- %	8.31 %
Expected rate of return on assets	12.20 %	- %	- %	- %
Pension increase allowance	6.61 %	- %	- %	- %
Medical inflation rate	- %	- %	9.28 %	- %
Subsidy 'cap' inflation rate	- %	- %	8.78 %	- %

Employee Benefit-Leave pay entitlement

The provision is for leave entitlement not utilised by employees as at 30 June 2023 and it is only payable in cash upon resignation. Leave days should be utilised within six months after the end of the cycle to avoid forteiture. However, and due to operational demands, employees are allowed to apply for an extension and this which creates uncertainty on the expected timing on leave balances.

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 10.90% 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 5.40% per annum. This assumption has been based on the relationship between current conventional bond yields and current index-linked bond yields

Salary increase

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

26. Employee benefit obligations (continued)

It was assumed that salaries will increase at a rate of 1.0% per annum in excess of price inflation. The general salary inflation is therefore 6.4% per annum

Expected return on assets

The expected return on assets is assumed to be the discount rate of 10.90% per annum as at 30 June 2023.

Post-retirement discount rate

The pension increase policy of the TMPenF targets pension increases between 75% and 100% of inflation. It has been assumed that the pension will increase at a rate of 87.5%. This results in a pension increase rate of 4.70% per annum.

Medical inflation

The medical aid contributions has been assumed to increase at a rate of 1.5% per annum in excess of price inflation. Resulting in a medical contribution inflation rate of 7.59% per annum.

History of liabilities, assets and experience adjustments

Amounts for the current and previous four years are as follows:

History of liabilities and assets	**2023**	**2022**	**2021**	**2020**	**2019**
Accrued liability	(3 939 215 774)	(4 195 296 990)	(4 127 301 650)	(3 688 863 807)	(4 117 642 075)
Plan assets	2 289 474 724	2 467 625 504	2 420 139 000	2 216 587 782	2 332 295 121
Surplus (deficit)	**(1 649 741 050)**	**(1 727 671 486)**	**(1 707 162 650)**	**(1 472 276 025)**	**(1 785 346 954)**

Experience adjustments: (Gains) and Losses	**2023**	**2022**	**2021**	**2020**	**2019**
(Gains) and losses	233 420 505	(127 089 336)	(66 410 490)	144 923 309	19 391 127

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

26. Employee benefit obligations (continued)

Defined benefit multi-employer plans

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.

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.

The latest known position of each defined benefit fund is outlined below.

MEPF *(Municipal Employees Pension Fund)*

According to the statutory valuation as at 28 February 2020, the current employer contribution rate is fixed per the Rules of the MEPF (22%, 18% and 15%) at an average rate of 21.7% and this is not sufficient to cover the required future service cost, expenses, risk benefits and a contribution towards the targeted recommended solvency reserve. The shortfall amounts to 5.2% of pensionable salaries per annum.

The Valuator states that the Committee will have to consider ether:

- Entering into discussions with the participating Employers to increase the level of their contributions to adequate levels;
- Increasing the contributions by members, promising members an increases security of the level of their retirement benefits;
- Reducing the level of future service benefits and fund the solvency level using the resulting saving in the fixed Employer contribution rate; this option may include closing the defined benefits category to the accrual of future service benefits;
- A combination of the above.

SALA PF *(South African Local Authorities Pension Fund)*

There is a defined contribution section in this Plan (roughly 50% of the active membership).

The following key issues are noted from the statutory actuarial valuation report as at 1 July 2021.

In order to fund future benefits on the defined benefit section an employer contribution of 18.97% of pensionable salaries is required.

The financial position of the Fund deteriorated from 96% funded at the previous statutory valuation date to 85.5% funded at this valuation date. The drop in the funding level was mainly due to the poor investment returns experienced over the valuation period.

An updated Scheme of Arrangement approved by the FSCA required an increase in contribution rate by 2% to 22.78% from 1 April 2021, in respect of the DB members, in order to address and restore the funding position of the Plan.

JMPF *(Joint municipal Pension Fund)*

The fund was in a sound financial position per the 30 September 2018 statutory actuarial valuation, with the funding level (including solvency reserve) decreasing marginally to 105.1% from 105.2% as at 30 June 2017.

The required employer contribution rate fell from 30.2% to 29.9% of pensionable emoluments over the same period, increasing the margin that the 31% current contribution rate provides.

26. Employee benefit obligations (continued)

GMRF *(Germiston Municipal Fund)*

The fund was in a sound financial position per the 30 June 2021 interim actuarial valuation, with the funding level remaining at 100.0% since the 30 June 2020 valuation.

Key recommendations/conclusions from the valuator:

- The employer contribution rate for bonus service of 1.20% per annum (as defined in the fund's rules) should be maintained.
- The employer contribution rates to the Risk Reserve Account of 5.5833% per annum (members who joined before 1 July 2012) and 3.80% per annum (members who joined on / after 1 July 2012) should be maintained at current levels as defined in the fund's rules.
- It is important to note that all investment returns earned on fund assets (positive or negative) are passed onto members. The fund's financial soundness in respect of members is therefore not at risk due to negative investment returns, but members are directly affected. The employer is also directly affected in light of the investment guarantee of 5.5% for any financial year. However, rule amendment 8 has restricted this guarantee to those members who joined prior to 19 January 2022. Members who joined after this date will be exposed to the risk of negative returns.

The last time that an investment shortfall arose relative to the 5.5% guarantee was in the Fund's 2019/2020 year. Per the Board meeting of the Fund on 26 May 2021, City of Tshwane was allocated 0.39% of this shortfall, amounting to R402,245.

GEPF *(Government Employees Pension Fund)*

The funding level of the GEPF increased from 108.3% as at the 31 March 2018 valuation date to a 110.1% funding level as at the 31 March 2021 statutory valuation. The plan is holding reserves at 20.9% of what would be in line with the long term recommended funding level per the Board of Trustees adopted GEPF Funding Policy, compared with 19.1% as at 31 March 2018.

An employer contribution rate of 17.3% and 13.5% of total pensionable emoluments is required respectively for Services and Other members to finance the benefits which are expected to accrue over the two years from this valuation date (31 March 2021). These contribution rates are inclusive of the cost of death in service lump sum benefits, funeral benefits and the cost of administration expenses.

The employer contribution rate is currently at 16% in respect of the 'Services' employee category and 13% in respect of the 'Others' employee category.

Multi-Employer Plans	**MEPF**	**SALA Pension Fund**	**JMPF**	**GMRF**	**GEPF**
Number of employees belonging to the plan	1 687	232	21	2	1
Total number of active members per recent fund valuation report	17 399	13 815	299	2 061	1 270 444
Amount of contributions (in rands) due by the City in respect of the year ending 30 June 2023	135 684 339	23 015 856	2 424 733	383 831	31 939
Date of most recently available actuarial valuation report	29/02/2020	01/07/2021	30/09/2018	30/06/2021	31/03/2021
Funding Level	100.0 %	85.5 %	105.1 %	100.0 %	110.1 %
Key Assumptions					
Gross discount rate	9.70 %	10.50 %	Unknown	10.31 %	Unknown
Salary inflation	5.18 %	7.00 %	Unknown	8.27 %	Unknown
Net post-ret discount rate	5.30 %	6.50 %	Unknown	4.50 %	Unknown

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

27. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

	Group 2023	Group 2022	Municipality 2023	Municipality 2022
Finance management grant (FMG)	410 887	94 213	410 887	94 213
Human Settlement Development Grant	159 389 916	141 380 246	159 389 916	141 380 246
Mamelodi Bus Service	-	214 231	-	214 231
Urban Settlement Development Grant (USDG)	165 775 076	281 100 548	165 775 076	281 100 548
Public Transport Network Grant (PTNG)	51 434 334	52 321 344	51 434 334	52 321 344
Neighbourhood Development Partnership Grants (NDPG)	963 444	94 135 100	963 444	94 135 100
Community Libraries Grant	1 774 569	2 218 107	1 774 569	2 218 107
Tirelo Bosha grant	384 498	384 498	384 498	384 498
Gautrains	11 961 294	11 961 294	11 961 294	11 961 294
Informal settlement upgrading partnerships	102 402 479	29 899 101	102 402 479	29 899 101
Programme and Project preparation Support Grant	14 209 297	5 407 658	14 209 297	5 407 658
Social infrastructure grant	-	3 441 929	-	3 441 929
Electricity Demand Side (EEDMS)	644 326	334 212	644 326	334 212
Integrated City Development (ICDG)	-	769	-	769
	509 350 120	**622 893 250**	**509 350 120**	**622 893 250**

Movement during the year

	Group 2023	Group 2022	Municipality 2023	Municipality 2022
Balance at the beginning of the year	622 893 250	546 013 695	622 893 250	546 013 695
Additions during the year	8 096 480 926	7 565 890 477	7 985 845 413	7 350 002 450
Returned to National Treasury (returned to National Treasury - deducted from current year equitable share)	(184 444 133)	(85 297 000)	(184 444 133)	(85 297 000)
Repaid to grantors	(3 441 929)	-	(3 441 929)	-
Debtors raised during the year	14 865 358	1 732 550	14 865 358	1 732 550
Income recognised during the year	(8 035 270 773)	(7 428 308 129)	(7 924 635 260)	(7 189 558 445)
Clearance of prior year debtor restatement	(1 732 579)	-	(1 732 579)	-
Amount owed by Cot and SHRA	-	53 856 551	-	-
HCT unspent eliminated grant	-	(30 994 894)	-	-
	509 350 120	**622 893 250**	**509 350 120**	**622 893 250**

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
- Unfulfilled conditions attached to government transfers that has been recognised.

See note 33 for reconciliation of grants from National/Provincial Government.

28. Provisions

Reconciliation of provisions - Group - 2023

	Opening Balance	Unwinding of interest rate	Utilised during the year	Reversed during the year	Total
Landfill sites	933 058 793	89 623 916	(149 642 252)	(37 812 471)	835 227 986
Clearing of alien vegetation	52 387 899	6 608 755	10 152 863	(4 210 961)	64 938 556
Quarries	96 866 799	2 434 092	50 999 652	(45 020 194)	105 280 349
Legal proceedings	314 081 635	-	-	10 647 291	324 728 926
	1 396 395 126	**98 666 763**	**(88 489 737)**	**(76 396 335)**	**1 330 175 817**

28. Provisions (continued)

Reconciliation of provisions - Group - 2022

	Opening Balance	Unwinding of interest rate	Utilised during the year	Reversed during the year	Total
Landfill sites	856 821 166	37 872 010	76 425 252	(38 059 635)	933 058 793
Clearing of alien vegetation	35 203 466	4 277 054	16 268 830	(3 361 451)	52 387 899
Quarries	59 154 346	4 036 442	35 828 653	(2 152 642)	96 866 799
Legal proceedings	232 463 251	-	-	81 618 384	314 081 635
	1 183 642 229	**46 185 506**	**128 522 735**	**38 044 656**	**1 396 395 126**

Reconciliation of provisions - Municipality - 2023

	Opening Balance	Unwinding of interest rate	Utilised during the year	Reversed during the year	Total
Landfill sites	933 058 793	89 623 916	(149 642 252)	(37 812 471)	835 227 986
Clearing of alien vegetation	52 387 899	6 608 755	10 152 863	(4 210 961)	64 938 556
Quarries	96 866 799	2 434 092	50 999 652	(45 020 194)	105 280 349
Legal proceedings	313 667 781	-	-	11 061 145	324 728 926
	1 395 981 272	**98 666 763**	**(88 489 737)**	**(75 982 481)**	**1 330 175 817**

28. Provisions (continued)

Reconciliation of provisions - Municipality - 2022

	Opening Balance	Unwinding of interest rate	Utilised during the year	Reversed during the year	Total
Landfill sites	856 821 166	37 872 010	76 425 252	(38 059 635)	933 058 793
Clearing of alien vegetation	35 203 466	4 277 054	16 268 830	(3 361 451)	52 387 899
Quarries	59 154 346	4 036 442	35 828 653	(2 152 642)	96 866 799
Legal proceedings	230 423 515	-	-	83 244 266	313 667 781
	1 181 602 493	**46 185 506**	**128 522 735**	**39 670 538**	**1 395 981 272**

Landfill rehabilitation provision

The landfill rehabilitation provision is created for the rehabilitation of the current operational sites at the future estimated time of closure.

The value of the provision is based on the expected future cost to rehabilitate the various sites discounted back to the statement of financial position date at the cost of capital (time value of money), which is currently 9.21% (2023: 11.13%).

The City has an obligation to rehabilitate these landfill sites. The cost of such property includes the initial estimate of the costs of rehabilitating the land and restoring the site on which it is located, the obligation for which the City incurs as a consequence of having used the property During a particular period for landfill purposes. The City estimates the useful lives and make assumptions as to the useful lives of these assets, which influence the provision for future costs.

Rehabilitation Asset Recognition and Measurement

Rehabilitation assets represent the estimated present value of the costs of rehabilitating landfill sites at the end of their useful life. The city assesses these costs at each reporting date, taking into account inflation, discount rates, and any changes in the estimated costs.

Key Assumptions and Methodology

The estimation of rehabilitation costs involves various assumptions and methodologies, including but not limited to:

Discount Rate: The discount rate used for estimating future rehabilitation costs is based on City of Tshwane cost of capital, and it is assumed to be Discount Rate of 11.13% on 30 June 2023.

Inflation Rate: Future rehabilitation costs are adjusted for inflation, which is estimated to be 7.4% on 30 June 2023.

Changes in Estimates/Assumptions : The organization reviews and, if necessary, revises its assumptions regarding rehabilitation costs in line with changes in environmental regulations, technology, and other relevant factors.

Legal Provisions

These provisions are established when the City has a present obligation, whether it be of a legal or constructive nature, resulting from a past event. It is also probable that an outflow of economic benefits or service potential will be necessary to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The primary objective of recognizing legal provisions is to ensure that the City accurately reflects its obligations and liabilities in its financial reporting.

Amount of Provisions

The amount of a provision is determined as the best estimate of the expenditure that will be required to settle the present obligation as of the reporting date. This estimate is made based on all relevant information available at the time of preparation of the financial statements. The City exercises prudence in this estimation process to ensure that it reflects a reasonable and reliable assessment of the potential outflow of resources.

28. Provisions (continued)

Review and Adjustments

The City is committed to ensuring the accuracy of its financial statements. Therefore, provisions are reviewed at each reporting date, and adjustments are made to reflect the most current and best estimate. Provisions may be 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.

Quarries rehabilitation provision

The Quarries rehabilitation provision is created for the rehabilitation of the current operational sites at the future estimated time of closure.

The value of the provision is based on the expected future cost to rehabilitate the various sites discounted back to the statement of financial position date at the cost of capital (time value of money), which is currently 9.21% (2023: 11.13%).

The City has an obligation to rehabilitate these Quarries sites. The cost of such property includes the initial estimate of the costs of rehabilitating the land and restoring the site on which it is located, the obligation for which the City incurs as a consequence of having used the property During a particular period for Quarries purposes. The City estimates the useful lives and make assumptions as to the useful lives of these assets, which influence the provision for future costs.

Rehabilitation Asset Recognition and Measurement

Rehabilitation assets represent the estimated present value of the costs of rehabilitating Quarries sites at the end of their useful life. The city assesses these costs at each reporting date, taking into account inflation, discount rates, and any changes in the estimated costs.

Key Assumptions and Methodology

The estimation of rehabilitation costs involves various assumptions and methodologies, including but not limited to:

Discount Rate: The discount rate used for estimating future rehabilitation costs is based on City of Tshwane cost of capital, and it is assumed to be Discount Rate of 11.13% on 30 June 2023.

Inflation Rate: Future rehabilitation costs are adjusted for inflation, which is estimated to be 7.4% on 30 June 2023.

Changes in Estimates/Assumptions : The organization reviews and, if necessary, revises its assumptions regarding rehabilitation costs in line with changes in environmental regulations, technology, and other relevant factors.

Provisions are reviewed at the end of each reporting period to reflect the best estimate at that date of the provision. The discounting rate is 11.33% (2022: 8.9%), and the consumer price index (CPI) is 5.4% (2022: 7.4%). The timing of the outflow is uncertain, as well as relating amounts due to discounting and the prevailing CPI.

Effect change in estimate	**2023**	**2022**	**Change**
Landfill sites	835 227 986	933 058 793	97 830 807
Quarries	105 280 349	96 866 799	8 413 550
	940 508 335	**1 029 925 592**	**106 244 357**

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.

28. Provisions (continued)

The net movement in the provision amounted to R 10 152 862,73 increase (2022: R16,268,829 increase). The decrease in the cost of property, plant and equipment amounted to Rnil (2022: Rnil). The amount recognised in surplus or deficit due to estimation where the adjustment exceeds the carrying amount of the asset amounted to R10 152 862,73 (2022: R16 268 829). The amount utilised during the year amounted to R4 210 960.72 (2022: R3 361 451).

Key Assumptions and Methodology

The estimation of rehabilitation costs involves various assumptions and methodologies, including but not limited to:

Discount Rate: The discount rate used for estimating future rehabilitation costs is based on City of Tshwane cost of capital, and it is assumed to be Discount Rate of 11.13% on 30 June 2023.

Inflation Rate: Future rehabilitation costs are adjusted for inflation, which is estimated to be 7.4% on 30 June 2023.

Changes in Estimates/Assumptions : The organization reviews and, if necessary, revises its assumptions regarding rehabilitation costs in line with changes in environmental regulations, technology, and other relevant factors.

29. 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 5th 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

Claim for damages in respect of the Broadband Tender in that the CoT is in breach and Thobela seeks compliance with the contract and implementation. The claims is conditional upon the outcome of the an appeal against the judgement in favour of the CoT reviewing and setting aside the Broadband Contract. Thobela has sought to amend its action to an amount of R4 087 407 which is overstated. Thobela has is now pursuing the delays costs party of their claim in arbitration which is now in process.

Review Application of broad band tender: The public participation process has been concluded and therefore the City has fulfilled the legislative requirements and procedures as set out in section 116 of the Municipal Finance Management Act (MFMA), for the intended amendment of the Broadband contract (Tender number GICT 01-2014/2015). The Mayoral Committee on 17 May 2023 resolved to recommend to Council as set out below:

Recommended

That Council approves that the Shared Services Department proceed with the finalisation of amending the Broadband contract for the reduced scope (Tender number 01-2014/2015), in terms of Section 116 of the Municipal Finance Management Act (MFMA).

Tshwane House:

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

29. Service concession arrangement (continued)

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 sixth year of the operational stage. Occupation took place in June 2017.

For the 2022/23 financial year the value of the asset and liability amounted to R1 336 097 and R1 365 761 332 respectively.

For the 2021/22 financial year the value of the asset and liability amounted to R935 313 353 and R1 281 709 390 respectively.

The service concession liability in respect of Tshwane House is indicated below:

Minimum future payments				
No later than one year-service cost	286 223 928	260 441 082	286 223 928	260 441 082
Later than one year but not latter than five years	1 725 776 463	1 592 446 471	1 725 776 463	1 592 446 471
Later than five years	7 954 150 912	7 084 263 355	7 954 150 912	7 084 263 355
Future finance charges on service concession	(7 217 793 528)	(6 437 845 480)	(7 217 793 528)	(6 437 845 480)
Future service cost on service concession	(1 382 596 443)	(1 219 041 378)	(1 382 596 443)	(1 219 041 378)
Present value of service concession liability	**1 365 761 332**	**1 280 264 050**	**1 365 761 332**	**1 280 264 050**
Present value of the capital portion of the service concession liability				
No later than one year-service concession	(74 262 436)	(68 334 674)	(74 262 436)	(68 334 674)
Later than one year no later than five years	(378 847 443)	(271 178 708)	(378 847 443)	(271 178 708)
Later than five years	1 818 871 211	1 619 777 432	1 818 871 211	1 619 777 432
	1 365 761 332	**1 280 264 050**	**1 365 761 332**	**1 280 264 050**
Fair value of liability (amortised cost)	1 365 761 332	1 280 264 050	1 365 761 332	1 280 264 050
Collateral held on the above service concession	(337 244 872)	935 313 353	(337 244 872)	935 313 353

Denneboom Station Public Transport Interchange:

2022/23

The facility is not complete yet in that the occupational certificate has not been issued by the City. There are issues that are currently being addressed between Roads and Transport, City Planning and Legal and Secretariat with regards to the compliance which finally must result in the issuance of the occupational certificate.

2021/22

The facility is not complete yet in that the occupational certificate has not been issued by the City. There are issues that are currently being addressed between Roads and Transport, City Planning and Legal and Secretariat with regards to the compliance which finally must result in the issuance of the occupational certificate.

Denneboom service concession liability				
Denneboom Station Public Transport Interchange	1 178 539 117	1 178 539 117	1 178 539 117	1 178 539 117

Notes to the Audited Consolidated Annual Financial Statements

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Figures in Rand	2023	2022	2023	2022

29. Service concession arrangement (continued)

Denneboom service concession asset				
Land	-	-	1 854 770	1 854 770
Denneboom Station Public Transport Interchange	1 178 539 117	1 178 539 117	1 178 539 117	1 178 539 117
	1 178 539 117	**1 178 539 117**	**1 180 393 887**	**1 180 393 887**
Total service concession liability				
Tshwane House	1 365 761 332	1 280 264 050	1 365 761 332	1 280 264 050
Denneboom Station Public Transport Interchange	1 178 539 117	1 178 539 117	1 178 539 117	1 178 539 117
	2 544 300 449	**2 458 803 167**	**2 544 300 449**	**2 458 803 167**
Total service concession asset included in Note 14				
Tshwane House	(337 244 872)	935 313 353	(337 244 872)	935 313 353
Denneboom Station Public Transport Interchange	1 178 539 117	1 178 539 117	1 178 539 117	1 178 539 117
	841 294 245	**2 113 852 470**	**841 294 245**	**2 113 852 470**
Reconciliation of cash flow movement on Service concession arrangment				
Opening balance - Current	(261 601 443)	(260 441 082)	(261 601 443)	(260 441 082)
Opening balance - Non-current	(2 197 201 724)	(2 142 947 745)	(2 197 201 724)	(2 142 947 745)
	(2 458 803 167)	(2 403 388 827)	(2 458 803 167)	(2 403 388 827)
Cash receipts	(2 015 374)	(54 253 979)	(2 015 374)	(54 253 979)
Non-cash movement: Tshwane House	(24 622 854)	(1 160 361)	(24 622 854)	(1 160 361)
Non-cash movement: Denneboom	(58 859 054)	-	(58 859 054)	-
	(2 544 300 449)	**(2 458 803 167)**	**(2 544 300 449)**	**(2 458 803 167)**
Closing balance				
Current	(286 223 928)	(261 601 443)	(286 223 928)	(261 601 443)
Non-current	(2 258 076 521)	(2 197 201 724)	(2 258 076 521)	(2 197 201 724)
	(2 544 300 449)	**(2 458 803 167)**	**(2 544 300 449)**	**(2 458 803 167)**

30. Service charges

Service charges	418 552 948	208 349 454	418 552 948	208 349 454
Sale of electricity	13 472 414 391	13 281 224 257	13 472 924 534	13 281 675 115
Sale of water	5 087 220 429	4 957 673 486	5 087 220 429	4 957 673 486
Solid waste	1 608 409 541	1 497 223 033	1 608 409 541	1 497 223 033
Sewerage and sanitation charges	1 495 429 537	1 396 663 867	1 495 429 537	1 396 663 867
	22 082 026 846	**21 341 134 097**	**22 082 536 989**	**21 341 584 955**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

31. Other income

Market fees	208 410 960	179 469 543	208 410 960	179 469 543
Land sales	1 641 282	938 892	1 641 282	938 892
Fire services	5 024 660	5 383 828	5 024 660	5 383 828
Miscellaneous	99 867 077	44 161 036	99 867 077	44 161 036
Bus rentals	4 245 041	1 769 302	4 245 041	1 769 302
Admission fees	32 254 180	15 354 078	32 254 180	15 354 078
Road Accident Fund Ambulance fees	-	1 174 000	-	1 174 000
Parking: vehicles	49 766 481	6 780 889	49 766 481	6 780 889
Registration certificates	3 517 991	2 906 688	3 517 991	2 906 688
Building fees	55 842 762	51 991 968	55 842 762	51 991 968
Income from grave services	13 038 360	16 574 308	13 038 360	16 574 308
Motor vehicles licences (refund from Province)	200 718 221	172 272 756	200 718 221	172 272 756
Training fees recovered	18 523 431	9 704 849	18 523 431	9 704 849
Insurance claims	62 763 700	64 942 809	62 763 700	64 942 809
Areyeng income	26 379 902	14 818 038	26 379 902	14 818 038
Sundry fees	8 014 906	5 341 037	6 975 934	4 763 049
Airside income	13 826 262	5 592 507	13 826 262	5 592 507
Ambulance fees	190	406 716	190	406 716
Reminder fees	70 991 638	38 957 822	70 991 638	38 957 822
Bulk water gain	13 249 746	-	13 249 746	-
Clearance certificates	3 388 430	4 078 599	3 388 430	4 078 599
Approval fees: advertisements	44 537 006	39 789 871	44 537 006	39 789 871
Jobbing	4 073 112	1 150 651	4 073 112	1 150 651
Application fees	11 215 879	5 623 193	11 215 879	5 623 193
Sales: Maps	1 509 733	1 316 769	1 509 733	1 316 769
Sales: Aeroplane fuel	-	88 366	-	88 366
Transport fees	72 385 060	46 073 841	72 385 060	46 073 841
Tree valuations	187 433	-	187 433	-
Township development contributions	215 180 712	153 079 376	215 180 712	153 079 376
	1 240 554 155	**889 741 732**	**1 239 515 183**	**889 163 744**

32. Property rates

Rates received

Property rates	9 068 528 767	8 573 481 923	9 069 425 546	8 574 328 398
	9 068 528 767	8 573 481 923	9 069 425 546	8 574 328 398
Property rates - penalties imposed	-	-	-	-
	9 068 528 767	**8 573 481 923**	**9 069 425 546**	**8 574 328 398**

Valuations

Residential	442 329 867 537	436 657 261 338	442 329 867 537	436 657 261 338
Other	246 391 714 883	246 545 098 129	246 391 714 883	246 545 098 129
	688 721 582 420	**683 202 359 467**	**688 721 582 420**	**683 202 359 467**

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.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

32. Property rates (continued)

With the implementation of the Municipal Property Rates Act, different categories of properties are levied at different tariffs with different rebates applicable to 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.

33. Government grants & subsidies

Operating grants				
Equitable share	3 551 251 133	3 088 576 000	3 551 251 133	3 088 576 000
Energy Efficiency and Demand Side Management (EEDSM)	78 260	176 001	78 260	176 001
Fuel levy	1 653 094 000	1 564 720 000	1 653 094 000	1 564 720 000
Finance Management grant (FMG)	1 789 113	2 005 787	1 789 113	2 005 787
Public Transport Network Grant (PTNG) - operational	536 835 334	414 712 205	536 835 334	414 712 205
LG Seta discretionary grant	-	2 000 000	-	2 000 000
Neighbourhood Development Partnership Grants (NDPG)	135 825 814	47 050 075	135 825 814	47 050 075
Primary Health Care (PHC)	61 258 000	58 845 000	61 258 000	58 845 000
HIV/AIDS subsidy	25 612 000	24 392 256	25 612 000	24 392 256
Community Libraries	9 256 947	8 132 565	9 256 947	8 132 565
Expanded Public Works Programme (EPWP)	15 496 000	19 031 000	15 496 000	19 031 000
Upgrading of Informal Settlement Programme (UISP)	27 118 966	-	27 118 966	-
Mamelodi Bus operating subsidy	43 733 769	58 416 553	43 733 769	58 416 553
Urban Settlement Development Grant (USDG) - operational	310 171 050	31 546 710	310 171 050	31 546 710
Municipal Disaster Recovery grant	37 322 703	49 967 342	37 322 703	49 967 342
Human Settlement Development Grant (HSDG)	4 563 872	19 369 704	4 563 872	19 369 704
	6 413 406 961	**5 388 941 198**	**6 413 406 961**	**5 388 941 198**

Capital grants				
Social Housing Regulatory Authority	72 617 500	96 205 449	-	-
Public Transport Network Grant (PTNG) - Capital	165 411 331	208 428 451	165 411 331	208 428 451
Neighbourhood Development Partnership Grant (NDPG)	13 425 742	17 925 825	13 425 742	17 925 825
Recapitalisation of Community Libraries Grant	12 936 590	12 407 720	12 936 590	12 407 720
Urban Settlement Development Grant (USDG) - capital	847 012 894	1 017 757 785	847 012 894	1 017 757 785
Electricity Demand Side	8 277 416	4 489 787	8 277 416	4 489 787
Integrated City Development	769	-	769	-
City of Tshwane	(1)	-	-	-
LGSeta discretionary grant	-	9 205 780	-	9 205 780
Informal Settlements Upgrading Partnership	464 163 555	530 401 899	464 163 555	530 401 899
	1 583 845 796	**1 896 822 696**	**1 511 228 297**	**1 800 617 247**
	7 997 252 757	**7 285 763 894**	**7 924 635 258**	**7 189 558 445**

Conditional and Unconditional

Included above are the following categories of grants and subsidies recognised as revenue:

Conditional grants received	-	-	2 720 290 126	2 536 262 445
Unconditional grants received	-	-	5 204 345 133	4 653 296 000
	-	**-**	**7 924 635 259**	**7 189 558 445**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

33. Government grants & subsidies (continued)

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 767 (2022: 713), which is funded from the grant.

Current year receipts	3 366 807 000	3 003 279 000	3 366 807 000	3 003 279 000
Conditions met - transferred to revenue	(3 551 251 133)	(3 088 576 000)	(3 551 251 133)	(3 088 576 000)
Offset as per DoRA	184 444 133	85 297 000	184 444 133	85 297 000
	-	-	-	-

Fuel Levy (DoRA)

Current-year receipts	1 653 094 000	1 564 720 000	1 653 094 000	1 564 720 000
Conditions met - transferred to revenue	(1 653 094 000)	(1 564 720 000)	(1 653 094 000)	(1 564 720 000)
	-	-	-	-

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	61 258 000	58 845 000	61 258 000	58 845 000
Conditions met - transferred to revenue	(61 258 000)	(58 845 000)	(61 258 000)	(58 845 000)
	-	-	-	-

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)

Balance unspent at beginning of year	94 213	1 239 551	94 213	1 239 551
Current-year receipts	2 200 000	2 100 000	2 200 000	2 100 000
Conditions met - transferred to revenue	(1 789 113)	(2 005 787)	(1 789 113)	(2 005 787)
Offset as per DoRA	(94 213)	(1 239 551)	(94 213)	(1 239 551)
	410 887	**94 213**	**410 887**	**94 213**

Conditions still to be met - remain under unspent grant as a liability (note 27).

A request for the roll over at the end of 2022/23 was submitted to National Treasury.

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).

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

33. Government grants & subsidies (continued)

Public Transport Network

Balance unspent at beginning of year	52 321 344	29 784 053	52 321 344	29 784 053
Current-year receipts	753 681 000	742 141 227	753 681 000	742 141 227
Conditions met - transferred to revenue	(702 246 666)	(623 140 656)	(702 246 666)	(623 140 656)
Transfers	-	(66 679 227)	-	(66 679 227)
Offset as per DoRA	(52 321 344)	(29 784 053)	(52 321 344)	(29 784 053)
	51 434 334	**52 321 344**	**51 434 334**	**52 321 344**

Conditions still to be met - remain under unspent grant as a liability (note 27).

A request for the roll over at the end of 2022/23 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	141 380 246	160 749 951	141 380 246	160 749 951
Current-year receipts	22 573 542	-	22 573 542	-
Conditions met - transferred to revenue	(4 563 872)	(19 369 705)	(4 563 872)	(19 369 705)
	159 389 916	**141 380 246**	**159 389 916**	**141 380 246**

Conditions still to be met - remain under unspent grant as a liability (note 27).

The purpose of this grant is to provide funding for creation of sustainable human settlements

A request for the roll over at the end of 2022/23 was submitted to National Treasury.

Urban Settlement Development Grant (USDG)

Balance unspent at beginning of year	281 100 548	323 638 219	281 100 548	323 638 219
Current-year receipts	1 044 111 000	1 051 557 000	1 044 111 000	1 051 557 000
Conditions met - transferred to revenue	(1 157 183 945)	(1 049 304 495)	(1 157 183 945)	(1 049 304 495)
Offset as per DoRA	(2 252 527)	(44 790 176)	(2 252 527)	(44 790 176)
	165 775 076	**281 100 548**	**165 775 076**	**281 100 548**

Conditions still to be met - remain under unspent grant as a liability (see note 27).

A request for the roll over at the end of 2022/23 was submitted to National Treasury.

The purpose of USDG is to supplement the capital revenues of metropolitan municipalities in order to implement infrastructure projects that promote equitable, integrated, productive, inclusive and sustainable urban development.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

33. Government grants & subsidies (continued)

Public Transport Network Grant (PTNG-Capex))

Balance unspent at beginning of year	52 321 344	29 784 053	52 321 344	29 784 053
Current-year receipts	753 681 000	742 141 227	753 681 000	742 141 227
Conditions met - transferred to revenue	(702 246 666)	(623 140 656)	(702 246 666)	(623 140 656)
Transfer (to PTNG operations)	-	(66 669 227)	-	(66 669 227)
Offset as per DoRA	(52 321 344)	(29 794 053)	(52 321 344)	(29 794 053)
	51 434 334	**52 321 344**	**51 434 334**	**52 321 344**

Conditions still to be met - remain under unspent grant as a liability (see note 27).

A request for the roll over at the end of 2022/23 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.

HIV and AIDS (Provincial Health Department)

Balance unspent at beginning of year	-	256	-	256
Current-year receipts	25 612 000	24 392 000	25 612 000	24 392 000
Conditions met - transferred to revenue	(25 612 000)	(24 392 256)	(25 612 000)	(24 392 256)
	-	**-**	**-**	**-**

The purpose of the grant is to sustain coverage of the ward-based door to door HIV education programme to reduce new HIV infections through “Combination HIV prevention” (defined) prioritising youth; and 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	29 899 101	-	29 899 101	-
Current-year receipts	593 685 000	560 301 000	593 685 000	560 301 000
Conditions met - transferred to revenue	(491 282 521)	(530 401 899)	(491 282 521)	(530 401 899)
Offset as per DoRA	(29 899 101)	-	(29 899 101)	-
	102 402 479	**29 899 101**	**102 402 479**	**29 899 101**

Conditions still to be met - remain under unspent grant as a liability (see note 27).

A request for the roll over at the end of 2022/23 was submitted to National Treasury.

This grant provides funding to facilitate a programmatic, inclusive and municipality-wide approach to upgrading informal settlements.

Gautrains

Balance unspent at beginning of year	11 961 294	11 961 294	11 961 294	11 961 294

Conditions still to be met - remain under unspent grant as a liability (see note 27).

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.

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

33. Government grants & subsidies (continued)

Neighbourhood Development Partnership Grant (NDPG)

Balance unspent at beginning of year	94 135 100	3 162 454	94 135 100	3 162 454
Current-year receipts	150 215 000	159 111 000	150 215 000	159 111 000
Conditions met - transferred to revenue	(149 251 556)	(64 975 900)	(149 251 556)	(64 975 900)
Offset as per DoRA	(94 135 100)	(3 162 454)	(94 135 100)	(3 162 454)
	963 444	**94 135 100**	**963 444**	**94 135 100**

Conditions still to be met - remain under unspent grant as a liability (see note 27).

A request for the rollover of the balance of 2022/23 was submitted to Provincial Treasury.

The NDPG assists the City 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 neighborhoods, generally townships and rural towns.

Community Library Services

Balance unspent at beginning of year	2 218 107	2 642 735	2 218 107	2 642 735
Current-year receipts	21 750 000	20 115 657	21 750 000	20 115 657
Conditions met - transferred to revenue	(22 193 538)	(20 540 285)	(22 193 538)	(20 540 285)
	1 774 569	**2 218 107**	**1 774 569**	**2 218 107**

Conditions still to be met - remain under unspent grant as a liability (see note 27).

This grant is used 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 27).

Provide explanations of conditions still to be met and other relevant information.

Expanded Public Works Programme (EPWP)

Current-year receipts	15 496 000	19 031 000	15 496 000	19 031 000
Conditions met - transferred to revenue	(15 496 000)	(19 031 000)	(15 496 000)	(19 031 000)
	-	-	-	-

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.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

33. Government grants & subsidies (continued)

Social Infrastructure grant

Balance unspent at beginning of year	3 441 929	3 441 929	3 441 929	3 441 929
Conditions met - transferred to revenue	-	-	-	-
Repaid to grantors	(3 441 929)	-	(3 441 929)	-
	-	**3 441 929**	**-**	**3 441 929**

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

Current-year receipts	-	11 205 780	-	11 205 780
Year end grant debtor raised	-	(11 205 780)	-	(11 205 780)
	-	-	-	-

This grant is used to provide experiential training to the graduates through an internship programme funded by the Local Government Sector Education Training Authority (LGSETA). The grant is performance based, and funds are reimbursed per claim, a debtor has been created on the balance owed.

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.

Mamelodi Bus Operating Subsidy

Balance unspent at beginning of year	214 231	2 687 206	214 231	2 687 206
Current-year receipts	30 386 738	54 211 013	30 386 738	54 211 013
Conditions met - transferred to revenue	(43 733 769)	(58 416 553)	(43 733 769)	(58 416 553)
Restatement	(1 732 558)	1 732 565	(1 732 558)	1 732 565
Grant debtor	14 865 358	-	14 865 358	-
	-	**214 231**	**-**	**214 231**

The purpose of the grant is to provide additional subsidized bus transport services to various communities covering Mamelodi & Southern, Eastern, Northern Suburbs and Pretoria CBD.

This fund 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.

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

33. Government grants & subsidies (continued)

Energy Efficiency and Demand Side Management Grant (EEDSM)

Balance unspent at beginning of year	334 212	540 461	334 212	540 461
Current-year receipts	9 000 000	5 000 000	9 000 000	5 000 000
Conditions met - transferred to revenue	(8 355 674)	(4 665 788)	(8 355 674)	(4 665 788)
Offset as per DoRA	(334 212)	(540 461)	(334 212)	(540 461)
	644 326	**334 212**	**644 326**	**334 212**

Conditions still to be met - remain under unspent grant as a liability (see note 27).

A request for the rollover of the balance of 2022/23 was submitted to National Treasury.

The EEDSM provides subsidies to municipalities to implement energy efficiency and demand side management (EEDSM) initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.

Programme and Project Preparation Support Grant (PPPSG)

Balance unspent at beginning of year	5 407 658	55 375 000	5 407 658	55 375 000
Current-year receipts	51 532 000	-	51 532 000	-
Conditions met - transferred to revenue	(37 322 703)	(49 967 342)	(37 322 703)	(49 967 342)
Offset as per DoRA	(5 407 658)	-	(5 407 658)	-
	14 209 297	**5 407 658**	**14 209 297**	**5 407 658**

Conditions still to be met - remain under unspent grant as a liability (see note 27).

A request for the roll over at the end of 2022/23 was submitted to National Treasury.

The purpose of the Grant is to support metropolitan municipalities to develop a pipeline of investment ready capital programmes and projects through establishing and institutionalising an effective and efficient system of programme and project preparation and the allocation of a growing level of municipal resources to preparation activities.

Integrated City Development Grants (ICDG)

Balance unspent at beginning of year	769	5 781 081	769	5 781 081
Conditions met - transferred to revenue	(769)	-	(769)	-
Offset as per DoRA	-	(5 780 312)	-	(5 780 312)
	-	**769**	**-**	**769**

The ICDG is 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.

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

34. Fines, Penalties and Forfeits

Law Enforcement Fines	16 604 748	11 235 239	16 604 748	11 235 239
Overdue Books Fines	341 897	248 490	341 897	248 490
Pound Fees Fines	2 256 371	28 787	2 256 371	28 787
Municipal Traffic Fines	131 843 225	104 086 671	131 843 225	104 086 671
Motor Vehicle Licence Penalties	16 957	-	16 957	-
Deposits Forfeits	147 400	278 740	147 400	278 740
Retentions Forfeits	356 500	109 100	356 500	109 100
	151 567 098	**115 987 027**	**151 567 098**	**115 987 027**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

35. Rental of facilities and equipment

Facilities and equipment				
Rental of facilities	166 269 283	144 635 711	152 934 706	135 351 089

Rental Income Straight-lining				
Within one year	5 034 471	5 289 717	5 034 471	5 289 717
In second to fifth year	20 537 532	19 750 494	20 537 532	19 750 494
Later than five years	80 419 423	70 568 295	80 419 423	70 568 295
	105 991 426	**95 608 506**	**105 991 426**	**95 608 506**

Some of the properties owned by the City of Tshwane generates revenue through the signing of lease contract agreements, most of the existing lease agreements have expired and are continuing on a month to month basis, whilst awaiting for the alienation processes of entering into new lease agreements to be concluded. The monthly rental amount levied as income for these properties ranges from R1 to R1.3 million.

36. Employee related costs

Basic	7 694 969 897	7 488 413 887	7 627 684 729	7 426 322 798
Medical aid - company contributions	696 342 735	680 506 994	694 093 846	678 490 639
UIF	44 682 029	44 682 513	43 676 563	43 787 233
Standby allowances	83 589 088	77 972 275	83 589 088	77 972 275
Leave pay provision charge	167 178 108	196 764 630	168 092 171	197 173 993
Defined contribution plans	1 267 474 996	1 199 892 750	1 261 548 732	1 194 225 550
Defined benefit pension asset ceiling adjustment	(167 133 564)	57 091 164	(167 133 564)	57 091 164
Acting allowances	15 116 493	12 775 867	15 084 311	12 750 365
Shift allowances	30 219 237	44 556 310	30 219 237	44 556 310
Defined benefit plans	33 967 607	47 776 452	33 967 607	47 776 452
Travel, motor car, accommodation, subsistence and other allowances	304 636 439	311 083 216	303 885 005	310 316 915
Overtime payments	618 335 286	557 761 678	615 944 148	556 479 799
Long-service awards	1 940 882	2 455 172	1 940 882	2 455 172
Incentive Bonuses	2 385 780	2 258 381	597 680	539 125
Part time service	23 055 782	22 194 140	23 055 782	22 194 140
Unifix allowance	410 644 647	394 766 046	410 644 647	394 766 046
Housing benefits and allowances	64 035 211	59 664 456	63 904 693	59 580 544
Occupation allowance	12 000	12 000	12 000	12 000
Compensation commissioner (COIDA)	2 579 342	2 534 812	2 579 342	2 534 812
Cellphone and telephone allowances	17 992 159	17 975 484	17 242 801	17 319 219
Cashiers' allowances	1 965 889	1 357 241	1 965 889	1 357 241
Fire allowance	4 505 978	4 558 064	4 505 978	4 558 064
Responsibility allowance	8 451	8 920	8 451	8 920
Lone man allowance	3 280 134	2 950 783	3 280 134	2 950 783
Danger allowance	9 118	15 922	9 118	15 922
General allowance	1 344 267	1 926 457	1 344 267	1 926 457
Sewer allowance	306 823	301 159	306 823	301 159
Directors remuneration	4 466 368	5 155 304	-	-
	11 327 911 182	**11 237 412 077**	**11 242 050 360**	**11 157 463 097**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

36. Employee related costs (continued)

Remuneration of Executive Managers and Board of Directors - HCT

Executive and Management - 2023

	Basic	Telephone allowance	Pension paid or receivable	Travel and other allowance	Medical aid	Home allowance	13the Cheque	Acting allowance	Total
Chief Executive Officer - O Nyundu	1 679 985	28 784	-	184 389	-	-	-	-	1 893 158
Chief Operation Officer - M Matabane	1 420 529	24 588	-	155 861	-	-	-	13 088	1 614 066
Chief Finance Officer - J Thamaga	1 420 506	25 375	-	155 861	-	-	-	10 470	1 612 212
Company Secretary - K Chauke	412 969	14 000	73 383	-	13 774	-	-	-	514 126
Finance Manager - L Makibinyane	999 634	18 556	177 491	109 562	35 122	-	91 302	-	1 431 667
Property Manager - W Ramotshela	693 441	18 557	122 913	75 873	60 066	12 141	63 227	-	1 046 218
Programme Manager - K Mali	638 341	16 917	113 219	69 889	-	9 106	58 240	-	905 712
Human Resource Manager - M Mothobi	681 871	16 917	121 102	-	-	-	56 066	-	875 956
Supply Chain Manager - H Masia	682 075	16 917	121 102	-	20 423	-	56 066	-	896 583
Client Services Manager - Z Mofokeng	682 520	16 392	121 102	16 979	48 434	-	56 066	-	941 493
	9 311 871	**197 003**	**850 312**	**768 414**	**177 819**	**21 247**	**380 967**	**23 558**	**11 731 191**

Executive and Management - 2022

	Basic	Telephone allowance	Pension paid or receivable	Travel and other allowance	Medical aid	Home allowance	13th cheque	Acting allowance	Total
Chief Executive Officer - O Nyundu	1 601 575	24 000	-	175 776	-	-	-	-	1 801 351
Chief Operations Officer - M Matabane	1 344 208	18 000	-	148 580	-	-	-	7 486	1 518 274
Chief Finance Officer - J Thamaga	1 354 102	19 125	-	148 580	-	-	-	-	1 521 807
Company Secretary - C Mhlungu	521 460	9 562	80 948	49 968	16 508	8 680	55 520	-	742 646
Finance Manager - L Makibinyane	952 678	15 095	169 200	104 445	-	-	87 037	-	1 328 455
Property Manager - K Ramotshela	661 123	15 095	117 172	72 328	57 278	11 574	60 274	-	994 844
Programme Manager - K Mali	607 808	12 750	107 930	66 624	-	-	55 520	-	850 632
Human Resource Manager - M Mothobi	650 084	12 750	115 445	-	-	-	53 447	-	831 726
Supply Chain Manager - H Masia	650 250	12 750	115 445	-	16 672	-	53 447	-	848 564

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

36. Employee related costs (continued)

Client Service Manager - Z Mofokeng	541 724	10 000	96 205	-	34 949	-	8 908	-	691 786
	8 885 012	**149 127**	**802 345**	**766 301**	**125 407**	**20 254**	**374 153**	**7 486**	**11 130 085**

Non-executive directors - 2023

	Accounting Officers' fees	Total
T Dlamini	387 517	387 517
B Damoyi	401 143	401 143
S Sebola	502 580	502 580
Z Pikashe	392 059	392 059
P Tau-Sekati - BOARD Chair	436 493	436 493
	2 119 792	**2 119 792**

Non-executive directors - 2022

	Accounting Officers' fees	Total
E Monhla - BOARD Chair	450 119	450 119
T Dlamini	382 974	382 974
B Damoyi	361 779	361 779
D Matamela	346 639	346 639
S Sebola	355 723	355 723
Z Pikashe	310 303	310 303
P Tau-Sekati	307 275	307 275
	2 514 812	**2 514 812**

36. Employee related costs (continued)

Remuneration of Executive Managers and Board of Directors TEDA

Executive Managers - 2023

	Basic Salary	Acting allowance	Cellphone allowance	UIF and SDL	Defined contributions	Settlement award	Total
Chief Financial Officer (Mr Z Mheyamwa)	2 042 797	-	28 800	22 711	-	-	2 094 308
Company Secretary (Mr S Makgatho)	130 844	-	2 400	1 580	9 936	-	144 760
Ms T Mathole (Executive: ACEO to 18 July 2022)	-	17 383	-	-	-	-	17 383
Acting Executive Manager Corporate Services- (Mr M Maepa) from 01 May 2021	-	158 420	-	-	-	-	158 420
Acting Executive Manager TIPP (Mr J Mkhonto) from 01 January 2022	-	158 420	-	-	-	-	158 420
Acting Chief Executive Officer (Mr O Mokoena) from 19 July 2022	-	292 205	-	-	-	-	292 205
Acting Company Secretary (Ms T Luvhimbi) from August 2022 to 30 September 2022)	-	62 089	-	-	-	-	62 089
Mr SD Mogaladi (Former Executive: CEO)	-	-	-	-	-	3 780 000	3 780 000
	2 173 641	**688 517**	**31 200**	**24 291**	**9 936**	**3 780 000**	**6 707 585**

Executive Managers - 2022

	Basic Salary	Acting allowance	Cellphone allowance	UIF and SDL	Defined contributions	Total
Chief Financial Officer (Mr Z Mheyamwa)	1 934 972	165 293	28 800	23 416	-	2 152 481
Company Secretary (Mr S Makgatho)	1 737 333	-	28 800	17 401	113 676	1 897 210
Executive Manager Tourism and Destination Marketing (Mr M Ndlovu)	403 386	-	2 400	3 873	-	409 659
Acting Executive Manager CorporateServices- (Mr M Maepa) from 01 May 2021	-	106 759	-	-	-	106 759
Acting Executive Manager Projects Portfolio Management (Mr G Motlotsi) from 01 June 2021 to October 2021	-	38 821	-	-	-	38 821
Acting Executive Manager Trade and Investment Promotion (Mr F Moloko) from 01 June2021 to 31 October 2021	-	59 720	-	-	-	59 720
Acting Chief Financial Officer (Mr O Mokoena) from November 2021 to 06 May 2022	-	51 214	-	-	-	51 214

36. Employee related costs (continued)

Acting Executive Manager Trade and Investment Promotion (Ms M Mekoe) fromNovember 2021	-	48 527	-	-	-	48 527
Acting Executive Manager Projects Portfolio Management (Mr J Nkuna) from 01 November 2021 to 31 December 2022	-	22 004	-	-	-	22 004
Acting Executive Manager Projects Portfolio Management (Mr J Mkhonto) from 01 January 2022	-	38 821	-	-	-	38 821
Ms T Mathole (Executive: ACEO) to July 2022	-	15 840	-	-	-	15 840
	4 075 691	**546 999**	**60 000**	**44 690**	**113 676**	**4 841 056**

Board of Directors - 2023

	Basic Salary	Acting allowance	Cellphone allowance	UIF and SDL	Defined contributions	Total
Chief Financial Officer (Mr Z Mheyamwa)	1 934 972	165 293	28 800	23 416	-	2 152 481
Company Secretary (Mr S Makgatho)	1 737 333	-	28 800	17 401	113 676	1 897 210
Executive Manager Tourism and Destination Marketing (Mr M Ndlovu)	403 386	-	2 400	3 873	-	409 659
Acting Executive Manager CorporateServices- (Mr M Maepa) from 01 May 2021	-	106 759	-	-	-	106 759
Acting Executive Manager Projects Portfolio Management (Mr G Motlotsi) from 01 June 2021 to October 2021	-	38 821	-	-	-	38 821
Acting Executive Manager Trade and Investment Promotion (Mr F Moloko) from 01 June2021 to 31 October 2021	-	59 720	-	-	-	59 720
Acting Chief Financial Officer (Mr O Mokoena) from November 2021 to 06 May 2022	-	51 214	-	-	-	51 214
Acting Executive Manager Trade and Investment Promotion (Ms M Mekoe) fromNovember 2021	-	48 527	-	-	-	48 527
Acting Executive Manager Projects Portfolio Management (Mr J Nkuna) from 01 November 2021 to 31 December 2022	-	22 004	-	-	-	22 004
Acting Executive Manager Projects Portfolio Management (Mr J Mkhonto) from 01 January 2022	-	38 821	-	-	-	38 821

36. Employee related costs (continued)

Ms T Mathole (Executive: ACEO) to July 2022	-	15 840	-	-	-	15 840
	4 075 691	**546 999**	**60 000**	**44 690**	**113 676**	**4 841 056**

Board of Directors - 2022

	Accounting Officers' fees	**Committees fees**	**Other fees(AGM Induction and Retainer etc.)**	**Audit and performance committee fees**	**Total**
Ms GP Malaza (Chairperson)* Resigned May 2022	231 642	-	196 820	-	428 462
Ms A Hirachund (Chairperson)*	192 278	166 540	250 334	39 364	648 516
Mr KK Maimela	146 858	172 596	201 794	-	521 248
Mr JG Mocke	174 110	190 764	258 012	6 056	628 942
Mr T Thwala, Resigned May 2022	165 026	157 456	90 840	-	413 322
	909 914	**687 356**	**997 800**	**45 420**	**2 640 490**

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	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

37. Remuneration of councillors

Councillors' allowances	131 912 644	129 577 084	131 912 644	129 577 084

Councillor's remuneration - June 2023	Basic salary	Travel allowance	Cell phone allowance	Other allowances	Total
Mayor : Randal Williams (Resigned on 14 march 2023)	895 915	-	26 493	-	922 408
Mayor: Cilliers Brink (Appointed 28 march 2023 to date)	371 417	-	10 791	-	382 208
Speaker: Murunwa Makwarela (1 July 2022 to 7 March 2023)(Resigned)	788 945	-	28 383	-	817 328
Speaker: Ndzwanana Mcedi (Appointed 7 March 2023)	324 899	-	12 270	-	337 169
Chief Whip : Christiaan Mauritz Van Den Heever	1 068 312	-	25 368	-	1 093 680
Members of mayoral committee:					
Sutton Peter	1 000 216	-	-	-	1 000 216
Wakelin Hope	1 000 216	-	-	-	1 000 216
Theunissen Umberto Grandi	1 000 216	-	-	-	1 000 216
Coetzee Johannes Jacobus	330 399	-	-	-	330 399
Fosi Themnsmandla Elijah	255 710	-	-	-	255 710
Zwane Douglas Ziyanda	270 949	-	-	-	270 949
Marx Gertruida Catha	1 000 216	-	-	-	1 000 216
De Bruin Granny Peggy	958 602	-	-	-	958 602
Mathebe Rachel Katlego	1 000 216	-	-	-	1 000 216
Maszebatela Ofentse Nathaniel	270 949	-	-	-	270 949
Other councillors	106 210 840	7 136 721	5 337 416	2 587 185	121 272 162
	116 748 017	**7 136 721**	**5 440 721**	**2 587 185**	**131 912 644**

Councillor's remuneration - June 2022	Basic salary	Travel allowance	Cell phone allowance	Other allowances	Total
Mayor: Randal Williams	1 370 989	-	40 215	-	1 411 204
Speaker : Murunwa Makwarela	1 076 739	-	33 173	-	1 109 912
Chief Whip : Christiaan Mauritz Van Den Heever	1 047 766	-	25 368	-	1 073 134
Members of mayoral committee					
Meyer Karen	389 416	-	-	-	389 416
Sutton Peter	602 316	-	-	-	602 316
Wakelin Hope	602 316	-	-	-	602 316
Selowa Dikeledi	1 043 119	-	-	-	1 043 119
Tau Abel Matshidiso	602 316	-	-	-	602 316
Johnston Daryl	217 000	-	-	-	217 000
Le Roux Andre	602 316	-	-	-	602 316
Marx Gertruida Catha	602 316	-	-	-	602 316
De Bruin Granny Peggy	602 316	-	-	-	602 316
Mathebe Rachel Katlego	598 610	-	-	-	598 610
Other councillors	102 163 463	9 099 540	5 123 179	3 734 611	120 120 793
	111 520 998	**9 099 540**	**5 221 935**	**3 734 611**	**129 577 084**

37. Remuneration of councillors (continued)

In-kind benefits

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 is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties.

The Executive Mayor, Speaker and Mayoral Committee Members each have the use of separate Council owned vehicles for official duties.

The allowances and benefits of Councillors, and payments made to Councillors 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 are 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 37.

38. Remuneration of Top Management

Remuneration: City Manager (Mmaseabata Abigail Mutlaneng)				
Annual remuneration (01 July 2022 to 31 August 2022)			161 076	953 283
			161 076	**953 283**

Remuneration: City Manager (Johann Frederick Mettler)				
Annual remuneration (01 September 2022 to date)			2 765 930	-
Cellphone Allowance			20 000	-
			2 785 930	**-**

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

38. Remuneration of Top Management (continued)

Reporting directly to City Manager

2022/2023

Name	Designation	Acting period	Remuneration	Cell phone allowance	Travel allowances	Acting allowances	Total
Banda, Umar	Chief Financial Officer		1 328 286	10 800	-	-	1 339 086
Tredoux, Lorette	Governance and Support Officer		444 298	3 600	-	-	447 898
Murphy, James P	Chief Operating Officer		886 819	7 200	-	-	894 019
Nkomo, Johannah M	Chief of Police		1 504 971	13 320	-	-	1 518 291
Hilgard Matthews	GH Group Communication and Marketing		170 559	1 800	-	-	172 359
Thembelihle Alice Mabaso	Group Head: Strategy and Management Support (Acting)	1 March 2023 - 31 May 2023	1 905 513	18 000	-	46 552	1 970 065
Siphumeze Cwayi	Group Head: City Strategies and Organisational Performance (Acting)	1 October 2022 - 31 January 2023	2 081 054	18 000	-	62 583	2 161 637
Moshema P Mosia	Chief of Emergency Services (Acting)	1 August 2022 - 31 January 2023	1 895 398	18 000	-	97 464	2 010 862
Navaneethan Pillay	Group Head: Strategy and Management Support (Acting)	1 July 2022 - 31 August 2022	2 072 750	18 000	-	32 782	2 123 532
Selby M Bokaba	Group Head: Group Communications and Marketing (Acting)	11 September 2022 - 31 May 2023	1 031 245	9 000	65 340	128 146	1 233 731
Albertus Gideon Van Zyl	Group Head: City Strategies and Organisational Performance (Acting)	1 February 2023 - 30 April 2023	1 889 882	18 000	130 693	46 937	2 085 512
Isaiah Clive Engelbrecht	Group Head: City Strategies and Organisational Performance (Acting)	1 May 2023 - 30 June 2023	2 107 353	18 000	-	16 335	2 141 688
Thabiso Hlongwane	Group Head Group Property (Acting)	1 July 2022 - 30 November 2022	692 050	6 000	43 560	55 878	797 488
Nthabiseng Merline Mokete	Chief Financial Officer (Acting)	1 December 2022 - 30 June 2023	507 193	4 500	48 427	48 427	608 547
Natanha Terblanche	Chief: Emergency Services (Acting)	1 January 2023 - 31 March 2023	491 797	4 500	42 320	42 320	580 937
Marcelle Chetty	Group Head: Strategy and Management Support (Acting)	1 September 2022 - 1 February 2023	782 786	7 500	83 829	83 829	957 944
Luthando Gobingca	Chief Audit Executive (Acting)	1 October 2022 - 31 December 2022	380 889	3 000	34 470	34 470	452 829
Buyiswa Mgolozeli	Chief Audit Executive (Acting)	1 July 2022 - 30 June 2023	1 104 555	8 100	69 470	69 469	1 251 594
Thabisa Mbungwana	Group Head: City Strategies and Organisational Performance (Acting)	1 July 2022 - 30 November 2022	1 970 074	18 000	130 693	49 172	2 167 939
			23 247 472	**205 320**	**648 802**	**814 364**	**24 915 958**

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38. Remuneration of Top Management (continued)

2021/2022

Name	Designation	Acting period	Remuneration	Cell phone allowance	Travel allowances	Acting allowances	Total
Banda, Umar	Chief Financial Officer		2 601 272	21 600	-	-	2 622 872
Tredoux, Lorette	Group Support Officer		2 601 272	21 600	-	-	2 622 872
Murphy, James P	Chief Operations OffIcer		2 601 272	21 600	-	-	2 622 872
Ntsimane, Phillip M	Chief Audit Executive		1 791 860	16 200	-	-	1 808 060
Nkomo, Johannah M	Chief of Police		2 389 147	21 600	-	-	2 410 747
Govendor, Previn D	Chief of Emergency Services		663 652	7 200	-	-	670 852
Hilgard Matthews	Group Head: Group Communication and Marketing		1 990 956	21 600	-	-	2 012 556
Nosipho Hlatshwayo	Group Head: Strategy & Organisational Performance		331 826	3 600	-	-	335 426
Msizi Reginald Myeza	Group Head: Strategy and Management Support		716 667	7 200	-	-	723 867
Verusha Morgan	Governance and Support Officer (Acting)	01/03/2022-30/06/2022	2 212 579	18 000	130 693	70 001	2 431 273
Makgorometje Augustine Makgata	Governance and Support Officer (Acting)	01/07/2021-28/02/2022	2 210 392	18 000	130 693	137 616	2 496 701
Thabisa Mbungwana	Group Head: City Strategies and Organisational Performance (Acting)	01/04/2022-30/06/2022	1 970 074	18 000	130 693	46 165	2 164 932
Navaneethan Pillay	Group Head: Strategy and Management Support (Acting)	01/03/2022-30/06/2022	1 977 150	18 000	130 693	62 501	2 188 344
Albertus Gideon Van Zyl	Group Head: City Strategies and Organisational Performance (Acting)	01/09/2021-30/11/2021	1 889 882	18 000	130 693	86 739	2 125 314
Natanha Terblanche	Chief: Emergency Services (Acting)	01/07/2021-31/12/2021	1 809 997	18 000	130 693	118 292	2 076 982
Moshema Petrus Mosia	Chief: Emergency Services (Acting)	01/01/2022-31/03/2022	1 715 095	18 000	130 693	36 159	1 899 947
Buyiswa Mgolozeli	Chief Audit Executive (Acting)	01/07/2021-30/06/2022	1 399 220	10 800	130 693	127 394	1 668 107
Monene Jostina Mathiba	Chief Audit Executive (Acting)	01/11/2021-01/12/2021	1 281 549	10 800	130 693	58 450	1 481 492
			32 153 862	**289 800**	**1 176 237**	**743 317**	**34 363 216**

38. Remuneration of Top Management (continued)

Group Heads

2022/2023

Name	Designation	Remuneration	Cell phone allowance	Other Allowances	Acting Allowances	Total
Koena J Nkoko	Group Head: Health	2 326 956	130 693	18 000	107 644	2 583 293
Gerald Mbulelo Shingange	Group Head: Group Human Capital Management	2 316 892	130 693	18 000	109 313	2 574 898
Musawakhe Hlanganani Oscar Khumalo	Group Head: Shared Services	2 317 641	130 693	18 000	53 405	2 519 739
Verusha Morgan	Group Head: Group Property	2 317 484	130 693	18 000	36 716	2 502 893
Namadzavho C Phanyane	Group Head: Regional Operations and Coordination	2 316 496	130 693	18 000	-	2 465 189
Nontobeko Memela	Group Head: Housing and Human Settlement	2 316 095	130 693	18 000	-	2 464 788
Augustine M Makgata	Group Head: Economic Development and Spatial Planning	2 314 662	130 693	18 000	-	2 463 355
Stephens R Notoane	Group Head: Water and Sanitation	2 313 654	130 693	18 000	-	2 462 347
Margaretha J Dunkle- Kock	Group Head: Legal and Secretariat Services	2 313 601	130 693	18 000	-	2 462 294
Pheko I Letlonkane	Group Head: Roads and Transport	2 307 580	130 693	18 000	-	2 456 273
Thandiwe S Radebe	Group Head: Customer Relations Management	2 210 483	130 693	-	-	2 341 176
Gadner Tlou Tefo	Group Head: Office of the Chief Whip	2 160 775	130 693	-	50 161	2 341 629
Abel T Malaka	Group Head: Environment and Agriculture Management	2 186 339	130 693	-	-	2 317 032
Rajendra Ganasen Pillay	Group Head: Office of the Speaker	1 722 759	100 198	-	-	1 822 957
Judith Judygirl Maluleka	Group Head: Office of the Speaker	195 000	19 888	-	-	214 888
Hilgard Matthews	Group Head: Group Communication and Marketing	170 559	-	-	-	170 559
		31 806 976	**1 819 095**	**180 000**	**357 239**	**34 163 310**

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

38. Remuneration of Top Management (continued)

2021/2022

Name	Designation	Remuneration	Cell phone allowance	Other Allowances	Acting Allowances	Total
Nosipho Prudence Hlatshwayo	Group Head: City Strategies and Organisation Performance	331 826	3 600	-	-	335 426
Msizi Reginald Myeza	Group Head: Strategy and Management Support	716 667	7 200	-	-	723 867
Hilgard Matthews	Group Head: Group Communication & Market	1 990 956	21 600	-	-	2 012 556
Stephens Ramoage Notoane	Group Head: Energy and Electricity	2 168 542	18 000	130 693	-	2 317 235
Gerald Mbulelo Shingange	Group Head: Group Human Capital Management	2 175 943	18 000	130 693	-	2 324 636
Makgorometje Augustine Makgata	Group Head: Economic Dev & Spatial Planning	2 169 847	18 000	130 693	137 616	2 456 156
Abel Tumishi Malaka	Group Head: Environment & Agriculture Management	2 050 365	21 600	130 693	-	2 202 658
Pheko Ignatius Letlonkane	Group Head: Roads & Transport	2 162 961	18 000	130 693	-	2 311 654
Nontobeko Memela	Group Head: Housing & Human Settlements	2 168 542	18 000	130 693	-	2 317 235
Koena Joseph Nkoko	Group Head: Health	2 181 422	18 000	130 693	-	2 330 115
Verusha Morgan	Group Head: Group Property	2 169 848	18 000	130 693	52 501	2 371 042
Namadzavho California Phanyane	Group Head: Regional Operations & Coordination	2 168 542	18 000	130 693	-	2 317 235
Musawakhe Hlanganani Oscar Khumalo	Group Head: Shared Services	2 168 542	18 000	130 693	-	2 317 235
Thandiwe Shereen Radebe	Group Head: Customer Relations Management	1 966 913	18 000	130 693	-	2 115 606
Estate Late S S Mekhoe	Group Head: Community and Social Development Services	301 623	21 600	130 693	-	453 916
Tiyiselani Joseph Babane	Group Head: Office of the Speaker	1 538 836	1 773	12 871	-	1 553 480
Rajendra Ganasen Pillay	Group Head: Office of the Speaker	104 793	18 000	108 911	-	231 704
Margaretha Johanna Dunkle-Kock	Group Head: Legal & Secretariat Services	2 168 542	1 800	10 891	-	2 181 233
Sello Tlou Levy Chipu	Group Head: Housing and Human Settlement	1 913 686	18 000	130 692	16 335	2 078 713
Tlou Phineas Gadner Tefu	Group Head: Office of Chief Whip	1 926 413	18 000	130 692	185 371	2 260 476
Pieter Andries Swanepoel	Group Head: Economic Development and Spatial Planning	1 955 065	18 000	130 692	87 359	2 191 116
		36 499 874	**331 173**	**2 093 065**	**479 182**	**39 403 294**

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

38. Remuneration of Top Management (continued)

Acting Top Management during the 2021/2022 financial year

Name	Designation	Remuneration	Cell phone allowance	Other Allowances	Acting Allowances	Total
Isaiah Clive Engelbrecht	Group Head: City Strategies and Organisational Performance	1 942 325	18 000	130 692	16 335	2 107 352
Jordan Luke Griffiths	Chief of Staff	1 623 555	18 000	130 692	144 034	1 916 281
Mamagobane Piet Maseema	Group Head: Strategy and Management Support	1 946 350	18 000	130 692	45 455	2 140 497
Luthando Gobingca	(Acting) Chief Audit Executive	1 523 558	12 000	130 692	32 354	1 698 604
		7 035 788	**66 000**	**522 768**	**238 178**	**7 862 734**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

39. Depreciation and amortisation

Property, plant and equipment	2 465 869 860	2 857 551 094	2 463 883 662	2 855 106 253
Investment property	42 758 800	42 801 471	42 758 800	42 801 471
Living resources	36 486	40 967	36 486	40 967
Intangible assets	43 703 158	51 670 043	43 693 004	51 655 469
	2 552 368 304	**2 952 063 575**	**2 550 371 952**	**2 949 604 160**

40. Impairment loss

Impairments				
Property, plant and equipment	225 642 804	263 950 807	225 642 804	263 950 807
Investment property	4 691 147	30 728 100	4 691 147	30 728 100
Intangible assets	-	28 607	-	28 607
	230 333 951	**294 707 514**	**230 333 951**	**294 707 514**

41. Finance costs

Loans and bonds	1 080 826 780	884 931 720	1 080 826 780	884 931 720
Trade and other payables (Interest on late payment)	341 442 031	35 852 459	341 442 031	35 852 459
Finance leases	10 925 323	29 635 877	10 771 662	29 406 329
Bank overdraft	45 389 128	34 768 798	45 389 128	34 768 798
Interest paid on Interest rate swaps	57 489 941	143 058 569	57 489 941	143 058 569
Service concession arrangements	410 030 900	326 072 635	410 030 900	326 072 635
Employee benefit obligation	265 818 530	218 984 806	265 818 530	218 984 806
	2 211 922 633	**1 673 304 864**	**2 211 768 972**	**1 673 075 316**

42. Debt impairment

Contributions to debt impairment provision	3 366 563 441	2 774 333 980	3 365 289 194	2 772 904 927

Contribution to impairment allowance - per service				
Rates	1 479 699 673	949 841 174	1 479 699 673	949 841 174
Electricity	871 821 576	999 059 994	871 821 576	999 059 994
Water	632 859 614	814 508 853	632 859 614	814 508 853
Refuse removal	248 687 184	193 804 170	248 687 184	193 804 170
Housing rental	11 585 387	(73 799 203)	10 311 140	(75 228 256)
AARTO	72 075 311	(119 210 334)	72 075 311	(119 210 334)
Sundry debtors	30 940 983	185 516 350	30 940 983	185 516 350
Ambulance services	3 205 305	(179 485 435)	3 205 305	(179 485 435)
Market	1 408 984	3 958 367	1 408 984	3 958 367
Wonderboom Airport	14 279 424	140 044	14 279 424	140 044
	3 366 563 441	**2 774 333 980**	**3 365 289 194**	**2 772 904 927**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

43. Other materials

Stationery	12 805 634	12 130 095	12 805 634	12 130 095
Cleaning Material	8 116 557	7 452 368	8 116 557	7 452 368
Foodbank	4 752 743	2 100 141	4 752 743	2 100 141
Petrol And Diesel Fuel	148 592 983	142 739 342	148 592 983	142 739 342
Consumable Std Rated	13 891 922	84 025 057	13 891 922	84 025 057
Premix Binder	8 434 046	8 303 063	8 434 046	8 303 063
Chemicals	35 755 612	33 226 181	35 755 612	33 226 181
Other materials - Repairs and maintanance	383 283 224	297 306 874	383 283 224	297 306 874
Other materials	12 249 734	24 676 044	12 249 734	24 676 044
	627 882 455	**611 959 165**	**627 882 455**	**611 959 165**

44. Bulk purchases

Electricity - Eskom	11 501 338 772	11 387 438 857	11 501 338 772	11 387 438 857
Water	3 339 612 821	3 245 670 181	3 339 612 821	3 245 670 181
	14 840 951 593	**14 633 109 038**	**14 840 951 593**	**14 633 109 038**

45. Contracted services

Outsourced Services				
Business and Advisory	191 642 312	231 497 773	191 642 312	231 497 773
Bus operating costs	587 371 979	476 989 051	587 371 979	476 989 051
Collection costs	226 288 437	291 298 041	226 288 437	291 298 041
Cleaning Services	27 887 190	38 851 990	27 887 190	38 851 990
Repairs and Maintenance - Contractors	799 125 513	876 158 742	799 110 870	876 155 742
Formalisation	14 357 425	19 993 710	14 357 425	19 993 710
Connection/Dis-connection	116 838 220	61 690 189	116 838 220	61 690 189
IT Services	75 356 497	90 265 135	75 596 571	90 265 135
Office space rental	58 830 845	82 707 526	58 830 845	82 707 526
Legal costs	141 140 034	142 370 880	135 033 225	141 829 124
Rudimentary services	355 013 779	331 741 213	424 026 687	474 285 448
Prevention of illegal invasion	32 577 010	25 795 006	32 577 010	25 795 006
Personnel and Labour	231 086 368	137 482 808	231 086 368	137 482 808
Refuse Removal	723 700 049	803 172 119	723 700 049	803 172 119
Security Services	595 188 606	406 700 946	595 188 606	406 700 946
Traffic control	12 748 197	13 767 407	12 748 197	13 767 407
Other	61 842 675	57 289 912	53 764 858	52 627 248

46. Transfer and subsidies

Grants paid to ME's				
Transfers to TEDA and HCT	-	-	97 451 572	94 709 648

Other subsidies				
Executive mayor donations and other transfers	1 430 166	270 033	1 430 166	270 033
Gratuities	1 552 447	7 493 125	1 552 447	7 493 125
Section 21 schools learning training support	288 000	288 000	288 000	288 000
ECD-NGO support	1 575	230	1 575	230
	3 272 188	**8 051 388**	**3 272 188**	**8 051 388**

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	Group		Municipality	
Figures in Rand	2023	2022	2023	2022
46. Transfer and subsidies (continued)				
	3 272 188	**8 051 388**	**100 723 760**	**102 761 036**

47. General expenses

A Re Yeng Operations	5 018 509	2 294 696	5 018 509	2 294 696
Advertising and Marketing	11 552 269	12 287 158	7 361 199	10 238 475
Auditors remuneration	36 096 464	35 645 764	34 138 092	33 833 549
Bank charges	24 264 749	28 682 360	24 198 304	28 571 584
Cleaning	2 598 378	3 310 090	2 577 503	3 294 871
Commission paid	20 395 459	68 597 789	20 395 459	68 597 789
Communications	-	18 350	-	18 350
Compensation	74 550 859	71 027 468	74 425 640	70 872 285
Compensation Commissioner	5 808 734	6 643 953	5 808 734	6 643 953
Electricity	1 428 530	1 243 696	-	-
Events Management	3 358 437	7 439 093	2 980 075	7 123 975
Gas	334 836	237 939	-	-
IT support fees	264 297 717	195 649 679	264 194 263	195 573 632
Insurance	178 839 852	157 929 836	178 656 380	157 685 488
Internet Fees	34 279 669	35 988 181	34 279 669	35 988 181
Lease vehicle expense	207 313 271	75 111 391	207 313 271	75 111 391
Legal fees	14 493 872	86 788 699	14 493 872	86 788 699
Licenses	21 094 197	18 054 616	21 094 197	18 054 616
Locomotion Allowance	20 430 225	20 246 900	20 430 225	20 246 900
Management information Systems	107 498 048	111 482 806	107 498 048	111 482 806
Office rental	190 078 477	308 018 829	185 682 612	303 622 964
Membership Fees	17 280 692	16 819 357	17 035 282	16 563 721
Net Stock Changes	13 387 622	16 625 499	13 387 622	16 625 499
Non-Capital Items	3 456 206	3 916 781	3 440 043	3 915 665
Bursaries Employees	5 929 674	5 925 833	5 929 674	5 925 833
Postage	16 061 984	15 727 644	16 061 984	15 727 644
Printing and stationery	18 730 369	19 134 855	17 777 412	18 305 034
Protective Clothing and Uniform	53 697 898	55 778 743	53 331 246	55 633 021
Subsistence & Travel	86 106	67 700	-	-
Rehabilitation Provision Expenses	13 999 893	7 313 397	13 999 893	7 313 397
Rental Vehicles	92 119 022	95 271 628	92 119 022	95 271 628
Rental of plant and equipment	148 315 179	229 409 679	144 053 546	226 175 816
Software Licenses	29 015 346	36 518 704	29 015 346	36 518 704
Subscriptions and membership fees	69 346	86 410	-	-
Telecommunications	19 041 259	19 057 763	19 041 259	19 041 260
Telephone and fax	70 703 506	68 479 457	70 703 506	68 479 457
Repairs and maintanance	37 827 104	38 632 128	32 976 018	31 846 182
Transport Cost	3 056 734	2 073 860	2 819 013	1 952 255
WIFI	22 462 079	23 636 160	22 462 079	23 636 160
Other expenses	9 705 461	55 228 400	7 590 362	53 338 169
	1 798 678 032	**1 956 403 291**	**1 772 289 359**	**1 932 313 649**

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	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

48. Repairs and Maintenance

Group - 30 June 2023	Contracted Services	General	Other Materials	Total
Heritage	19 987 452	-	-	19 987 452
Intangible assets	54 634 740	32 976 018	2 072 631	89 683 389
Investment property	605 039	-	-	605 039
Property, plant and equipment	723 898 282	4 851 086	381 210 593	1 109 959 961
	799 125 513	**37 827 104**	**383 283 224**	**1 220 235 841**

Group - 30 June 2022	Contracted Services	General	Other Materials	Total
Heritage	2 761 934	-	-	2 761 934
Intangible assets	64 647 460	31 846 182	4 234 482	100 728 124
Investment property	765 063	-	-	765 063
Property, plant and equipment	807 984 285	6 785 946	293 072 392	1 107 842 623
	876 158 742	**38 632 128**	**297 306 874**	**1 212 097 744**

Municipality - 30 June 2023	Contracted Services	General	Other Materials	Total
Heritage	19 987 452	-	-	19 987 452
Intangible assets	54 634 740	32 976 018	2 072 631	89 683 389
Investment property	605 039	-	-	605 039
Property, plant and equipment	723 883 639	-	381 210 593	1 105 094 232
	799 110 870	**32 976 018**	**383 283 224**	**1 215 370 112**

Municipality - 30 June 2022	Contracted Services	General	Other Materials	Total
Heritage	2 761 934	-	-	2 761 934
Intangible assets	64 647 460	31 846 182	4 234 482	100 728 124
Investment property	765 063	-	-	765 063
Property, plant and equipment	807 981 285	-	293 072 392	1 101 053 677
	876 155 742	**31 846 182**	**297 306 874**	**1 205 308 798**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

49. Taxation

Major components of the tax (income) expense

Current				
Current year	(476 278)	1 531 909	-	-
Deferred				
Current year	453 017	36 688	-	-
Changes in tax rates	-	22 357	-	-
	453 017	**59 045**	**-**	**-**
	(23 261)	**1 590 954**	**-**	**-**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	27.00 %	27.00 %	- %	- %
Change in tax rate	- %	0.39 %	- %	- %
Non-temporary differences	1.75 %	- %	- %	- %
	28.75 %	**27.39 %**	**- %**	**- %**

A provisional tax payment of R445,582 (June 2022: R1,900,739) has been made as at 30 June 2023.

Notes to the Audited Consolidated Annual Financial Statements

		Group		Municipality	
Figures in Rand		2023	2022	2023	2022

50. Cash generated from operations

Surplus (deficit)		1 136 902 464	(1 277 948 513)	945 161 643	(1 505 650 497)
Adjustments for:					
Depreciation and amortisation		2 552 368 304	2 953 035 615	2 550 371 957	2 949 604 150
Loss on disposal of assets		129 582 323	431 910 352	129 700 576	431 731 266
Loss on retirement of investment property		569 547	485 515	569 547	485 515
(Loss) gain on foreign exchange		292 877	(394 113)	292 877	(394 113)
Movements due to change in estimates		149 642 252	-	149 642 252	-
Interest income non-cash		(68 944 939)	17 181 281	(68 930 686)	17 181 255
Impairment		230 333 951	294 707 514	230 333 951	294 707 515
Actuarial gain		(191 170 625)	(50 079 895)	(191 170 625)	(50 079 895)
Finance cost - Service Concession	29	85 497 282	55 414 340	85 497 282	55 414 340
Redemption fund valuation		84 087 481	389 105 504	84 087 481	389 105 504
Debt impairment		3 366 563 441	2 774 333 980	3 365 289 194	2 772 904 927
Donated assets		(77 480 045)	(17 334 539)	(9 434 581)	(17 404 944)
Fair value gain on initial recognition of assets		(5 934 619)	(10 011 568)	(5 934 619)	(10 011 568)
Fair value adjustments - interest rate swaps		(108 297 255)	(267 407 051)	(108 011 734)	(267 407 050)
Movements in operating leases		(90 792)	327 673	-	-
Movement due to natural attrition of living resources		(45 464)	(70 431)	(14 998)	(40 420)
Movement in jointly controlled assets		(95 093 299)	(310 293 297)	(95 093 299)	(310 293 297)
Movements in employee benefit obligations		(253 280 256)	435 489 855	(251 883 387)	435 513 639
Movements in provisions		(66 219 309)	212 752 897	(65 805 455)	214 378 780
Deferred taxation		(23 261)	59 045	-	-
Opening balance		-	(1 949 607)	-	-
Changes in working capital:					
Inventories		(107 301 883)	(82 344 008)	(107 301 883)	(82 344 007)
Receivables : Exchange transactions		(3 703 068 408)	(1 477 124 501)	(3 669 096 381)	(1 505 479 817)
Receivables: Non-Exchange transactions		213 082 762	10 278 197	213 082 762	10 278 197
VAT		(1 421 317 741)	(1 853 932 471)	(1 423 026 934)	(1 848 176 144)
Payables from exchange transactions		1 655 445 164	2 290 435 579	1 597 960 957	2 354 769 192
Unspent conditional grants and receipts		153 147 120	120 627 834	153 147 120	73 256 051
Consumer deposits		(17 058 718)	(165 721 259)	(17 058 718)	(165 721 259)
Long term receivables		129 866 911	(134 927 008)	129 866 911	(134 927 008)
		3 772 055 265	**4 336 606 920**	**3 622 241 210**	**4 101 400 312**

51. Going concern

The annual financial statements have been prepared on the basis that City will continue to operate as 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 ability of the municipality to continue as a going concern is dependent on several factors. In performing the going concern assessment, the following key financial indicators were assessed.

Key Financial indicators

Key financial indicators	**2022/23**	**2021/22**
Collection rate	90.0 %	94.9 %
Current Ratio	0.4	0.4
Debt to Revenue	31.7 %	36.1 %
Capital Cost as a percentage of expenditure	7.1 %	4.5 %
Net debtor’s days	60	65

Credit Rating

51. Going concern (continued)

In June 2023, the City’s credit ratings were confirmed (remaining unchanged) by Moody’s Investors Service (Moody’s) at Caa1.za long term and NP.za for the short-term with an outlook of negative. On the other hand, in April 2023, Global Credit Ratings (GCR) downgraded the City’s credit profile from CCC+(za) to CCC(za) on long-term and the short-term rating remaining unchanged at C(za). Both Moody’s and GCR’s ratings on Tshwane are below investment grade meaning that Tshwane will as has been the case in the last three financial years, not be able to raise loans in the market.

The reasons extended by GCR as to the award of a downgrade, are the following:

The ratings downgrade to City of Tshwane Metropolitan Municipality and negative outlook reflect the adverse audit outcome and negative impact of continuing political disfunction on operating performance.

As a result, recovery initiatives to improve liquidity and stabilise the financial profile have not materialised as previously expected. Liquidity remains very weak, with the Metro still in breach of its financial covenants and unable to generate sufficient cash flows or access new sources of funding.

GCR has further weakened Tshwane’s management and governance assessment due to the adverse opinion issued by the Auditor General on the Metro’s financial statements for FY22.

Significant uncertainties were raised with regard to several items in the financial statements, particularly being the accounting treatment of capital work in progress, as well as deficiencies in recording of trade creditors and consumer debtors.

At the same time, the Metro has faced ongoing political instability, with a hung council and several changes to the mayor during 1Q 2023, which has prevented the council from meeting and approving an adjustment budget.

A new mayor has now been appointed who is prioritizing financial sustainability and the Metro has also developed a detailed plan to address the major audit issues, with greater oversight and input from the Auditor General. However, the adverse audit outcome is not expected to be improved in the current financial year, as remedying the various findings will only be attainable over the medium term.

On the other hand, Moody’s posits the following reasons for maintaining the credit rating at previous reporting levels:

The credit profile of the City of Tshwane at Caa1.za on long term rating and NP.za for the short-term view with a negative outlook, reflect the city's fiscal challenges and the continued fragile liquidity position.

The city's constrained access to external borrowing has exacerbated its liquidity pressure.

Though the city's operating performance will most likely moderate in the medium term, Moody's expects its liquidity to remain significantly weaker than those of its peers we rate in South Africa. In addition, the credit profile also incorporates the challenges associated with the high infrastructure requirements for basic services, such as water and electricity. The city's credit profile also reflects its moderate but increasing debt, and a large and diversified local economy, reflecting Tshwane's status as South Africa's administrative capital.

In the light of the challenges noted above has approved a financial recovery plan, the City in approving its 2023/24 Medium Term budget has also approved a funding plan to improve the current financial challenges.

Key focus areas for the funding plan

Revenue alignment

Revenue estimates proposed in the MTREF consider the weak economic growth and the ability of consumers to meet their obligations to the city. Revenue estimates were adjusted in line with realistically anticipated revenue projections.

Rebasing of operating expenditure

The operational expenditure budget for the 2023/24 financial year has been scaled down by R1,3 billion. The rebasing of the operating expenditure means that the city must review its operations, implement operational efficiencies, and continue with cost containment.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

51. Going concern (continued)

In line with the revenue estimate the three main expenditure groups, i.e., Contracted services; Operational Costs; and other materials were scaled down.

Reduction and management of distribution losses

A reduction in distribution losses will reduce the cost of bulk purchases and thereby improving the municipality's cash flow. It has been determined that a 5% reduction in both electricity and water distribution losses will reduce expenditure on bulk purchases by R1,3 billion, i.e.R919 million for electricity and R414 million for water over the medium term. Some of the key initiatives includes.

- Installation of pressure reducing valves at the reservoirs. Pressure Management has been identified by the City as one of the most effective methods to reduce physical losses. The basic idea behind pressure management is that leakage is driven by pressure. If pressure can be reduced in any way the leakage will be reduced.
- Audit and replacement of water and electricity meters

Cashflow management

The cashflow is managed daily and where the municipality is unable to settle payments on time, the payment arrangements are entered into mainly with bulk suppliers.

The municipality is also embarking on intensifying its revenue collection through the following strategies.

Revenue and Expenditure strategies

- Tshwane ya Tima campaign which is meant to focus on disconnection of services to non-paying customers.
- Installation of prepaid meters on indebted consumers and implementing debit orders/stop orders when negotiating payment arrangement plans.
- Migration of large power users to Prepayment platform
- Intensify Outreach Programmes to ease up payment platform for customers who are not able to reach us due to bottlenecks in the system and to address culture of non-payment in some of the areas.
- Outsource Debt Collection
- Completeness of revenue through meter reading and elimination of estimations, and
- Implementation of cost containment measures which includes reduction in expenditure.

Expected revenue

	2025/26	**2024/25**	**2023/24**
Grants			
Operating Grants	5 849 189 760	5 269 198 030	5 112 619 852
Capital Grants	2 134 960 153	2 084 730 066	2 010 940 432
Service charges			
Property rates	10 242 681 654	9 696 003 511	9 145 798 143
Service charges: Electricity	19 503 969 087	17 550 540 923	15 810 345 974
Service charges: Water	6 565 579 383	6 026 495 107	5 413 296 565
Service charges: Sanitation	1 859 134 495	1 776 644 957	1 628 775 720
Service charges: Refuse	1 903 664 334	1 796 904 599	1 719 851 063
Other income			
Other Income	3 359 189 013	3 265 764 327	3 183 713 677
	51 418 367 879	**47 466 281 520**	**44 025 341 426**

Based on the above measures the municipality has put in place measures to improve its financial position and the City will continue to operate as a going concern in the foreseeable future.

TEDA

51. Going concern (continued)

We draw attention to the fact that at 30 June 2023, the entity had an accumulated surplus of R 17 435 602 and that the entity's total assets exceed its liabilities by R 17 436 602.

The audited annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The entity’s business plan and budget for 2023/24 was approved by the shareholder which guarantees TEDA's existence in the foreseeable future. TEDA is wholly dependent on the funds allocation from the City during the year under review. The operational grant received from the City of Tshwane is unconditional.

HCT

We draw attention to the fact that at June 30, 2023, the entity had an accumulated surplus of R953,460,278 and that the entity's total assets exceed its liabilities by R970,566,400 .

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 realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is the support from the parent municipality (City of Tshwane) and the City of Tshwane has no intention to liquidate the entity. In Townlands the entity has commenced tenanting and is generating rental revenue to pursue sustainability , furthermore there is a Council approved Business Plan that is aligned to the MTREF.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

52. Related parties

Name of entity	% Equity interest
Investment in joint venture: TASEZ	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	Remuneration of City Manager refer to Note 38
	Remuneration of Top Management refer to Note 38
	Remuneration of Councillors refer to Note 37 and 62

Tshwane Economic Development Agency:

TEDA benefited from the use of the following services provided by CoT at no cost:

- 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 received the rights to develop land owned by the City of Tshwane at no cost:

- 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
- QPR - Performance Management Solution
- The entity received the rights to develop land owned by the City of Tshwane at no cost
- Litigation on Townlands represented by Geldenhuis Malatji.
- COT Group Audit and Risk Forensic investigation on UIFW.
- Use the service of the VAT specialist at no cost

Related party balances

Amounts included in (Trade receivable) Trade Payable regarding related parties	Group 2023	Group 2022	Municipality 2023	Municipality 2022
Housing Company Tshwane: Deposit owed by City of Tshwane			24 388	61 606
Housing Company Tshwane: Grant owned by City of Tshwane			286 364	62 562 328
Housing Company Tshwane: Rental received on behalf of City of Tshwane			(197 712)	(197 635)
Tshwane Economic Development Agency: Grant owned by City of Tshwane			13 000 000	7 000 000
Tshwane Economic Development Agency: Property Valuation Expenses			(184 000)	(68 000)
TASEZ: Amounts owed by City of Tshwane to Related party			105 224 365	15 402 151

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

52. Related parties (continued)

Related party transactions

Sales to related parties				
Housing Company Tshwane: Rates			(896 779)	(846 476)
Housing Company Tshwane: Water and electricity			(510 143)	(450 858)
Tshwane Economic Development Agency: Website expenses			(80 000)	(68 000)
Grants, transfers and subsidies to related parties				
Housing Company Tshwane: Grant transferred as income			157 696 121	180 799 917
Tshwane Economic Development Agency: Grant transferred as income			55 931 999	52 886 537
Payments made to Related Party				
TASEZ : Payments made Bulk Infrastructure			122 410 348	99 261 123

Refer to Note 17 for the Equity Accounting of Investment in associate: TASEZ

53. Commitments

Authorised capital expenditure

Approved and contracted for				
• Infrastructure assets	4 012 030 222	3 680 562 000	3 779 064 706	3 375 762 480
• Community assets	195 028 841	225 902 438	195 028 841	225 902 438
• Other assets	15 201 636	15 877 561	14 668 090	15 344 015
• Intangible assets	530 297 759	506 847 875	530 297 759	506 847 875
	4 752 558 458	**4 429 189 874**	**4 519 059 396**	**4 123 856 808**
Total capital commitments				
Approved and contracted	4 752 558 458	4 429 189 874	4 519 059 396	4 123 856 808

Total commitments

Total commitments				
Authorised capital expenditure	4 752 558 458	4 429 189 874	4 519 059 396	4 123 856 808

54. Unauthorised expenditure

Opening balance as previously reported	5 463 973 063	3 484 319 381	5 463 973 063	3 484 319 381
Add: Unauthorised expenditure - current	423 284 507	1 979 653 682	423 284 507	1 979 653 682
Less: Amount authorised - relating to opening balance/previously reported balances	(5 463 973 063)	-	(5 463 973 063)	-
Closing balance	**423 284 507**	**5 463 973 063**	**423 284 507**	**5 463 973 063**

The over expenditure incurred by the group's departments during the year is attributable to the following categories:

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

54. Unauthorised expenditure (continued)

Unauthorised expenditure: Budget overspending - per strategic unit				
City Manager	152 543 731	127 676 019	152 543 731	127 676 019
Community and Social Development Services	30 578 112	-	30 578 112	-
Energy & Electricity	-	432 828 215	-	432 828 215
Environmental & Agriculture Management	-	98 646 788	-	98 646 788
Group Financial Services	229 423 147	-	229 423 147	-
Group Legal and Secretarial Services	10 739 517	46 214 347	10 739 517	46 214 347
Human Settlements	-	38 140 282	-	38 140 282
Regional Operation & Coordination	-	888 902 166	-	888 902 166
Roads & Transport	-	90 296 318	-	90 296 318
Water and Sanitation	-	256 949 546	-	256 949 546
	423 284 507	**1 979 653 681**	**423 284 507**	**1 979 653 681**

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Cash	(399 786 642)	391 354 382	(399 786 642)	391 354 382
Non-cash	823 071 149	1 588 299 299	823 071 149	1 588 299 299
	423 284 507	**1 979 653 681**	**423 284 507**	**1 979 653 681**

Analysis of non-cash items per financial performance statement items:

Employee related costs - Provision for leave payments	(10 630 004)	(61 892 231)	(10 630 004)	(61 892 231)
Debt impairment - Bad debts: Property rates	740 809 189	642 290 725	740 809 189	642 290 725
Depreciation and Asset Impairment - Depreciation	99 043 661	518 244 175	99 043 661	518 244 175
General expenditure (SFP) - Net stock shortages	13 387 622	11 468 673	13 387 622	11 468 673
Contributions (SFP) - Contribution: Legal proceed	(190 999)	71 725 801	(190 999)	71 725 801
Loss on disposal of Property Plant and Equipment	(19 348 320)	403 462 155	(19 348 320)	403 462 155
	823 071 149	**1 585 299 298**	**823 071 149**	**1 585 299 298**

55. Fruitless and wasteful expenditure

Opening balance as previously reported	2 480 505 537	634 531 679	2 476 278 538	627 066 166
Add: Expenditure identified - current year	340 813 594	32 613 944	341 442 031	35 852 458
Add: Fruitless and wasteful expenditure identified - prior period	-	1 813 359 914	-	1 813 359 914
Closing balance	**2 821 319 131**	**2 480 505 537**	**2 817 720 569**	**2 476 278 538**

The above is inclusive of amounts to be recovered as approved by council

Details of fruitless-and wasteful expenditure				
Interest on late payments	341 450 996	35 856 330	341 442 031	35 852 619
VAT interest and penalty liability	1 813 359 914	-	-	1 813 359 914
	2 154 810 910	**35 856 330**	**341 442 031**	**1 849 212 533**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

56. Irregular expenditure

Opening balance as previously reported	12 719 414 300	9 324 553 700	12 688 348 957	9 202 243 305
Restatement of prior year	-	2 233 093 543	-	2 233 093 543
Opening balance as restated	**-**	**11 435 336 848**	**13 814 045 320**	**11 435 336 848**
Add: Irregular Expenditure - current year	1 660 945 374	1 437 607 998	1 557 803 862	1 253 012 109
Add: Irregular expenditure - prior period	25 955 873	388 000	25 955 873	-
Less: Amount recovered - prior year	-	(195 000)	-	-
Less: Amount approved for recovery by Council - current period	(662 440 506)	-	(662 440 506)	-
Less: Amount written off - current	(675 019 572)	(276 033 941)	(577 878 869)	-
Less: Amount written off - prior period	(1 980 845)	-	-	-
Closing balance	**13 066 874 624**	**12 719 414 300**	**13 031 789 317**	**12 688 348 957**

Notes to the Audited Consolidated Annual Financial Statements

56. Irregular expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

Figures in Rand	Disciplinary steps taken/criminal proceedings	Group 2023	Group 2022	Municipality 2023	Municipality 2022
Non-Compliance with Section 32 of the MFMA	Under investigation	405 290 745	345 535 627	405 290 745	345 535 627
Quotation made outside the 2022 PPR procurement and the SCM Policy	Under investigation	27 563 298	-	27 563 298	-
Non-compliance with PPR (Par 5), SCM Regulations (Par 38 (1)	Under investigation	-	114 646 159	-	114 646 159
Non-compliance with MFMA Section 110	Under investigation	-	21 186 652	-	21 186 652
Subcontracting more than 25%	Under investigation	-	17 100 000	-	17 100 000
Award value above the tender value range in terms of CIDB requirements	Under investigation	-	4 009 587	-	4 009 587
Selected from the expired panel	Under investigation	-	64 321 508	-	64 321 508
Bid Evaluation not in accordance with the specifications and no evidence of consideration by the Adjudication Committee	Under investigation	-	2 282 403	-	2 282 403
Tenders advertised for less than 30 days	Under investigation	-	639 047	-	639 047
Mandatory sub-contracting - Tenders over R30 million - PPR subcontracting regulations not complied with	Under investigation	-	18 322 680	-	18 322 680
Awards made to the bidder known to have committed a corrupt or fraudulent act in competing for the contract	Under investigation	-	287 917 531	-	287 917 531
Minimum threshold for local production and content not met	Under investigation	-	79 356	-	79 356
Non-compliance with SCM Regulation 36 (Deviations)	Under investigation	234 156 814	1 118 045 258	234 156 814	1 118 045 258
Contract payments outside the contract term	Under investigation	-	338 039 494	-	338 039 494
Non-compliance with Section 112 - Winning bidder not meeting mandatory requirements, Unfair disqualification of bidders	Under investigation	887 642 052	1 152 947 720	887 642 052	1 152 947 720
Non compliance with SCM regulation 44 - Awards made to employees of the municipality and state employees	Under investigation	3 150 953	1 032 631	3 150 953	1 032 631
TEDA	**Disciplinary steps taken/criminal proceedings**				
Bid of a long term nature not advertised for the minimum of 30 days	Under investigation	276 000	523 021	-	-
Collusion and possible fraud	Under investigation	-	193 000	-	-
Insufficient evidence that requests for quotations were advertised for 7 days	Under investigation	-	68 000	-	-
HCT	**Disciplinary steps taken/criminal proceedings**				
Non-compliance with BAC composition - sec 29 & scope variation	Under investigation	96 864 703	179 174 570	-	-

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand		Group 2023	Group 2022	Municipality 2023	Municipality 2022
56. Irregular expenditure (continued)					
Non-compliance with regulation 22 (1) of Municipal SCM regulation - Bids of LT nature not advertised for 30 days	Under investigation	6 000 809	4 612 918	-	-
Non-compliance with regulation 8 of PPR - RFQ that fails to meet the minimum stipulated threshold for local production and content	Under investigation	-	217 350	-	-
		1 660 945 374	**3 670 894 512**	**1 557 803 862**	**3 486 105 653**

	Disciplinary steps taken/criminal proceedings			
Non-Compliance with Section 32 of the MFMA (Irregular expenditure relating to prior year identified in the current year)	Under investigation*	25 955 873	-	25 95

*Under investigation - Determined as fruitless and wasteful expenditure and under investigation to determine whether the funds will be recovered.

Irregular expenditure to be recovered		
Glad Africa	652 073 251	-
Babore	1 276 960	-
	653 350 211	**-**

57. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the Committee and includes a note to the audited consolidated annual financial statements.

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

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

57. Deviation from supply chain management regulations (continued)

- 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

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)				
City				
Sole providers	-	473 000	-	473 000
Impractical	934 872	-	934 872	-
TEDA				
ICT services	96 226	91 273	-	-
Legal services extended	1 402 814	1 141 869	-	-
Storage	41 550	37 070	-	-
HCT				
Nasho membership and training	64 624	64 624	-	-
Repairs: motor vehicles & lifts	104 466	3 000	-	-
Licence fees (Pastel Accounting & CaseWare)	112 487	102 786	-	-
Townlands development costs & Electricity	13 444 094	-	-	-
Security service at Townlands	600 000	-	-	-
Installation of Pastel Accounting	-	7 916	-	-
Power failure at Clarina	-	81 869	-	-
Deep Cleaning & decontamination	8 500	6 000	-	-
	16 809 633	2 009 407	934 872	473 000
(1) (b) to ratify any minor breaches of the procurement processes	-	-	-	12 273 632
	16 809 633	**2 009 407**	**934 872**	**12 746 632**

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

58. 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 R 2,000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including:

- the name of that person;
- the capacity in which that person is in the service of the state; and
- the amount of the award.

The name of the person	The capacity	Value of award 30 June 2023	Value of award 30 June 2022
Segopane Zephora Teffo*	Snr storekeeper	-	221 345
Absalom Sibusiso Ntuli	Storekeeper	177 060	536 880
Nkele Doris Kganyago	SNR Admin	-	20 500
Setlhare Paul Ledwaba*	General worker	151 465	149 170
Sakisene Tsolofelo#	Supervisor	-	157 292
Segopane Zephora Teffo	Snr Storekeeper	-	123 510
Segopane Zephora Teffo	Snr Storekeeper	-	327 135
Segopane Zephora Teffo	Snr Storekeeper	-	395 637
		328 525	**1 931 469**

* Commission based award
# Rates Based as and when in nature tender

No Awards were made in terms of regulation 45 for TEDA and HCT.

59. Contingencies

Indemnification				
Capitalised pension value in compliance with Compensation for Occupational Injuries and Diseases Act, 1993	117 814 383	158 261 835	117 814 383	158 261 835

The capitalised value as at 30 December 2022 which is calculated by the department of Labour amounted to R117 814 383. The actual amount is guaranteed with a bank guarantee.

Guarantees issued				
Guarantees issued in favour of Eskom	-	213 500	-	213 500

Insurance claims				
Pending claims iro asset-, motor own damage contractors and electricity claims	58 691 062	74 876 645	58 691 062	74 876 645
Pending claims iro public liabilities	1 727 086 587	718 018 396	1 727 086 587	718 018 396
	1 785 777 649	**792 895 041**	**1 785 777 649**	**792 895 041**

City

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.

HCT

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

59. Contingencies (continued)

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.

HCT entered into a contract with Vharanani Properties (Pty) Ltd for the construction of 16 storey Social Housing Scheme on Erf 1118, Acardia in Pretoria. The project entails the development of 607 rental units including a gate house, refuse bay, underground plant room and upgrading of bulk infrastructure. In terms of the signed contract, HCT was obliged to give the contractor possession of the site on 2 November 2020 but failed to provide the contractors with the possession of the site on the 2 November 2020 because the site was occupied by the Menlyn Taxi Association. The contractor terminated the contract and claim the disputed R32,720,530 for potential profit and loss and damages as a result of the employers' breach of contract.

The entity entered into a contract with MIH Projects for construction supervision of Townlands, Marabastad project. During the prior financial year (2020/21), the principal agent submitted invoices to the value of R82,909 which was disputed based on the fees. The entity also disputed invoices amounting to R23,242 from the Auditor General on interest charged. Invoice from Labstyres and Amande Nkanyza Attoneys were also disputed amounting to R72,450 and R77,093 respectively. The total value of disputed invoices amounts to R255,694.

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.

59. Contingencies (continued)

Category A
The materiality of the listing with all cases with the value exceeeding R10 million.

Department	Short description of cases	2023	2022
Community and Social Development	Breach of contract-non payment for work done and damages claim in respect of the Loftu Stadium Upgrade for World Cup 2010.	75 503 986	-
Group Property Management	Claimant alleges that there as development agreement entered into with CoT on certain properties. The CoT is alleged to have breached the agreement by settling people on properties that were the subject matter of the development agreement.	51 507 439	51 507 439
Group Property Management	Claim for damages. capital Amount is R11 000 000, 00 is as per the assessment by the lawyer as reported by the AGSA team	11 000 000	11 000 000
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. They allege that the panel of attorneys KR Inc gave incorrect legal advise regarding the legitimacy of the Broad Band contract	327 764 660	327 764 660
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. They allege that the panel of attorneys KR Inc gave incorrect legal advise regarding the legitimacy of the Broad Band contract	134 938 261	134 938 261
Group Shared Services	Claim for the Annual increases in terms of Tender number CB101/2014. the capital claimed now is the difference between R7 943 259, 06judgement less R2 430 187, 99 (amount could allowed during rescission)	5 513 071 107	1 955 738 877
Group Utility Services	Cancellation of contract on the basis of law	183 624 957	183 624 957
Housing and Sustainable Human Settlement	Claim for damages, Brookway's properties were invaded and they obtained an order to evict, the order also directed the CoT to provide an alternative by a particular date. Plaintiff claims CoT failed to provide alternative. Hence Plaintiff had to eventually sell the property and suffered damages.	176 526 000	176 526 000
Housing and Sustainable Human Settlement	Claim for payment of monies that Rain Bowregardsas rental for Clarina Flats where former residents of Schubart Park are housed.	50 616 000	50 616 000
Housing and Sustainable Human Settlement	Claim for outstanding payment of lease.	31 487 000	31 487 000
Roads and Transport	Claim for loss of income due to blockage on wayleave system	34 000 000	34 000 000
Roads and Transport	Consequential loss claim for expropriated property	283 101 000	283 101 000
Roads and Transport	Damages for unlawful termination of contract	25 499 755	-
Regional Operations and Coordination	Claim for loss of income for failing to utilise them in terms of the contract provisions	111 615 305	111 615 305
Regional Operations and Coordination	Claim for loss of income for failing to utilise them in terms of the contract provisions	80 214 095	80 215 095
Regional Operations and Coordination	Claim for loss of income for failing to utilise them in terms of the contract provisions	59 244 567	59 244 567
Regional Operations and Coordination	Claim for loss of income for failing to utilise them in terms of the contract provisions	41 421 707	41 421 707
Regional Operations and Coordination	Claim for loss of income for failing to utilise them in terms of the contract provisions	17 946 566	17 946 566
		7 209 082 405	**3 550 747 434**

59. Contingencies (continued)

Category B

The materiality of the listing with all cases not exceeding R10 million.

Department	2023	2022
Community and Social Development	4 900 000	4 900 000
Community Safety - Metro Police	6 234 046	6 233 688
Corporate and Shared Services	480 049	180 404
Group Financial Services	9 824 382	3 140 803
Group Audit and Risk	120 000	120 000
Group Communication and Marketing	879 718	879 718
Group Economic Development and Spatial Planning	6 683 428	6 683 428
Group Environment & Agriculture Management	4 204 510	4 204 510
Group Finance Services Department (Supply Chain Management)	677 013	677 013
Group Financial Services	48 574 713	39 887 248
Group Human Capital Management	30 402 698	30 402 698
Group Legal and Secretariat	5 000 000	5 000 000
Group Property Management	5 355 176	5 411 259
Group Shared Services	4 660 090	139 897 995
Group Utility Services	23 921 268	25 001 693
Housing and Sustainable Human Settlement	24 957 373	27 002 613
Office of the Speaker	850 884	850 884
Roads and Transport	9 005 142	9 005 142
Regional Operations and Coordination	84 942	84 942
	186 815 432	**309 564 038**

60. 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 sixth 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:
- Fleet Africa a division of Super Group Africa (Pty) Ltd for the supply of category E fleet vehicles and fleet related services; and
- Moipone Group of Companies (Pty) Ltd for the supply of category A and C fleet vehicles and fleet related services;
- Talis 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 municipality 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 municipality 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.

The municipality 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.

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

The lease agreements for Moipone Group of Companies (Pty) Ltd and Talis Fleetmatics VMS (Pty) Ltd lapsed on 30 June 2023 and will not be renewed.

Denneboom Service concession

The City of Tshwane Metropolitan Municipality entered into a service concession and Lease Agreement with the Concessionaire (Intendent Management Services (Pty) Ltd.) on the 7th of 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.

Intendent 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. Intendent also receives non-cash compensation from the municipality by getting a rebate from property rates. The municipality 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 municipality. The service concession agreement will lapse after 29 years and 11 months.

61. Disposal of: a significant asset(s) /or a group of assets and liabilities /or a component of the entity

During the 2022/23 financial year, there was no significant disposal of assets or group of assets and liabilities of a company of the entity.

Disposals completed during the year:

During the 2022/23 financial year, there was no significant disposal of assets or group of assets and liabilities of a company of the entity.

During the said financial year we did not have any disposals/ Auctions. We are in process of renewing the contract for an Auctioneer to conduct auction.

During the said financial year we did not have any disposals/Auctions. The contract for an Auctioneer has been appointed as per the attachement. The company Riley Auctioneers (Pty) Ltd Reg no. 2008/000180/07 was reccommended for the appointment for period of three years and when required commencing on 1 June 2023.

62. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	5 128 685	5 069 624	5 158 685	5 069 624
Amount paid - current year	(5 128 685)	(5 069 624)	(5 158 685)	(5 069 624)
	-	-	-	-

Consultants/Professional Services				
Opening balance	-	21 677	-	-
Current year subscription / fee	4 589 921	1 432 555	-	-
Amount paid - current year	(4 589 921)	(1 432 555)	-	-
Amount paid - previous years	-	(21 677)	-	-
	-	-	-	-

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

62. Additional disclosure in terms of Municipal Finance Management Act (continued)

Audit fees

Opening balance	1 502 099	437 092	1 222 240	127 902
Current year subscription / fee	34 840 298	34 648 641	34 138 092	33 859 169
Amount paid - current year	(36 062 538)	(33 331 833)	(35 360 332)	(32 764 831)
Amount paid - previous years	(179 577)	(251 801)	-	-
	100 282	**1 502 099**	**-**	**1 222 240**

PAYE and UIF

Opening balance	-	401 863	-	-
Current year subscription / fee	2 144 684 033	2 003 940 844	2 127 540 502	1 987 380 999
Amount paid - current year	(2 144 684 033)	(2 004 342 707)	(2 127 540 502)	(1 987 380 999)
	-	-	-	-

Pension and Medical Aid Deductions

Opening balance	373 189	-	-	-
Current year subscription / fee	2 964 419 394	2 881 707 217	2 956 934 183	2 874 512 801
Amount paid - current year	(2 964 792 583)	(2 881 334 029)	(2 956 934 183)	(2 874 512 801)
	-	**373 188**	**-**	**-**

VAT

VAT receivable	2 474 118 012	1 745 387 593	2 474 114 540	1 745 384 121
VAT payable	(5 385 904 667)	(6 078 491 989)	(5 384 641 745)	(6 078 938 260)
VAT payable net off impairment	**(2 911 786 655)**	**(4 333 104 396)**	**(2 910 527 205)**	**(4 333 554 139)**

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2023:

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

62. Additional disclosure in terms of Municipal Finance Management Act (continued)

30 June 2023	Outstanding less than 90 days	Outstanding more than 90 days	Total
Masupha NR	2 473	-	2 473
Mathebe RK & TT	665	274	939
Eybers LD	3 387	17	3 404
Phokoje STT	3 434	97	3 531
Makgaleng KG	3 739	755	4 494
Mabogwana MO	2 598	1 685	4 283
Fourie RP & MH	9 729	158	9 887
Magaseng & Makgaleng MM & KG	1 106	3 537	4 643
Ramokgushwane LM	1 620	3 876	5 496
Helfrich & Venter WP & MD	3 197	5 073	8 270
Selowa D	4 398	5 607	10 005
Mbokane Ellen Phumzile	7 718	5 389	13 107
Mehlape-Zimu MM	32 740	3 766	36 506
Moloi Eunice Dineo	1 538	11 396	12 934
Mazibuko MS	2 040	12 952	14 992
Mehlape-Zimu MM	4 270	13 569	17 839
Masilela JK	3 328	14 333	17 661
Modise ET	4 347	14 636	18 983
Mathibedi MT	60 359	15 455	75 814
Voilet Phalwane	2 789	15 712	18 501
Dzumba KY	11 149	14 901	26 050
Monchusi DJ & RGM	5 521	26 570	32 091
Manhique RM & AF	8 437	29 934	38 371
Monchusi DJ & RGM	6 979	34 737	41 716
Leshabana LP	13 259	67 571	80 830
Phokoje STT	61 356	63 920	125 276
Nhlapo BJ & Z	10 689	91 296	101 985
Raphuthi Maboshadi Mina	6 242	102 194	108 436
Mocumi T.C	5 893	105 140	111 033
Modise ET	14 350	129 541	143 891
Modise ET	33 237	146 019	179 256
Modise ET	36 110	197 664	233 774
	368 697	**1 137 774**	**1 506 471**

62. Additional disclosure in terms of Municipal Finance Management Act (continued)

30 June 2022	Outstanding less than 90 days	Outstanding more than 90 days	Total
Thabatha TI	-	90	90
Mazibuko MS	-	2	2
Masukue N	1 310	362	1 672
Magaseng & Makgaleng MM & KG	655	2 209	2 864
Ramokgushwane LM	1 003	2 536	3 539
Phokoje STT	3 276	1 030	4 306
Chauke Hlamalani Queen	2 131	2 305	4 436
Tlou PP	3 562	971	4 533
Mashaoa MA	1 111	5 219	6 330
Kruyshaar LP & T	4 560	2 016	6 576
Makena SM	4 669	1 985	6 654
Mehlape-Zimu MM	3 416	4 908	8 324
Moloi Eunice Dineo	1 086	7 691	8 777
Mathibedi MT	4 849	5 098	9 947
Surgeon MA	1 774	8 551	10 325
Mazibuko MS	4 010	6 379	10 389
Maepa KL & WTS	3 453	8 747	12 200
Voilet Phalwane	3 982	9 017	12 999
Masilela JK	3 720	11 284	15 004
Manhique RM & AF	5 812	13 369	19 181
Maepa KL & WTS	19 397	241	19 638
Masukue N	3 877	17 183	21 060
Mashola MS	8 680	13 982	22 662
Baloyi JJ	16 241	6 840	23 081
Monchusi DJ & RGM	3 855	20 718	24 573
Monchusi DJ & RGM	5 532	26 302	31 834
Mashola MS	14 328	46 181	60 509
Leshabana LP	11 931	52 193	64 124
Nhlapo BJ & Z	7 970	70 942	78 912
Raphuthi Maboshadi Mina	35 483	50 060	85 543
Mabotsa S	11 891	147 233	159 124
Mathevula BK	25 185	207 714	232 899
Madonsela MI	39 801	885 705	925 506
	258 550	**1 639 063**	**1 897 613**

These councillors made arrangements to pay off their arrear debt.

63. Distribution losses: Water

Non-revenue Water (NRW) - kilolitre				
Technical	89 085 371	91 757 388	89 085 371	91 757 388
Non-technical	22 271 343	22 939 346	22 271 343	22 939 346
	111 356 714	**114 696 734**	**111 356 714**	**114 696 734**

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

63. Distribution losses: Water (continued)

Non-revenue Water (NRW) - Rand value				
Technical	892 635 414	866 721 917	892 635 414	866 721 917
Non-technical	223 158 854	216 680 474	223 158 854	216 680 474
	1 115 794 268	**1 083 402 391**	**1 115 794 268**	**1 083 402 391**

The International Water Association (IWA) water balance forms the basis for the calculation of the municipality's Non-Revenue Water (NRW).

Non-Revenue Water is defined as the volume of water supplied into the water system by the municipality (system input volume), minus the billed authorised consumption. The system input volume consists of water purchases from Rand Water and Magalies Water as well as water from the municipality's own water treatment plants, boreholes and fountains. The billed authorised consumption consists of water sales (consumption) data based on meter readings obtained from Finance Department.

It should be noted that the IWA water balance is a volumetric water balance and not a financial balance. For purposes of calculating the NRW it is assumed that all billed water is paid for.

With regard to the water balance, the components of NRW are apparent (commercial) losses and real (physical) losses.

Apparent losses are made up from the unauthorised consumption (theft or illegal use) plus all technical and administrative inaccuracies associated with customer metering/billing. This is thus water which "disappears" through inaccurate metering, inaccurate meter accounting processes, meter and billing data integrity, illegal connections, etc. The water is not physically lost from the system but it is never measured or accounted for, and most importantly, never paid for. Apparent losses contribute approximately 20% to the total water loss.

Real losses represent the physical leakage from the pressurised system, up to the point of measurement of customer use. This is water which physically disappears from the distribution system through water leaks or pipe bursts, water theft etc. It is thus water which does not reach the customer and is not paid for by customers.

Physical water losses contribute approximately 80% to the total water losses; and therefore emphasis must be placed on the eradication of these losses. 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.

Approximately 82% of the city's system input volume is sourced from Water Boards (WB), 79% from Rand Water (RW) and 3% from Magalies Water (MW) at a current purchase cost of approximately R 10,38. The remaining 18% is sourced from own and local sources at approximately 50% of the cost of water provided by Water Board.

Non-revenue water, and more especially water loss, is a global phenomenon, and no water supply and distribution system is completely leak free. The following are the primary causes of water losses:

- High leakage due to ageing network pipes, coupled with reduced responsive time to repair leaks
- Insufficient budget to fund all identified projects/initiatives
- High pressures in isolated areas, leading to leaks and bursts
- Older water meters which under-register consumption, resulting in under-recovery
- Estimation (under-estimation) of water meter readings
- System and billing errors
- Water theft from fire hydrants, illegal connections
- Water used in infrastructure maintenance (pipe scouring and reservoir cleaning)

Actions to reduce water losses in the City of Tshwane include the following:

- Improve on leak repair responsiveness (active and passive) to reduce wastage
- Metering: Installation of water meters in unmetered houses; Meter audits to improve information on billing system; Meter replacements to increase accuracy of meter readings
- Installation of pressure management systems to reduce high pressures and lower leakage
- Selective pipe network replacements in areas with worn out network pipes
- Removal of illegal connections

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

63. Distribution losses: Water (continued)

- Restriction of water supply to non-paying customers

2022/23

The CoT's current NRW (June 2023) is 32,0%. This equates to a distribution loss of 111 356 713 kl/annum. Approximately 82% of the City's system input volume is sourced from Water Boards (WB), 80% from Rand Water (RW) and 2% from Magalies Water (MW) at a current average purchase cost of approximately R11.01/kl.

2021/22

Water losses in the municipality 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 municipality was calculated at 32.6 (% of the total input into the system) 114,696,732 kl/annum).

64. Distribution losses: Electricity

Distribution loss: kWh				
Technical	600 610 507	646 713 867	600 610 507	646 713 867
Non-technical	1 240 587 462	1 149 292 868	1 240 587 462	1 149 292 868
	1 841 197 969	**1 796 006 735**	**1 841 197 969**	**1 796 006 735**

Distribution loss - Rand value				
Technical	803 185 911	769 460 158	803 185 911	769 460 158
Non-technical	1 659 015 883	1 367 428 654	1 659 015 883	1 367 428 654
	2 462 201 794	**2 136 888 812**	**2 462 201 794**	**2 136 888 812**

2022/23

The annual electricity distribution losses are made up of technical and non-technical losses which are the difference between electricity purchased and electricity sold to the end user at differentiated tariffs levels. The municipality purchases 100% of its 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.

The electricity distribution loss is calculated at 1 841 197 969 KWh (21.46 % of the total electricity). Technical losses are as a result of electricity lost 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. NERSA acceptable target for a network like Tshwane is estimated to be 7% (600 610 507 kWh) for the 2022/23 financial year. However, the national utilities benchmark is for the technical Losses to be capped at 6%.

2021/22

The annual electricity distribution losses are made up of 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 100% of its 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.

The electricity distribution loss is calculated at 1 796 006 735 KWh (19.44 % of the total electricity). Technical losses are as a result of electricity lost 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. NERSA acceptable target for a network like Tshwane is estimated to be 7% (646,713,867 kWh) for the 2021/22 financial year. However, the national utilities benchmark is for the technical Losses to be capped at 6%.

Notes to the Audited Consolidated Annual Financial Statements

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Figures in Rand	2023	2022	2023	2022

In 2022/23 financial year, the City has implemented the following initiatives to reduce the non-technical losses:

- Meter audits and normalization of stuck meters
- Migration of conventional electricity meter to prepaid meters
- Installation of modems to Large Power Users meters to enable real-time meter readings
- Normalization of prepaid meters.
- Installation of tamper boxes in hot spots with high levels of illegal connections
- Electrification for All Programme
- Removal of illegal connections

65. Jointly controlled assets

On the 5th of December 2015 City of Tshwane entered into an agreement with EON Reality Inc. to establish an Interactive Digital Centre Hub in the city. This agreement was for a three-year period and could be renewed for a further 2 years pending the City of Tshwane's approval. Both parties, EON Reality Inc. and the City of Tshwane jointly control the Interactive Digital Centre Hub and the payment structure outlines that both the City of Tshwane and EON Reality Inc. contribute 50% each towards the acquiring of equipment and other resources and/or assets to establish the IDC Hub, however the ownership structure as per the agreements states that City of Tshwane owns 100% of Interactive Digital Centre Hub infrastructure. Contribution obligations were outlined as a cash contribution by the City of Tshwane of $6 582 511 (R74 342 879, 23) and asset donations to the same value by EON Reality Inc.

The City of Tshwane paid an amount of R74 000 000 on 6 August 2015. Assets to the value of R64 460 021, 93 were verified to have been received at the Interactive Digital Centre Hub at Tshwane Leadership Management Academy on 4 April 2016 delivered by EON Reality Inc. whilst an amount of R2 377 073.71 was expensed.

A Debtor was raised to the amount of R7 162 904.36 owed by EON Reality Inc. pending the delivery of the remaining promised assets. Assets were capitalised at cost and depreciated accordingly at their respective useful lives. Depreciation for the year amounted to R521 349.29 (2022: R1 003 265.50) and the carrying amount of Interactive Digital Centre Hub assets amounted to R564 376.54 for property, plant and equipment and R0 (2022: R0) for intangible assets.

The ICT department indicated that the software is not in use and will be in future be used for its initial intended purposes and therefore must be considered for write off. As the latter process requires council approval of which is a lengthy process, a decision was subsequently taken to impair the software (Intangible asset) to R0 back in the 2020/21 financial year.

Notes to the Audited Consolidated Annual Financial Statements

66. Financial instruments

Categories of financial instruments

Group - 2023

Financial assets

	At fair value	At amortised cost	Total
Investments	-	753 936 842	753 936 842
Long term receivables	-	362 853 514	362 853 514
Redemption fund asset	207 895 138	-	207 895 138
Other receivables from exchange transactions	-	1 784 281 386	1 784 281 386
Consumer receivables	-	5 042 800 311	5 042 800 311
Cash and cash equivalents	-	257 942 071	257 942 071
Interest rate swap - Non-current portion	247 940 777	-	247 940 777
	455 835 915	**8 201 814 124**	**8 657 650 039**

Financial liabilities

	At fair value	At amortised cost	Total
Loans and bonds	-	9 500 185 105	9 500 185 105
Finance lease obligation	-	98 705 498	98 705 498
Retention creditors	-	603 896 539	603 896 539
Consumer deposits	-	764 132 255	764 132 255
Interest rate swap	9 560 148	-	9 560 148
Service concession arrangement	-	2 544 300 449	2 544 300 449
Payables from exchange transactions	-	12 062 498 309	12 062 498 309
	9 560 148	**25 573 718 155**	**25 583 278 303**

Group - 2022

Financial assets

	At fair value	At amortised cost	Total
Investments	-	870 166 084	870 166 084
Long term receivables	-	492 720 425	492 720 425
Redemption fund asset	14 621 844	-	14 621 844
Other receivables from exchange transactions	-	1 410 662 918	1 410 662 918
Consumer receivables	-	5 032 971 102	5 032 971 102
Cash and cash equivalents	-	260 249 909	260 249 909
Interest rate swap - Non-current portion	156 939 067	-	156 939 067
	171 560 911	**8 066 770 438**	**8 238 331 349**

Financial liabilities

	At fair value	At amortised cost	Total
Loans and bonds	-	10 854 924 451	10 854 924 451
Finance lease obligation	-	183 820 375	183 820 375
Retention creditors	-	638 004 405	638 004 405
Consumer deposits	-	781 190 973	781 190 973
Interest rate swap	11 907 174	-	11 907 174

Notes to the Audited Consolidated Annual Financial Statements

66. Financial instruments (continued)

Service concession arrangement		-	2 458 803 167	2 458 803 167
Payables from exchange transactions		-	10 370 804 431	10 370 804 431
		11 907 174	**25 287 547 802**	**25 299 454 976**

Municipality - 2023

Financial assets

	Note(s)	At fair value	At amortised cost	Total
Investments	4	-	753 936 842	753 936 842
Long term receivables	7	-	366 655 763	366 655 763
Redemption fund asset	9	207 895 138	-	207 895 138
Other receivables from exchange transactions	6	-	1 780 172 972	1 780 172 972
Consumer receivables	5	-	5 042 800 311	5 042 800 311
Cash and cash equivalents	11	-	207 659 969	207 659 969
Interest rate swaps	19	247 940 777	-	247 940 777
		455 835 915	**8 151 225 857**	**8 607 061 772**

Financial liabilities

		At fair value	At amortised cost	Total
Loans and bonds	21	-	9 500 185 105	9 500 185 105
Finance lease obligation	26	-	97 581 527	97 581 527
Retention creditors	23	-	590 658 461	590 658 461
Consumer deposits	25	-	764 132 255	764 132 255
Interest rate swap	19	9 560 148	-	9 560 148
Service concession arrangement	29	-	2 544 300 449	2 544 300 449
Payables from exchange transactions	23	-	11 977 111 703	11 977 111 703
		9 560 148	**25 473 969 500**	**25 483 529 648**

Municipality - 2022

Financial assets

		At fair value	At amortised cost	Total
Investments	4	-	870 166 084	870 166 084
Long term receivables	7	-	496 268 681	496 268 681
Redemption fund asset	9	14 621 844	-	14 621 844
Other receivables from exchange transactions	6	-	1 438 195 198	1 438 195 198
Consumer receivables	5	-	5 032 971 101	5 032 971 101
Cash and cash equivalents	11	-	217 481 812	217 481 812
Interest rate swap - Non-current portion	19	156 939 067	-	156 939 067
		171 560 911	**8 055 082 876**	**8 226 643 787**

66. Financial instruments (continued)

Financial liabilities

		At fair value	At amortised cost	Total
Loans and bonds	21	-	10 854 924 449	10 854 924 449
Finance lease obligation	26	-	181 930 187	181 930 187
Retention creditors	23	-	623 013 615	623 013 615
Consumer deposits	25	-	781 190 973	781 190 973
Interest rate swap	19	11 907 174	-	11 907 174
Service concession arrangement	29	-	2 458 803 167	2 458 803 167
Payables from exchange transactions	23	-	10 961 170 449	10 961 170 449
		11 907 174	**25 861 032 840**	**25 872 940 014**

67. Risk management

Risks

In running its operations the group is exposed to a 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 its 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.

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 2023 annual financial statements, the result was 9.21% 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 fluctuations in market and economic conditions.

The group’s significant exposure to interest rate risk emanates from its long-term floating rate-based loans. Periodic payments towards variable interest rate loans are volatile and introduce uncertainty to the group’s cash flows. Hence fixed interest rates loans are preferred over variable interest rates loans, as they are stable and beneficial, especially if interest rates rise above the fixed rate.

The group manages its interest rate risk by maintaining an appropriate mix between fixed and floating interest rate loans and investments, as well as by entering interest rate swap contracts on some of the loans. Given its strained liquidity position, the City has made a conscious decision to keep the fixed-floating rate mix loans on a 60:40 ratio. Where there is bias in the loan portfolio towards fixed rate loans, the group addresses the bias by focusing on floating rate loans in its future loans, and vice versa. Alternatively, the group may choose to employ interest rate swaps to get to the desired ratio.

The level of the group's exposure to interest rate risk could be viewed in the annual financial statements. The group also uses interest rate swaps to hedge the interest rate risk.

Notes to the Audited Consolidated Annual Financial Statements

67. Risk management (continued)

There was no change in the objectives, policies, and processes for managing the interest rate risks and the methods used to measure those risks.

Mitigation factors

The group has adopted smoothing, maintaining a balance between fixed interest rates and floating interest rates on different instruments. The group also uses Interest rate swaps to manage the risk –

Variable rate loans : R2 835 900 466 (2022: R2 376 399 539) and

Fixed rate loans: R6 664 284 639 (2022: R8 478 524 901).

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.

Group

Assets 2023	**Fund valuation Amount**	**Amount**	**Fixed rate Weighted average effective interest rate**	**Weighted average period for which rate is fixed**	**Non-interest bearing Amount**	**Weighted average period until maturity**	**Total**
Description			**%**	**Years**		**Years**	
Investments		753 936 842	7.65 %	N/A			753 936 842
Housing loans		11 794 759	13.50 %	30.00			11 794 759
Loan to sport clubs		955 216	5.00 %	10.00			955 216
Sale of land		70 983 319	9.00 %	5.00			70 983 319
Arrangement debtors		177 873 136	11.75 %	3.00			177 873 136
Consumer receivables		5 042 800 310	11.75 %	1.00			5 042 800 310
Receivables from exchange transactions		822 076 156					822 076 156
Cash and cash equivalents		257 942 071					257 942 071
Redemption fund asset	207 895 138		8.75 %	7.00			207 895 138
Interest rate swap	247 940 777		10.59 %	4.00			247 940 777
Total financial assets	**455 835 915**	**7 138 361 809**					**7 594 197 724**

Notes to the Audited Consolidated Annual Financial Statements

67. Risk management (continued)

Liabilities 2023	**Floating rate**	**Fixed rate**			**Non-interest bearing**		**Total**
	Amount	**Amount**	**Weighted average effective interest rate**	**Weighted average period for which rate is fixed**	**Amount**	**Weighted average period until maturity**	
Description			**%**	**Years**		**Years**	
Interest rate swap		9 560 148	9.31 %	N/A			9 560 148
Finance lease obligation	98 705 499						98 705 499
Retention creditors					603 896 538		603 896 538
Consumer deposits					764 132 255		764 132 255
Consumer receivables					2 544 300 449		2 544 300 449
Payables from exchange transactions		(1 940 403 911)			17 448 402 977		15 507 999 066
Loans and bonds		9 500 185 105	11.33 %				9 500 185 105
Total financial liabilities	**98 705 499**	**7 569 341 342**			**21 360 732 219**		**29 028 779 060**

Assets 2022	**Floating rate**	**Fixed rate**			**Non-interest bearing**		**Total**
	Amount	**Amount**	**Weighted average effective interest rate**	**Weighted average period for which rate is fixed**	**Amount**	**Weighted average period until maturity**	
Description			**%**	**Years**		**Years**	
Investments	645 208 135	224 957 949	4.49 %	N/A			870 166 084
Housing loans		11 157 377	13.50 %	30.00			11 157 377
Loan to sport clubs		937 106	11.99 %	10.00			937 106
Sale of land		70 365 009	9.00 %	5.00			70 365 009
Arrangement debtors		319 764 045	7.13 %	3.00			319 764 045
Consumer receivables		5 032 971 102	7.13 %	1.00		1.00	5 032 971 102
Receivables from exchange transactions		677 662 918	%				677 662 918
Cash and cash equivalents		260 249 909	%				260 249 909
Redemption fund asset	14 621 844		6.78 %	7.00			14 621 844
Interest rate swap	156 939 067		10.59 %	4.00			156 939 067
Total financial assets	**816 769 046**	**6 598 065 415**					**7 414 834 461**

67. Risk management (continued)

Liabilities 2022 Description	Floating rate Amount	Fixed Rate Amount	Fixed rate 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
Interest rate swap		11 907 174	7.81 %				11 907 174
Finance lease obligation	183 820 375						183 820 375
Retention creditors					638 004 405		638 004 405
Consumer deposits					781 190 973	1.00	781 190 973
Consumer receivables					2 458 803 167		2 458 803 167
Payables from exchange transactions		(1 820 798 762)			10 370 804 431	0.08	8 550 005 669
Loans and bonds	2 376 399 539	8 478 524 912	10.06 %				10 854 924 451
Total financial liabilities	**2 560 219 914**	**6 669 633 324**			**14 248 802 976**		**23 478 656 214**

Municipality

Assets 2023 Description	Fund valuation Amount	Amount	Fixed rate 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
Investments		753 936 842	7.65 %	N/A			753 936 842
Housing loans		11 794 759	13.50 %	30.00			11 794 759
Loan to sport clubs		955 216	5.00 %	10.00			955 216
Sale of land		70 983 319	9.00 %	5.00			70 983 319
Arrangement debtors		177 873 136	11.75 %	3.00			177 873 136
Consumer receivables		5 042 800 310	11.75 %	1.00			5 042 800 310
Receivables from exchange transactions		818 343 098					818 343 098
Cash and cash equivalents		207 659 969					207 659 969
Redemption fund asset	207 895 138		8.75 %	7.00			207 895 138
Interest rate swap	247 940 777		10.59 %	4.00			247 940 777
Total financial assets	**455 835 915**	**7 084 346 649**					**7 540 182 564**

Notes to the Audited Consolidated Annual Financial Statements

67. Risk management (continued)

Liabilities 2023	Floating rate Amount	Fixed rate Amount	Fixed rate Weighted average effective interest rate	Weighted average period for which rate is fixed	Non-interest bearing Amount	Weighted average period until maturity	Total
Description			**%**	**Years**		**Years**	
Interest rate swap		9 560 148	9.31 %	N/A			9 560 148
Finance lease obligation	97 581 528						97 581 528
Retention creditors					590 658 461		590 658 461
Consumer deposits					764 132 255		764 132 255
Consumer receivables					2 544 300 449		2 544 300 449
Payables from exchange transactions		(1 953 641 988)			17 431 273 364		15 477 631 376
Loans and bonds		9 500 185 105	11.33 %				9 500 185 105
Total financial liabilities	**97 581 528**	**7 556 103 265**			**21 330 364 529**		**28 984 049 322**

Assets 2022	Floating rate Amount	Fixed rate Amount	Fixed rate Weighted average effective interest rate	Weighted average period for which rate is fixed	Non-interest bearing Amount	Weighted average period until maturity	Total
Description			**%**	**Years**		**Years**	
Investments	645 208 135	224 957 949	4.49 %	N/A			870 166 084
Housing loans		11 157 377	13.50 %	30.00			11 157 377
Loan to sport clubs		937 106	11.99 %	10.00			937 106
Sale of land		70 365 009	9.00 %	5.00			70 365 009
Arrangement debtors		319 764 045	7.13 %	3.00			319 764 045
Consumer receivables		5 032 971 102	7.13 %	1.00		1.00	5 032 971 102
Receivables from exchange transactions		706 641 902	%				706 641 902
Cash and cash equivalents		217 481 812	%				217 481 812
Redemption fund asset	14 621 844		6.78 %	7.00			14 621 844
Interest rate swap	156 939 067		10.59 %	4.00			156 939 067
Total financial assets	**816 769 046**	**6 584 276 302**					**7 401 045 348**

Notes to the Audited Consolidated Annual Financial Statements

67. Risk management (continued)

Liabilities 2022 Description	Floating rate Amount	Fixed Rate Amount	Fixed rate 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
Interest rate swap		11 907 174	7.81 %				11 907 174
Finance lease obligation	181 930 187						181 930 187
Retention creditors					623 013 615		623 013 615
Consumer deposits					781 190 973	1.00	781 190 973
Consumer receivables					2 458 803 167		2 458 803 167
Payables from exchange transactions		(1 835 789 552)			10 416 022 632	0.08	8 580 233 080
Loans and bonds	2 376 399 539	8 478 524 912	10.06 %				10 854 924 451
Total financial liabilities	**2 558 329 726**	**6 654 642 534**			**14 279 030 387**		**23 492 002 647**

Interest rate swaps

Interest rate swaps are primarily used by the group to maintain the fixed-floating rate mix indicated above. This means that there are underlying loans behind most of the interest rate swaps executed by the group over the years. However, there are instances where interest rate swaps were taken by the group as part of the liability reduction through a debt redemption fund that the group implemented about eight years ago. Executing interest rate swaps in the context of a debt redemption solution is done with the objective of matching the duration of assets to the duration of liabilities.

It must be understood that the valuation of interest rate swap as at a specific valuation date considers only outstanding cash flows. All cash receipts or payments that happened before the valuation date are not included in the valuation of a specific swap. .

At the reporting date the municipality had entered into the following interest rate swaps relating to specific statement of financial position items

30 June 2023	Fair value	Estimated fair value gain/(loss)
Current asset interest rate swaps	247 940 777	-

30 June 2022	Fair value	Estimated fair value gain/(loss)
Current asset interest rate swaps	156 939 067	15 168 940
Non-current liability: interest rate swap liability	-	(301 625 355)
	156 939 067	**(286 456 415)**

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 group, as a result of timing differences between the date of invoice and date of payment.

Notes to the Audited Consolidated Annual Financial Statements

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

67. Risk management (continued)

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 group to credit risk. The credit risk is very limited due to the nature of the municipality's business and its reliance on government grants as the main source of security funding. The group 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 group applies to keep the exposure at a sustainable level while Debt collection is the actual remedies the group 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 customer base and their dispersion across different industries and geographical areas. The Municipality does not have any significant exposure to any individual customer or counter-party. Accordingly, the Municipality does not consider there to be any significant concentration of credit risk, which has not been adequately provided for. Trade receivables are presented net of the allowance for impairment. The consumer receivables as presented do not include any debt relating to property rates, as property rates do not meet the definition criteria for financial instruments. Strict credit control procedures are in place to mitigate the credit risk relating to trade receivables. Maximum exposure to credit risk: There has been no significant change during the financial year, or since the end of the financial year, to the municipality's exposure to credit risk, the approach to measurement or the objectives, policies and processes for managing this risk. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking into account the value of any collateral obtained. The major concentrations of credit risk (as a percentage) that arise from the Municipality's receivables in relation to customer classification are as follows:

Consumer receivables:	-	-		
Household	58 %	57 %	58 %	57 %
Industrial/Commercial	24 %	23 %	24 %	23 %
National and provincial government	4 %	5 %	4 %	5 %
Other consumer receivables	7 %	7 %	7 %	7 %
Long-term receivables	2 %	3 %	2 %	3 %
Sundry receivables	1 %	1 %	1 %	1 %
Sundry persons	4 %	4 %	4 %	4 %
	100 %	**100 %**	**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 group's obligations is critical for the group to continue as a going concern. The Municipality manages liquidity risk through proper management of working capital, monitoring of actual expenditure versus forecasted cash flows. In terms of its financial commitments on 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.

67. Risk management (continued)

The implementation of the Financial Recovery Plan (FRP) aims to improve the financial position of the group over the medium term, with most of the ratios expected to fall within the National Treasury benchmarks. The plan as proposed interrogates the entire value chain of municipal operations in the group and its primary objective is to ensure that the group bills and collects all revenues due to it, including investigating new sources of revenue, managing expenditures within allowable and available limits - including cost containment; ensuring that the service delivery model is integrated, effective and efficient; and employing skilled and motivated staff who render an excellent customer service.

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. The group applies the following mitigation factors to market risk.

The group investments are diversified amongst the well-established financial institutions. The group abides by National Treasury's investment regulations and the group'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.

Interest-bearing borrowings

Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized 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. Borrowings issued at fixed rates are susceptible to fair value adjustments because of volatility in interest rates. A bond or a loan that pays a fixed interest rate will change in value because the discount rate of each cash flow fluctuates as the market yield curve changes.

30 June 2023	**Fair value**	**Carrying amount**
Liabilities		
Interest rate swaps	9 560 148	9 560 148

30 June 2022	**Fair value**	**Carrying amount**
Liabilities		
Interest rate swaps	11 907 174	11 907 174

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 21 and cash and cash equivalents disclosed in Note 11, 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.

The gearing ratio as at 30 June 2023 was 36.7% and 30 June 2022 was 30.7%.

	Group		Municipality	
Figures in Rand	2023	2022	2023	2022

68. In-kind donations and assistance

The following donations in kind and assistance were received for the FY2022/23

2023

Description	**Donation provided**	**Donation received**	**Total**
Description			
Blankets and mattresses	395 406	-	395 406
Fire rescue	527 128	-	527 128
Refreshments	-	(8 860)	(8 860)
Grand total	**922 534**	**(8 860)**	**913 674**

2022

Description	**Donation provided**	**Donation received**	**Total**
Description			
Ambulance services	811 647	-	811 647
Blankets and mattresses	692 766	-	692 766
Fire rescue	118 438	-	118 438
Surgical gloves, Glenfidich and Takara	-	(5 744)	(5 744)
Grand total	**1 622 851**	**(5 744)**	**1 617 107**

Blankets and mattresses - These items are provided to community during incidents such as flooding and structural fires. The benefit derived for the CoT is immediate disaster relief to community who are in need.

Fire rescue - The approved tariffs of the ESD makes provision for exclusions such as assistance provided during floods, to pensioners and deceased pedestrians and therefore the costs are waived. The benefit derived for the CoT is immediate assistance to community who are in need.

Refreshment - The new fire station in Mamelodi was completed and officially opened by the Executive Mayor on 6 December 2022. Due to cost containment measures refreshments could not be provided by the group to the guests at the event. The refreshments were provided by the companies stated above who have a long-standing relationship with the Emergency Services Department and the community and wanted to assist. The new Mamelodi Fire Station provides essential services in Region 6 and surrounding areas.

69. Accounting by principals and agents

The group is a party to a principal-agent arrangement. The group acts as Principal for the Ekurhuleni Water Care Company (ERWAT) which was appointed as an implementing agent for the phase 1 upgrade and urgent refurbishment at the Rooiwaal wastewater treatment works and related project, in terms of section 110(2) of Local Government: Municipal Finance Management Act; for a three-year period by the City of Tshwane (CoT) which commenced during the first quarter of the prior financial year.

City of Tshwane as principal

Revenue and expenditure recognised based on the rights and obligations established in the binding arrangements

Reconciliation of the carrying amount of payables

All categories				
Accrued expenditure by agent	-	-	69 530	1 336 532
Amounts paid by principal	-	-	(69 530)	(1 336 532)
Amounts owed by principal	**-**	**-**	**-**	**-**

70. Events after the reporting date

At the time of preparing and submitting annual financial statements there were no subsequent events to disclose.

Non-adjusting events

71. Prior period errors

Consolidated

Statement of financial position - 2022

Figures in Rand	**Previously reported**	**Adjustment**	**Re-classification**	**Restated**	**Reference**
Assets					
Current Assets					
Inventories	1 013 872 136	(184 564 371)	-	829 307 765	[1]
Investments	806 340 450	-	63 825 634	870 166 084	
Other receivables from exchange transactions	136 627 902	526 365 048	14 669 968	677 662 918	[2]
Other receivables from non-exchange transactions	764 981 320	(272 777 277)	(14 669 968)	477 534 075	[3]
Redemption fund asset	63 825 634	-	(63 825 634)	-	
Consumer receivables: Exchange	3 243 056 492	(200 711 562)	416 136 748	3 458 481 678	[4]
Consumer receivables: Non exchange	1 946 650 392	43 975 780	(416 136 748)	1 574 489 424	[4]
Long-term receivables: short-term portion	319 764 045	-	-	319 764 045	
Current tax receivable	123 295	53 185	-	176 480	[5]
Cash and cash equivalents	260 249 909	-	-	260 249 909	
	8 555 491 575	**(87 659 197)**	**-**	**8 467 832 378**	
Non-Current Assets					
Living and non living resources	323 268	-	-	323 268	
Investment property	1 087 229 870	1 036 380 579	(10 215 426)	2 113 395 023	[5]
Property, plant and equipment	53 604 394 857	(1 676 385 896)	(46 048 345)	51 881 960 616	[5]
Intangible assets	1 028 228 911	(9 664 915)	56 263 770	1 074 827 766	[5]
Heritage assets	3 371 481 600	100 000	-	3 371 581 600	[5]
Investments in joint ventures	729 982 089	-	-	729 982 089	
Deferred tax	625 993	(22 357)	-	603 636	[6]
Long term receivables	20 021 283	152 935 097	-	172 956 380	[6]
Redemption fund asset	177 837 779	14 621 844	(177 837 779)	14 621 844	[7]
Interest rates swaps	142 276 068	-	14 662 999	156 939 067	
	60 162 401 718	**(482 035 648)**	**(163 174 781)**	**59 517 191 289**	
Total Assets	**68 717 893 293**	**(569 694 845)**	**(163 174 781)**	**67 985 023 667**	

Notes to the Audited Consolidated Annual Financial Statements

71. Prior period errors (continued)

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Liabilities					
Current Liabilities					
Loans and bonds	1 387 191 420	-	848 224 984	2 235 416 404	
Finance lease obligation	99 414 658	-	601 662	100 016 320	
Employee benefit obligation	195 679 355	(187 496 604)	1 994 794 979	2 002 977 730	[8]
Operating lease accrual	1 105 754	(709 414)	-	396 340	
Provisions	17 595 981	(17 182 127)	-	413 854	
Unspent conditional grants and receipts	344 045 207	278 848 043	-	622 893 250	[9]
Service concession arrangement - Current portion	261 601 443	-	-	261 601 443	
Payables from exchange transactions	12 436 207 196	567 396 619	(1 994 794 979)	11 008 808 836	[10]
VAT payable	439 171 967	3 893 932 429	-	4 333 104 396	[11]
Consumer deposits	781 190 973	-	-	781 190 973	
	15 963 203 954	**4 534 788 946**	**848 826 646**	**21 346 819 546**	

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Non-Current Liabilities					
Employee benefit obligation	2 010 297 310	-	-	2 010 297 310	
Loans and bonds	9 467 733 031	-	(848 224 984)	8 619 508 047	
Finance lease obligation	84 405 717	-	(601 662)	83 804 055	
Operating lease accrual	-	709 414	-	709 414	
Provisions	1 395 981 272	-	-	1 395 981 272	
Interest rate swaps	-	11 907 174	-	11 907 174	[7]
Service concession arrangement	2 256 061 147	(58 859 423)	-	2 197 201 724	
Redemption fund liability	161 325 433	(162 325 433)	163 174 781	162 174 781	[7]
	15 375 803 910	**(208 568 268)**	**(685 651 865)**	**14 481 583 777**	
Total Liabilities	**31 339 007 864**	**4 326 220 678**	**163 174 781**	**35 828 403 323**	
Net Assets	**37 378 885 429**	**(4 895 915 523)**	**(326 349 562)**	**32 156 620 344**	
Accumulated surplus (deficit)	37 081 838 370	(4 925 218 033)	-	32 156 620 337	
Total Net Assets	**37 081 838 370**	**(4 925 218 033)**	**-**	**32 156 620 337**	

Statement of Financial Performance - 2022

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Revenue					
Revenue from exchange transactions					
Service charges	21 335 944 242	5 640 713	-	21 341 584 955	[12]
Rental of facilities and equipment	144 347 871	(8 996 782)	-	135 351 089	
Interest received (trading)	724 234 570	(104 614)	-	724 129 956	[12]
Licences and permits	41 244 557	-	-	41 244 557	
Share of profit in associate: TASEZ	308 855 551	-	-	308 855 551	
Recoveries	169 565	(169 565)	-	-	
Other income	740 204 136	(4 119 767)	153 079 375	889 163 744	[13]
Interest received - investment	158 925 412	(15 350 867)	-	143 574 545	[14]
Total revenue from exchange transactions	**23 453 925 904**	**(23 100 882)**	**153 079 375**	**23 583 904 397**	

Notes to the Audited Consolidated Annual Financial Statements

71. Prior period errors (continued)

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	8 574 008 540	319 858	-	8 574 328 398	[12]
Interest - Taxation revenue	33 192	(33 192)	-	-	
Transfer revenue					
Government grants & subsidies	7 284 031 336	(94 472 891)	-	7 189 558 445	[15]
Public contributions and donations	170 423 888	-	(153 079 375)	17 344 513	
Fines, Penalties and Forfeits	85 914 979	30 072 048	-	115 987 027	[16]
Total revenue from non-exchange transactions	**16 114 411 935**	**(64 114 177)**	**(153 079 375)**	**15 897 218 383**	
Total revenue	**39 568 337 839**	**(87 215 059)**	**-**	**39 481 122 780**	
Expenditure					
Employee costs	(11 588 468 343)	431 005 246	-	(11 157 463 097)	[17]
Remuneration of councillors	(129 577 084)	-	-	(129 577 084)	
Depreciation	(2 910 888 496)	(38 715 664)	-	(2 949 604 160)	[18]
Finance costs	(3 267 679 974)	1 451 546 089	143 058 569	(1 673 075 316)	[19]
Debt Impairment	(2 603 237 711)	(169 667 216)	-	(2 772 904 927)	[21]
Other materials	(539 282 485)	(72 676 680)	-	(611 959 165)	[21]
Bulk purchases	(14 592 994 045)	(40 114 993)	-	(14 633 109 038)	[21]
Contracted Services	(4 121 650 134)	(99 398 502)	(4 060 627)	(4 225 109 263)	[21]
Transfers and Subsidies	(8 051 388)	(94 709 648)	-	(102 761 036)	
General expenses	(1 715 547 075)	(220 827 201)	4 060 627	(1 932 313 649)	[21]
Total expenditure	**(41 477 376 735)**	**1 146 441 431**	**143 058 569**	**(40 187 876 735)**	
Operating surplus	**(1 909 038 896)**	**1 059 226 372**	**143 058 569**	**(706 753 955)**	
Gains and (losses) on assets	(420 698 787)	(11 477 570)	-	(432 176 357)	[29]
Gain or loss on exchange differences	(394 113)	-	-	(394 113)	
Fair value adjustments	267 407 051	-	-	267 407 051	
Actuarial gains/losses	-	50 079 895	-	50 079 895	[30]
Impairment loss	-	(294 707 514)	-	(294 707 514)	[31]
Loss on redemption fund	(79 377 786)	(166 669 149)	(143 058 569)	(389 105 504)	[32]
Taxation	(1 621 782)	1 621 782	-	-	[33]
Surplus for the year	**(2 143 724 313)**	**638 073 816**	**-**	**(1 505 650 497)**	

Error 1: Revaluation and correction of inventory

The bulk water inventory was incorrently captured.

The prior year amounts was recalculated and a journal was passed to correct the bulk water inventory amount at the end of the 2021/22 financial year.

Other adjustment relates to correction of error in plant inventory and correction of raw material amount.

Error 2: Overstatement of impairment expenses for exchange Other Receivables

Incorrect calculation of the impairment expense.

Adjustment of impairment allowance expenses for exchange Other Receivables.

Decrease the impairment allowance expenses/ Accumulated surplus.

71. Prior period errors (continued)

Error 3: Other receivables from non-exchange transactions

The Aarto debtor prior year balance was revisited for accuracy, validity and completeness. The Enatis system was used as a 3rd party assurance body to ensure that what has been recorded by the City is correct. This led to correction of previously overstated revenue from fines and correction of a debtor.

Error 4: Consumer receivables: Exchange and non exchange

Overstatement of prior period accruals.

Adjustment to reverse prior period accruals.

Decrease in Consumer Receivables from exchange transactions.

Decrease of revenue accrued in the prior period in respect of deposits

Error 5: Investment property, Property, Plant and Equipment, Intangible assets and Heritage assets

Adjustment were mainly as a result of the following

- Acquisition of land under asset under construction cancelled and refunded to the city. The payment was for Land purchased but did not get registered through the deeds office and was refunded back to the city and asset under construction was reversed and restated.
- Incorrect measurements and the conditions of assets during verification were provided which resulted in incorrect calculations.
- Impairment assessment for prior year was not done in some of the departments.
- Heritage assets not previously accounted for on the FAR
- The restatement journal was processed to correct the impairment in the prior year and to correct cost in the prior year.

Error 6: Long-term receivables

The impairment for Housing Debtors was overstated in the previous financial year which resulted in an audit finding.

The error on the debtor and the impairment expense was corrected.

Error 7: Redemption fund asset, Interest rate swaps and Redemption fund liability

Interest rate swaps valuation liability was incorrectly disclosed under non-current asset.

A journal was processed to correct the swap liability.

Decrease in redemption fund asset.

Increase in interest rate swaps asset.

Increase in redemption fund liability.

Error 8: Employee benefit obligation

Leave provision was overstated in the prior year.

Reversal and restatement of leave provision for the prior year.

71. Prior period errors (continued)

Error 9: Understatement Unspent conditional grants and receipts

Acquisition of land under asset under construction cancelled and refunded to the city.

The payment was for Land purchased but did not get registered through the deeds office and was refunded back to the city and asset under construction was reversed and restated.

Error 10: Payables from exchange transactions

During the audit of trade payable, it was noted that the trade payables were not correctly reconciled to supplier statement and as a result not all liabilities were recorded. Management has performed a reconciliation of supplier statements and subsequent restated all prior year’s invoices processed in the 2023 financial year. The restatement resulted in the adjustment to the trade payables, and general expenditure, other material and contracted services.

Error 11: Overstate VAT accrual

The Debtors Vat accrual was overstated due to incorrect posting of full vat impairment instead of posting the movement between the two financial years.

Journals were posted in period 14 to adjust the VAT Debtors Accrual in line with the impairment calculation, adjustment processed against the debt impairement expense

Error 12: Service charges, Interest and property rates

Adjustments on customer accounts in the current financial year relating to prior financial years.

Revenue for prior year was restated

Error 13: Other income

COT vehicles that were previosly leased to the City and ownership was transfered to the City, however information was provided in the 2023 financial year.

Restatement for leased vehicles taken over by the City in 2022 brought in as newly identified assets

Error 14: Interest received investments

Incorrectly posted to interest received (investment income) during the audit adjustments.

Reversal of the journal incorrectly posted to interest income.

Increase redemption fund assets.

Decrease interest received (investment income).

Error 15: Government grants & subsidies

The prior year revenue for TRT was understated and the restatement journal was processed to correct the revenue and the debtor in the correct financial year.

71. Prior period errors (continued)

Error 16: Fines, penalties and forfeits

The Aarto debtor prior year balance was revisited for accuracy, validity and completeness. The Enatis system was used as a 3rd party assurance body to ensure that what had been recorded by the is correct. This led to correction of previously overstated fines revenue and correction of a debtor.

Error 17: Employee costs

Leave provision was overstated in the prior year.

Reversal and restatement of leave provision for the prior year.

Recognition of Tshwane Municipal Pension Fund (TMPF) interest cost, current service cost expense and asset ceiling for prior year.

Error 18: Depreciation and amortisation

The depreciation and useful life adjustment were processed and a journal was posted to correct prior year.

Assets capitalised to prior periods influencing depreciation accounted for in the incorrect financial period.

Unplanned depreciation were processed on SAP and restatement journal processed to correct prior year period.

Error 19: Finance Cost

Corrrection of the Vat liability interest process incorrectly in the 2022 financial year.

Recognise penalties and interets in the correct financial year.

Error 20: Debt impairement

The Aarto debtor prior year balance was revisited for accuracy, validity and completeness. This led to correction of aarto impairment.

Error 21: Other materials, Bulk purchases, Contracted services and General expenses

During the audit of trade payable, it was noted that the trade payables were not correctly reconciled to supplier statement and as a result not all liabilities were recorded. Management has performed a reconciliation of supplier statements and subsequent restated all prior year's invoices processed in the 2023 financial year. The restatement resulted in an adjustment to the trade payables, and general expenditure, other material and contracted services.

Error 22: Gains and losses on disposal of assets

Refer to note 5.

Error 23: Actuarial gains and losses

Recognition of actuarial gains and losses as per the actuarial reports for employee benefit obligations as per GRAP 25 for prior year.

Notes to the Audited Consolidated Annual Financial Statements

71. Prior period errors (continued)

Error 24: Impairment loss

Impairment assessment for prior year was not done in some of the departments.

Restatement journal was processed to correct the impairment in the prior year.

Error 25: Loss on redemption fund

Refer to note 7.

Municipality

City - The correction of the error(s) results in adjustments as follows:

Statement of financial position - 2022

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Assets					
Current Assets					
Inventories	1 013 872 136	(184 564 371)	-	829 307 765	[1]
Investments	806 340 450	-	63 825 634	870 166 084	
Other receivables from exchange transactions	165 606 886	526 365 048	14 669 968	706 641 902	[2]
Other receivables from non-exchange transactions	764 981 320	(272 777 277)	(14 669 968)	477 534 075	[3]
Redemption fund asset	63 825 634	-	(63 825 634)	-	
Consumer receivables: Exchange	3 243 056 492	(200 711 562)	416 136 748	3 458 481 678	[4]
Consumer receivables: Non exchange	1 946 650 392	43 975 780	(416 136 748)	1 574 489 424	[4]
Long-term receivables: short-term portion	319 764 045	-	-	319 764 045	
Cash and cash equivalents	217 481 812	-	-	217 481 812	
	8 541 579 167	**(87 712 382)**	**-**	**8 453 866 785**	
Non-Current Assets					
Living and non living resources	323 268	-	-	323 268	
Investment property	1 087 229 870	1 036 380 579	(10 215 426)	2 113 395 023	[5]
Property, plant and equipment	52 847 571 646	(1 678 185 922)	(46 048 345)	51 123 337 379	[5]
Intangible assets	1 027 871 222	(9 664 915)	56 263 770	1 074 470 077	[5]
Heritage assets	3 371 481 600	100 000	-	3 371 581 600	[5]
Investments in controlled entities	1 000	-	-	1 000	
Investments in joint ventures	729 982 089	-	-	729 982 089	
Long term receivables	20 021 283	152 935 097	-	172 956 380	[6]
Redemption fund asset	177 837 779	14 621 844	(177 837 779)	14 621 844	[7]
Interest rates swaps	142 276 068	-	14 662 999	156 939 067	
	59 404 595 825	**(483 813 317)**	**(163 174 781)**	**58 757 607 727**	
Total Assets	**67 946 174 992**	**(571 525 699)**	**(163 174 781)**	**67 211 474 512**	

71. Prior period errors (continued)

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Liabilities					
Current Liabilities					
Loans and bonds	1 387 191 420	-	848 224 984	2 235 416 404	
Finance lease obligation	98 648 442	-	601 662	99 250 104	
Employee benefit obligation	190 835 057	(187 496 604)	1 994 794 979	1 998 133 432	[8]
Unspent conditional grants and receipts	344 045 207	278 848 043	-	622 893 250	[9]
Service concession arrangement - Current portion	261 601 443	-	-	261 601 443	
Payables from exchange transactions	12 482 642 112	551 189 114	(1 994 794 979)	11 039 036 247	[10]
VAT payable	439 621 711	3 893 932 428	-	4 333 554 139	[11]
Consumer deposits	781 190 973	-	-	781 190 973	
	15 985 776 365	**4 536 472 981**	**848 826 646**	**21 371 075 992**	

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Non-Current Liabilities					
Employee benefit obligation	2 010 297 310	-	-	2 010 297 310	
Loans and bonds	9 467 733 031	-	(848 224 984)	8 619 508 047	
Finance lease obligation	83 281 745	-	(601 662)	82 680 083	
Provisions	1 395 981 272	-	-	1 395 981 272	
Interest rate swaps	-	11 907 174	-	11 907 174	[7]
Service concession arrangement	2 256 061 147	(58 859 423)	-	2 197 201 724	
Redemption fund liability	161 325 433	(162 325 433)	163 174 781	162 174 781	[7]
	15 374 679 938	**(209 277 682)**	**(685 651 865)**	**14 479 750 391**	
Total Liabilities	**31 360 456 303**	**4 327 195 299**	**163 174 781**	**35 850 826 383**	
Net Assets	**36 585 718 689**	**(4 898 720 998)**	**(326 349 562)**	**31 360 648 129**	
Accumulated surplus (deficit)	36 585 718 689	(5 225 070 567)	-	31 360 648 122	
Total Net Assets	**36 585 718 689**	**(5 225 070 567)**	**-**	**31 360 648 122**	

Statement of Financial Performance - 2022

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Revenue					
Revenue from exchange transactions					
Service charges	21 336 395 100	5 189 855	-	21 341 584 955	[12]
Rental of facilities and equipment	134 996 399	354 690	-	135 351 089	
Interest received (trading)	724 103 739	26 217	-	724 129 956	[12]
Licences and permits	41 244 557	-	-	41 244 557	
Share of profit in associate: TASEZ	308 855 551	-	-	308 855 551	
Other income	739 862 564	(3 778 195)	153 079 375	889 163 744	[13]
Interest received - investment	158 237 543	(14 662 998)	-	143 574 545	[14]
Total revenue from exchange transactions	**23 443 695 453**	**(12 870 431)**	**153 079 375**	**23 583 904 397**	

Notes to the Audited Consolidated Annual Financial Statements

71. Prior period errors (continued)

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	8 574 855 018	(526 620)	-	8 574 328 398	[12]
Transfer revenue					
Government grants & subsidies	7 187 825 887	1 732 558	-	7 189 558 445	[15]
Public contributions and donations	170 423 888	-	(153 079 375)	17 344 513	
Fines, Penalties and Forfeits	85 914 979	30 072 048	-	115 987 027	[16]
Total revenue from non-exchange transactions	**16 019 019 772**	**31 277 986**	**(153 079 375)**	**15 897 218 383**	
Total revenue	**39 462 715 225**	**18 407 555**	**-**	**39 481 122 780**	
Expenditure					
Employee costs	(11 513 864 611)	356 401 514	-	(11 157 463 097)	[17]
Remuneration of councillors	(129 577 084)	-	-	(129 577 084)	
Depreciation	(2 909 023 587)	(40 580 573)	-	(2 949 604 160)	[18]
Finance costs	(3 267 450 425)	1 451 316 540	143 058 569	(1 673 075 316)	[19]
Debt Impairment	(2 601 808 658)	(171 096 269)	-	(2 772 904 927)	[21]
Other materials	(539 282 485)	(72 676 680)	-	(611 959 165)	[21]
Bulk purchases	(14 592 994 045)	(40 114 993)	-	(14 633 109 038)	[21]
Contracted Services	(4 121 650 134)	(99 398 502)	(4 060 627)	(4 225 109 263)	[21]
Transfers and Subsidies	(102 761 036)	-	-	(102 761 036)	
General expenses	(1 681 094 711)	(255 279 565)	4 060 627	(1 932 313 649)	[21]
Total expenditure	**(41 459 506 776)**	**1 128 571 472**	**143 058 569**	**(40 187 876 735)**	
Operating surplus	**(1 996 791 551)**	**1 146 979 027**	**143 058 569**	**(706 753 955)**	
Gains and (losses) on assets	(420 479 282)	(11 697 075)	-	(432 176 357)	[29]
Gain or loss on exchange differences	(394 113)	-	-	(394 113)	
Fair value adjustments	267 407 051	-	-	267 407 051	
Actuarial gains/losses	-	50 079 895	-	50 079 895	[30]
Impairment loss	(79 377 786)	(215 329 728)	-	(294 707 514)	[31]
Loss on redemption fund	-	(246 046 935)	(143 058 569)	(389 105 504)	[32]
Surplus for the year	**(2 229 635 681)**	**723 985 184**	**-**	**(1 505 650 497)**	

Error 1: Revaluation and correction of inventory

The bulk water inventory was incorrently captured.

The prior year amounts was recalculated and a journal was passed to correct the bulk water inventory amount at the end of the 2021/22 financial year.

Other adjustment relates to correction of error in plant inventory and correction of raw material amount.

Error 2: Overstatement of impairment expenses for exchange Other Receivables

Incorrect calculation of the impairment expense.

Adjustment of impairment allowance expenses for exchange Other Receivables.

Decrease the impairment allowance expenses/ Accumulated surplus.

71. Prior period errors (continued)

Error 3: Other receivables from non-exchange transactions

The Aarto debtor prior year balance was revisited for accuracy, validity and completeness. The Enatis system was used as a 3rd party assurance body to ensure that what has been recorded by the City is correct. This led to correction of previously overstated revenue from fines and correction of a debtor.

Error 4: Consumer receivables: Exchange and non exchange

Overstatement of prior period accruals.

Adjustment to reverse prior period accruals.

Decrease in Consumer Receivables from exchange transactions.

Decrease of revenue accrued in the prior period in respect of deposits

Error 5: Investment property, Property, Plant and Equipment, Intangible assets and Heritage assets

Adjustment were mainly as a result of the following

- Acquisition of land under asset under construction cancelled and refunded to the city. The payment was for Land purchased but did not get registered through the deeds office and was refunded back to the city and asset under construction was reversed and restated.
- Incorrect measurements and the conditions of assets during verification were provided which resulted in incorrect calculations.
- Impairment assessment for prior year was not done in some of the departments.
- Heritage assets not previously accounted for on the FAR
- The restatement journal was processed to correct the impairment in the prior year and to correct cost in the prior year.

Error 6: Long-term receivables

The impairment for Housing Debtors was overstated in the previous financial year which resulted in an audit finding.

The error on the debtor and the impairment expense was corrected.

Error 7: Redemption fund asset, Interest rate swaps and Redemption fund liability

Interest rate swaps valuation liability was incorrectly disclosed under non-current asset.

A journal was processed to correct the swap liability.

Decrease in redemption fund asset.

Increase in interest rate swaps asset.

Increase in redemption fund liability.

Error 8: Employee benefit obligation

Leave provision was overstated in the prior year.

Reversal and restatement of leave provision for the prior year.

Notes to the Audited Consolidated Annual Financial Statements

71. Prior period errors (continued)

Error 9: Understatement Unspent conditional grants and receipts

Acquisition of land under asset under construction cancelled and refunded to the city.

The payment was for Land purchased but did not get registered through the deeds office and was refunded back to the city and asset under construction was reversed and restated.

Error 10: Payables from exchange transactions

During the audit of trade payable, it was noted that the trade payables were not correctly reconciled to supplier statement and as a result not all liabilities were recorded. Management has performed a reconciliation of supplier statements and subsequent restated all prior year's invoices processed in the 2023 financial year. The restatement resulted in the adjustment to the trade payables, and general expenditure, other material and contracted services.

Error 11: Overstate VAT accrual

The Debtors Vat accrual was overstated due to incorrect posting of full vat impairment instead of posting the movement between the two financial years.

Journals were posted in period 14 to adjust the VAT Debtors Accrual in line with the impairment calculation, adjustment processed against the debt impairement expense

Error 12: Service charges, Interest and property rates

Adjustments on customer accounts in the current financial year relating to prior financial years.

Revenue for prior year was restated

Error 13: Other income

COT vehicles that were previosly leased to the City and ownership was transfered to the City, however information was provided in the 2023 financial year.

Restatement for leased vehicles taken over by the City in 2022 brought in as newly identified assets

Error 14: Interest received investments

Incorrectly posted to interest received (investment income) during the audit adjustments.

Reversal of the journal incorrectly posted to interest income.

Increase redemption fund assets.

Decrease interest received (investment income).

Error 15: Government grants & subsidies

The prior year revenue for TRT was understated and the restatement journal was processed to correct the revenue and the debtor in the correct financial year.

Notes to the Audited Consolidated Annual Financial Statements

71. Prior period errors (continued)

Error 16: Fines, penalties and forfeits

The Aarto debtor prior year balance was revisited for accuracy, validity and completeness. The Enatis system was used as a 3rd party assurance body to ensure that what had been recorded by the is correct. This led to correction of previously overstated fines revenue and correction of a debtor.

Error 17: Employee costs

Leave provision was overstated in the prior year.

Reversal and restatement of leave provision for the prior year.

Recognition of Tshwane Municipal Pension Fund (TMPF) interest cost, current service cost expense and asset ceiling for prior year.

Error 18: Depreciation and amortisation

The depreciation and useful life adjustment were processed and a journal was posted to correct prior year.

Assets capitalised to prior periods influencing depreciation accounted for in the incorrect financial period.

Unplanned depreciation were processed on SAP and restatement journal processed to correct prior year period.

Error 19: Finance Cost

Corrrection of the Vat liability interest process incorrectly in the 2022 financial year.

Recognise penalties and interets in the correct financial year.

Error 20: Debt impairement

The Aarto debtor prior year balance was revisited for accuracy, validity and completeness. This led to correction of aarto impairment.

Error 21: Other materials, Bulk purchases, Contracted services and General expenses

During the audit of trade payable, it was noted that the trade payables were not correctly reconciled to supplier statement and as a result not all liabilities were recorded. Management has performed a reconciliation of supplier statements and subsequent restated all prior year’s invoices processed in the 2023 financial year. The restatement resulted in an adjustment to the trade payables, and general expenditure, other material and contracted services.

Error 22: Gains and losses on disposal of assets

Refer to note 5.

Error 23: Actuarial gains and losses

Recognition of actuarial gains and losses as per the actuarial reports for employee benefit obligations as per GRAP 25 for prior year.

71. Prior period errors (continued)

Error 24: Impairment loss

Impairment assessment for prior year was not done in some of the departments.

Restatement journal was processed to correct the impairment in the prior year.

Error 25: Loss on redemption fund

Refer to note 7.

72. Segment reporting

Group - 2023

Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Assets					
Non-current assets	11 636 273 917	19 923 807 701	20 115 237 718	7 671 201 202	59 346 520 538
Current Assets	553 158 828	146 358 369	4 038 828 621	3 502 482 928	8 240 828 746
Total assets	**12 189 432 745**	**20 070 166 070**	**24 154 066 339**	**11 173 684 130**	**67 587 349 284**
Liabilities					
Non-current Liabilities	(2 459 772 100)	(4 250 219 550)	(3 565 610 112)	(4 462 932 490)	(14 738 534 252)
Current Liabilities	(4 078 878 968)	(2 752 445 017)	(4 467 936 655)	(8 113 710 679)	(19 412 971 319)
Total	**(6 538 651 068)**	**(7 002 664 567)**	**(8 033 546 767)**	**(12 576 643 169)**	**(34 151 505 571)**

Notes to the Audited Consolidated Annual Financial Statements

Net Assets	**5 650 781 677**	**13 067 501 503**	**16 120 519 572**	**(1 402 959 039)**	**33 435 843 713**

Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Revenue					
Revenue from exchange transactions					
Service charges	(510 143)	15 647 665	22 051 948 320	14 941 004	22 082 026 846
Rental of facilities and equipment	48 666 638	43 842 690	71 341	73 688 614	166 269 283
Interest received (trading)	587 599	194 578	653 543 116	598 924 275	1 253 249 568
Licences and permits	-	45 134 784	-	-	45 134 784
Share of profit in associate: TASEZ	-	95 093 299	-	-	95 093 299
Other income	50 266 285	746 566 816	218 566 961	225 154 093	1 240 554 155
Interest received - investment	258 261	4 118 343	-	212 980 632	217 357 236
Total revenue from exchange transactions	**99 268 640**	**950 598 175**	**22 924 129 738**	**1 125 688 618**	**25 099 685 171**
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	-	-	-	9 068 528 767	9 068 528 767
Interest - Taxation revenue	-	41 804	-	-	41 804
Transfer revenue					
Government grants & subsidies	774 089 499	992 298 900	974 470 051	5 256 394 307	7 997 252 757
Public contributions and donations	68 000 000	-	-	9 434 592	77 434 592
Fines, Penalties and Forfeits	149 185 571	148 900	-	2 232 627	151 567 098
Total revenue from non-exchange transactions	**991 275 070**	**992 489 604**	**974 470 051**	**14 336 590 293**	**17 294 825 018**
Total revenue	**1 090 543 710**	**1 943 087 779**	**23 898 599 789**	**15 462 278 911**	**42 394 510 189**
Expenditure					
Employee related costs	(4 779 757 347)	(1 646 902 079)	(2 517 201 546)	(2 384 050 210)	(11 327 911 182)
Remuneration of councillors	-	-	-	(131 912 644)	(131 912 644)
Depreciation	(213 940 507)	(1 209 772 920)	(626 014 546)	(463 611 940)	(2 513 339 913)
Finance costs	-	(9 545 109)	(268 548 932)	(1 933 828 592)	(2 211 922 633)
Debt Impairment	(77 364 242)	(15 688 408)	(1 753 368 374)	(1 520 142 417)	(3 366 563 441)
Other materials	(34 413 448)	(214 993 618)	(55 996 128)	(322 479 261)	(627 882 455)
Bulk purchases	-	-	-	(14 840 951 593)	(14 840 951 593)
Contracted Services	(1 280 863 421)	(933 770 809)	(1 328 689 592)	(707 671 314)	(4 250 995 136)
Transfers and Subsidies	(289 575)	-	-	(2 982 613)	(3 272 188)
General expenses	(100 712 268)	(190 705 298)	(84 438 480)	(1 422 821 983)	(1 798 678 029)
Total expenditure	**(6 487 340 808)**	**(4 221 378 241)**	**(6 634 257 598)**	**(23 730 452 567)**	**(41 073 429 214)**
Gain or loss on disposal of assets and liabilities	(8 188 668)	(632 385)	(39 835 726)	(81 855 924)	(130 512 703)
Gain or loss on exchange differences	-	-	-	292 877	292 877
Fair value adjustments	285 521	-	-	108 011 734	108 297 255
Impairment loss	(630 079)	(74 139 280)	(137 555 467)	(18 009 125)	(230 333 951)
Loss on redemption fund	-	-	-	(84 087 481)	(84 087 481)
Actuarial gains/(losses)	-	-	-	191 170 625	191 170 625
Taxation	-	23 261	-	-	23 261
Surplus for the year	**(5 405 330 324)**	**(2 353 038 866)**	**17 086 950 998**	**(8 152 650 950)**	**1 175 930 858**

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.

Notes to the Audited Consolidated Annual Financial Statements

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.

City - 2023

Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Assets					
Non-current assets	10 668 566 125	19 920 456 534	20 115 237 718	7 671 201 202	58 375 461 579
Current Assets	509 684 274	135 751 088	4 038 828 621	3 501 241 862	8 185 505 845
Total assets	**11 178 250 399**	**20 056 207 622**	**24 154 066 339**	**11 172 443 064**	**66 560 967 424**

Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Liabilities					
Non-current Liabilities	(2 459 772 100)	(4 249 721 710)	(3 565 610 112)	(4 462 932 490)	(14 738 036 412)
Current Liabilities	(4 052 267 154)	(2 743 604 086)	(4 467 936 655)	(8 113 710 679)	(19 377 518 574)
Total	**(6 512 039 254)**	**(6 993 325 796)**	**(8 033 546 767)**	**(12 576 643 169)**	**(34 115 554 986)**
Net Assets	**4 666 211 145**	**13 062 881 826**	**16 120 519 572**	**(1 404 200 105)**	**32 445 412 438**

Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Assets					
Non-current assets	10 668 566 125	19 920 456 534	20 115 237 718	7 671 201 202	58 375 461 579
Current Assets	509 684 274	135 751 088	4 038 828 621	3 501 241 862	8 185 505 845
Total assets	**11 178 250 399**	**20 056 207 622**	**24 154 066 339**	**11 172 443 064**	**66 560 967 424**

Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Liabilities					
Non-current Liabilities	(2 459 772 100)	(4 249 721 710)	(3 565 610 112)	(4 462 932 490)	(14 738 036 412)
Current Liabilities	(4 052 267 154)	(2 743 604 086)	(4 467 936 655)	(8 113 710 679)	(19 377 518 574)
Total	**(6 512 039 254)**	**(6 993 325 796)**	**(8 033 546 767)**	**(12 576 643 169)**	**(34 115 554 986)**
Net Assets	**4 666 211 145**	**13 062 881 826**	**16 120 519 572**	**(1 404 200 105)**	**32 445 412 438**

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand		Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Revenue						
Revenue from exchange transactions						
Service charges		-	15 647 665	22 051 948 320	14 941 004	22 082 536 989
Rental of facilities and equipment		35 332 061	43 842 690	71 341	73 688 614	152 934 706
Interest received (trading)		587 599	194 578	653 543 116	598 924 275	1 253 249 568
Licences and permits		-	45 134 784	-	-	45 134 784
Share of profit in associate: TASEZ		-	95 093 299	-	-	95 093 299
Other income		49 227 314	746 566 815	218 566 961	225 154 093	1 239 515 183
Interest received - investment		-	3 212 595	-	212 980 632	216 193 227
Total revenue from exchange transactions		**85 146 974**	**949 692 426**	**22 924 129 738**	**1 125 688 618**	**25 084 657 756**
Revenue from non-exchange transactions						
Taxation revenue						
Property rates		-	-	-	9 069 425 546	9 069 425 546
Transfer revenue						
Government grants & subsidies		701 472 000	992 298 900	974 470 051	5 256 394 307	7 924 635 258
Public contributions and donations		-	-	-	9 434 592	9 434 592
Fines, Penalties and Forfeits		149 185 571	148 900	-	2 232 627	151 567 098
Total revenue from non-exchange transactions		**850 657 571**	**992 447 800**	**974 470 051**	**14 337 487 072**	**17 155 062 494**
Total revenue		**935 804 545**	**1 942 140 226**	**23 898 599 789**	**15 463 175 690**	**42 239 720 250**
Expenditure						
Employee related costs		(4 738 702 259)	(1 602 096 345)	(2 517 201 546)	(2 384 050 210)	(11 242 050 360)
Remuneration of councillors		-	-	-	(131 912 644)	(131 912 644)
Depreciation		(213 058 527)	(1 208 658 548)	(626 014 546)	(463 611 940)	(2 511 343 561)
Finance costs		-	(9 391 448)	(268 548 932)	(1 933 828 592)	(2 211 768 972)
Debt Impairment		(75 534 610)	(15 688 408)	(1 753 368 374)	(1 520 697 802)	(3 365 289 194)
Other materials		(34 413 448)	(214 993 618)	(55 996 128)	(322 479 261)	(627 882 455)
Bulk purchases		-	-	-	(14 840 951 593)	(14 840 951 593)
Contracted Services		(1 340 537 855)	(929 150 089)	(1 328 689 592)	(707 671 313)	(4 306 048 849)
Transfers and Subsidies		(289 575)	(97 451 572)	-	(2 982 613)	(100 723 760)
General expenses		(86 556 281)	(178 472 616)	(84 438 480)	(1 445 461 505)	(1 794 928 882)
Total expenditure		**(6 489 092 555)**	**(4 255 902 644)**	**(6 634 257 598)**	**(23 753 647 473)**	**(41 132 900 270)**
Gain or loss on disposal of assets and liabilities	(8 032 521)	(599 103)	(62 475 249)	9 742 283	(68 958 683)	(61 364 590)
Gain or loss on exchange differences	-	-	-	292 877	-	292 877
Fair value adjustments	-	-	-	108 011 734	-	108 011 734
Impairment loss	(630 079)	(74 139 280)	(137 555 467)	(18 009 125)	-	(230 333 951)
Loss on redemption fund	-	-	-	(84 087 481)	-	(84 087 481)
Actuarial gains/(losses)	-	-	-	191 170 625	-	191 170 625
Surplus for the year	**(5 561 950 610)**	**(2 388 500 801)**	**17 064 311 475**	**(8 083 350 870)**	**(68 958 683)**	**1 030 509 194**

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