



City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements
for the year ended 30 June 2024

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

General Information

Nature of business and principal activities	The principal activities of the City of Tshwane Metropolitan Municipality are to: <ul style="list-style-type: none">• 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.
Grading of local authority	Category A Grade 10 urban municipality (demarcation code - TSH)
Chief Financial Officer	Gareth Mnisi
Accounting Officer	Johann Mettler
Registered office	Tshwane House 320 Madiba street Pretoria 0002
Postal address	PO Box 408 Pretoria 0001
Bankers	ABSA
Auditors	Auditor General South Africa (AGSA) Registered Auditors
Legislation governing the Municipality's operations	Local Government: Municipal Finance Management Act (Act 56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Housing Act (Act 107 of 1997) Constitution of the Republic of South Africa, 1996 Property Rates Act (Act 6 of 2004) Division of Revenue Act (Act 3 of 2016)
Entities to be consolidated at year end	Consistent with the prior financial year the following municipal entities will be included in the Consolidated Annual Financial Statements Housing Company Tshwane NPC (Registration nr 2001/029821/08) Tshwane Economic Development Agency Soc Ltd (TEDA) (Registration nr 2 006/019396/07)

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General Information

Mayoral committee

Executive Mayor	CLlr Cilliers Brink
Speaker	CLlr Mncedi Ndzwanana
Chief Whip	Ald Christo van den Heever
Member of the Mayoral Committee	Ald Mathebe Rachel Katlego
	CLlr Jacqueline Uys
	CLlr Wakelin Kingsley
	CLlr Marx Gertruida Elizabeth Catha
	CLlr Hazel Nasiphi Moya
	Ald Theunissen Umberto Grandi
	Ald Coetzee Johannes Jacobus
	CLlr Fosi Thembsmandla Elijah
	CLlr Zwane Douglas Ziyanda
	CLlr Madzebatela Ofentse Nathaniel

Other councillors

Aaron Mokgale Maluleka	Abbiot Masopo Sebola
Albertus Martinus Van Niekerk	Aletta Susanna Breytenbach
Alfred Boas Matjeke	André le Roux
Barend William Chapman	Benjamin Khazamula Mathevula
Brendon Govender	Casper Nicolaas Mcdonald
Christiaan Mauritz Van Den Heever	Christopher Anru Meyer
Cindy Billson	Conride Ngoveni
Daryl Johnston	David James Farquharson
Derick Thulani Mahlangu	Diamond Hendrick Mashao
Donald Khotso Tsela	Vusi Ephraim Mabena
Elizabeth Maria Basson	Ellen Phumzile Mbokane
Esther Nonzingo Masuku	Eugene Thipe Modise
Floyd Makete Thema	Frank Kgaboesele
Gertruida Elizabeth Catharina Marx	Godwin Kaekae Ratikwane
Hendrik Jacobus Nortje	Henning Johannes Viljoen
Hlowane Elisa Motubatse	Hluphi Gafane
Issabel Alta De Kock	Jacob Kekole Mathabathe
Jan Japane Baloyi	Japhta Tshepiso Modiba
Johan Gerhard Van Buuren	Johannes Christoffel Bekker
John Willem Barendrecht	Juanita Du Plooy
Kgagelo Stephans Phiri	Kholofelo Patience Kgotso
Komaseroto Benjamin Disoloane	Leanne Jennifer De Jager
Leofi Phillip Leshabana	Leon Pieter Kruyshaar
Lourens Abraham Erasmus	Lucas Kwena Pratt Moloto
Madumetja Rodney Mabusela	Magwaile Oliver Mabogwana
Malcom Ian De Klerk	Malesela Hendrick Matlou
Mamma Cathrine Mabaswa	Manakedi Elisa Mlotshwa
Marika Elizabeth Kruger Muller	Mark Andrew Surgeon
Mashiba Isaac Madonsela	Matome Adam Mashapa
Mmabora Flora Monama	Mmakgoko Veron Phasha
Mogauwane Kenneth Masha	Mokhokela Kgope Frans Boshielo
Morne Erasmus	Moses Thabo Mathibedi
Mpho Malethakwe Mehlape-Zimu	Naeem Patel
Nicolaas Cornelius Pascoe	Nkoata Ananias Mokgalotsi
Nondlandla Patricia Mnisi	Nosipho Mtakati
Obakeng Samuel Ramabodu	Odwa Notununu
Oupa Patrick Matshiane	Patricia Lerato Machava
Peter Wynand Warnar Meijer	Petrus Malope
Pieter Willem Van Heerden	Pinye Pilot Matlala
Quentin Meyer	Yvonne Kwena Dzumba

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General Information

Other councillors

Randall Mervyn Williams	Rebecca Getrude Mmamokgolo Monchusi
Roche Jacques Grebe	Roelof Petrus Fourie
Rubesta Monyamane Manhique	Sandy Kgaogelo Motale
Saul Mokube Ratau	Seakakgole Peter Mamatepa
Shane Maas	Shaun Wilkinson
Sizwe Paulos Clifton Tsiane	Sydney Ngoako Seanego
Tautona Siphon Nkgadima	Tebogo Patrick Kholofelo Mashapa
Thabang Mabitse Masemola	Thabang Moshidi
Thabo Malosi	Zacharea Setimo
Tlangi Jina Mogale	Tlhabajane William Mabena
Tshepo Floyd Kgate	Tshepo Patrick Malefane
Zacharia Sekete Ntohla	Unique Boitumelo Rasweswe
Adriana Maria Randall	Adu Bosch
Alette Catharina Nefdt	Alexander Willem Frederik Middelberg
Andrew Lesch	Andries Breytenbach
Benjamin William Lawrence	Bongani McDonald Masina
Violet Phalwane	Christiaan Frederik Pienaar
Christopher Sikhumbuzo Masia	Cilliers Brink
Daniel Gabriel Wannenburg	Daniel Salthie Sekanka
Debyre Theresa Williams-Moses	Dehan Harmse
Dikeledi Selowa	Dirk Johannes Jacobus Van der Spuy
Dudzile Elsa Majola	Dumisani Sibusiso Thwala
Elma Johanna Nel	Enos Papiki Chiloane
Eunice Dineo Moloji	Fiki Zophonia Mashigo
Frans Johannes Smith	Gert Petrus Visser
Granny Peggy De Bruin	Vusi Isaac Masemola
Henriette Louise Fronhlich	Hlamalani Queen Chauke
Isak Jacobus Pietersen	Isak Petrus Du Plooy
Wayne Peter Helfrich	Jairus Kgosietsile Kgosiemang
Jarad Frimmel	Joel Kgomotso Masilela
Wesley Andre Jacobs	Johannes Motlhasedi
Karabo Darius Semfeng	Katlego Godwill Makgaleng
Kholofelo Vivian Morodi	William Nkhohlo Kgopa
Lema Godfrey Motau	Lenor Daleen Janse Van Rensburg
Lerato Marcia Aphane	Lesibana Hans Mothoa
Macalene Stanley Mazibuko	Madimetja Alfred Makhafula
Makgabo Alex Kobo	Makgopha Simon Manamela
Malesela Phohlo John Rakabe	Maloke Joseph Makola
Maphaahle Thabang Ruphos Mphahlele	Mari Joubert
Mark Mabitsi Boikanyo	Martin Tsintsi Madileng
Mavis Elizabeth Kekana	Micheal Ndlovu
Mmina-Tau Seabelo Marishane	Mncedi Ndzwanana
Molatelo Samuel Mashola	Molwamtwa Samuel Tshabadi
Mpati Isaac Ramphile	Mpho Hans Lewele
Nathaniel Rabasotho Masupha	Neo Tiragalo Mocumi
Nomfutshane Sonia Mabolawa	Nomvula Joyce Seelane
Novina Abegail Pillay	Nthabiseng Mahlangu
Ofentse Moalusi	Yolanda Duvenage
Peter Edward Millar	Peter Sutton
Phasudi Jeffrey Mashego	Phindile Phinah Tlou
Pogiso Glen Mthimunya	Prajay Ramjee
Raisibe Meriam Mtshali	Ramokgushwane Lucas Matlhabane
Rebecca Khibidu Dibakwane	Reyaan Uys
Ronald Morake	Rose Sisi Sethole
Sarah Makaoka Mabotsa Mabotsa	Sarah Salamina Moabelo
Segotlheng Trevor Moloisane	Sekokobale Fortune Mampuru
Silias Mothupi Makena	Siobhan Muller
Sylvester Tennyson Theophilus Phokoje	Sylvia Paulina Lelaka
Tembeni Innocent Thabatha	Thabang Gamolemo Sebotsane
Thabisile Constance Vilakazi	Thabiso Thabiso Mohlamme

City of Tshwane Metropolitan Municipality

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General Information

Other councillors

Theresa-Eulanda Mabusela
Tshegofatso Molefe Mashabela
Tshililo Victor Rambau
Veronica Palesa Modise

Thulang Joseph Shume
Tshepang Sagious Boikanyo
Tsung Wei Lee

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

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

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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

City of Tshwane Metropolitan Municipality

Unaudited Consolidated Annual Financial Statements for the year ended 30 June 2024

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 unaudited consolidated annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the unaudited 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 unaudited 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 unaudited consolidated annual financial statements.

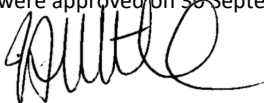
The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future. We would however like to bring to the attention of the users that uncertainty exists at reporting date due to the net current liability position of the city as at year end. These conditions may cast some doubt on the group's ability to continue as a going concern however, the Going Concern note 54 has disclosed the additional measures taken by the City to ensure that the organisation will continue operating viably in the foreseeable future.

The performance of the organisation has improved due to an increase in the revenue as well as cost containment. This has resulted in a surplus in the current financial year, however, the liquidity of the organisation is still under strain due to past performances. The organisation is on the right trajectory and will recoup prior losses over a period of time.

The unaudited 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 38 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 unaudited consolidated annual financial statements set out on pages 7 to 172, which have been prepared on the going concern basis, were approved on 30 September 2024 and were signed on its behalf by:



Johann Mettler
City Manager

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

Figures in Rand	Group		Municipality		
	2024	2023 Restated*	2024	2023 Restated*	
Assets					
Current Assets					
Inventories	3	897 057 852	936 609 648	897 057 852	936 609 648
Investments	4	-	176 100 896	-	176 100 896
Current tax receivable	52	301 080	622 062	-	-
Consumer receivables: Exchange	5	4 605 253 267	3 719 518 347	4 605 253 267	3 719 518 347
Consumer receivables: Non exchange	5	2 313 987 049	1 323 281 963	2 313 987 049	1 323 281 963
Other receivables from exchange transactions	6	1 116 282 451	801 721 810	1 111 980 441	798 888 098
Other receivables from non-exchange transactions	6	242 143 047	92 942 607	236 117 534	92 628 438
Long-term receivables - current portion	7	231 150 643	177 873 136	231 150 643	177 873 136
Cash and cash equivalents	10	1 997 866 675	835 778 017	1 964 893 869	785 495 915
		11 404 042 064	8 064 448 486	11 360 440 655	8 010 396 441
Non-Current Assets					
Long-term receivables	7	241 003 524	184 980 377	241 003 524	184 980 377
Redemption fund asset	9	89 031 657	207 895 138	89 031 657	207 895 138
Living resources	11	302 127	300 089	302 127	300 089
Investment property	12	2 096 766 434	2 068 223 528	2 096 766 434	2 068 223 528
Property, plant and equipment	13	48 537 948 562	48 794 534 536	47 565 199 250	47 792 942 976
Intangible assets	14	1 071 239 234	1 045 096 112	1 070 635 634	1 044 466 268
Heritage assets	15	3 371 581 599	3 371 581 599	3 371 581 599	3 371 581 599
Investments in controlled entities	16	-	-	1 000	1 000
Investments in associates	17	880 831 780	825 075 388	880 831 780	825 075 388
Deferred tax	22	-	716 836	-	-
Interest rates swaps	18	130 045 708	247 940 777	130 045 708	247 940 777
		56 418 750 625	56 746 344 380	55 445 398 713	55 743 407 140
Total Assets		67 822 792 689	64 810 792 866	66 805 839 368	63 753 803 581
Liabilities					
Current Liabilities					
Loans and bonds	19	456 593 191	408 869 661	456 593 191	408 869 661
Finance lease obligation	20	45 017 203	49 543 218	44 622 456	48 712 421
Operating lease liability	8	315 937	892 516	-	-
Payables from exchange transactions	21	16 065 902 724	12 635 557 471	16 036 969 652	12 618 136 990
VAT payable	23	878 211 883	2 907 143 870	880 356 837	2 905 884 420
Consumer deposits	24	773 337 672	764 132 255	773 337 672	764 132 255
Employee benefit obligation	25	1 726 694 494	1 824 857 009	1 722 552 127	1 821 514 428
Unspent conditional grants	26	215 347 138	509 350 120	215 347 138	509 350 120
Provisions	27	44 441 976	-	-	-
Service concession arrangement	28	75 874 954	286 223 928	75 874 954	286 223 928
		20 281 737 172	19 386 570 048	20 205 654 027	19 362 824 223

* See Note 73

City of Tshwane Metropolitan Municipality

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Statement of Financial Position as at 30 June 2024

Figures in Rand	Group		Municipality		
	2024	2023 Restated*	2024	2023 Restated*	
Non-Current Liabilities					
Redemption fund liability	9	132 631 547	247 075 556	132 631 547	247 075 556
Interest rates swaps	18	3 349 646	9 560 148	3 349 646	9 560 148
Loans and bonds	19	8 705 933 679	9 091 315 444	8 705 933 679	9 091 315 444
Finance lease obligation	20	49 342 293	94 074 908	49 159 279	93 781 734
Operating lease liability	8	-	238 453	-	-
Employee benefit obligation	25	1 808 591 800	1 743 862 300	1 808 591 800	1 743 862 300
Deferred tax	22	319 777	-	-	-
Provisions	27	1 646 237 698	1 330 412 160	1 646 237 698	1 330 412 160
Service concession arrangement	28	2 491 810 208	2 258 076 521	2 491 810 208	2 258 076 521
		14 838 216 648	14 774 615 490	14 837 713 857	14 774 083 863
Total Liabilities		35 119 953 820	34 161 185 538	35 043 367 884	34 136 908 086
Net Assets		32 702 838 869	30 649 607 328	31 762 471 484	29 616 895 495
Reserves					
Revaluation reserve		32 446 667	88 029 008	-	-
Accumulated surplus		32 670 392 202	30 561 578 320	31 762 471 484	29 616 895 495
Total Net Assets		32 702 838 869	30 649 607 328	31 762 471 484	29 616 895 495

* See Note 73

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

Figures in Rand	Group		Municipality		
	2024	2023 Restated*	2024	2023 Restated*	
Revenue					
Revenue from exchange transactions					
Service charges	29	24 357 873 073	22 082 026 846	24 358 392 178	22 082 536 989
Rental of facilities and equipment	35	208 762 500	166 269 283	175 208 153	152 934 706
Interest received (trading)	36	2 098 430 925	1 253 249 569	2 098 430 925	1 253 249 569
License and permits		43 618 141	45 134 784	43 618 141	45 134 784
Share of profit in associates: TASEZ	17	55 756 392	95 093 299	55 756 392	95 093 299
Service concession arrangements	28	50 872 192	-	50 872 192	-
Other income	30	1 362 493 893	1 195 534 035	1 359 692 647	1 194 494 989
Interest received - investment	31	242 632 650	217 357 236	240 960 240	216 193 227
Total revenue from exchange transactions		28 420 439 766	25 054 665 052	28 382 930 868	25 039 637 563
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	32	9 806 515 525	9 068 528 767	9 807 460 751	9 069 425 546
Interest - Taxation revenue		88 651	41 804	-	-
Transfer revenue					
Government grants & subsidies	33	8 125 930 571	8 064 885 168	8 066 337 731	7 923 254 761
Public contributions and donations		6 704 994	73 740 832	6 704 994	9 434 592
Fines, Penalties and Forfeits	34	241 157 889	151 567 098	241 157 889	151 567 098
Total revenue from non-exchange transactions		18 180 397 630	17 358 763 669	18 121 661 365	17 153 681 997
Total revenue		46 600 837 396	42 413 428 721	46 504 592 233	42 193 319 560
Expenditure					
Employee related costs	37	(11 526 334 529)	(11 338 511 936)	(11 443 454 694)	(11 252 594 350)
Remuneration of councillors	38	(133 389 734)	(131 912 644)	(133 389 734)	(131 912 644)
Depreciation and amortisation	40	(2 156 944 888)	(2 423 915 235)	(2 137 699 799)	(2 411 382 774)
Finance costs	42	(2 502 811 975)	(2 031 549 532)	(2 502 724 075)	(2 031 395 871)
Debt Impairment	43	(4 540 422 826)	(3 366 563 441)	(4 532 427 741)	(3 365 289 194)
Other materials	44	(978 120 559)	(658 834 354)	(978 120 559)	(658 834 354)
Bulk purchases	45	(17 059 154 350)	(14 840 951 593)	(17 059 154 350)	(14 840 951 593)
Contracted services	46	(3 816 898 849)	(4 318 695 133)	(3 794 436 961)	(4 304 735 864)
Transfers and Subsidies	47	(2 052 518)	(3 272 188)	(99 854 090)	(100 723 760)
General Expenses	48	(1 744 503 256)	(1 863 382 884)	(1 690 171 901)	(1 836 661 105)
Total expenditure		(44 460 633 484)	(40 977 588 940)	(44 371 433 904)	(40 934 481 509)
Operating surplus		2 140 203 912	1 435 839 781	2 133 158 329	1 258 838 051
Loss on disposal of assets		(43 294 167)	(101 955 351)	(42 513 700)	(101 765 921)
(Loss)/gain on foreign exchange		(803 977)	292 877	(803 977)	292 877
Fair value adjustments		(107 974 164)	108 011 734	(107 974 164)	108 011 734
Actuarial gains	25	172 520 258	191 170 625	172 520 258	191 170 625
Impairment loss	41	(58 003 400)	(230 333 950)	(13 080 884)	(230 333 950)
Interest rate swaps fair value gain/(loss) valuation		4 270 125	(84 087 481)	4 270 125	(84 087 481)
		(33 285 325)	(116 901 546)	12 417 658	(116 712 116)
Surplus before taxation		2 106 918 587	1 318 938 235	2 145 575 987	1 142 125 935
Taxation	50	(1 867 898)	113 200	-	-
Surplus for the year		2 105 050 689	1 319 051 435	2 145 575 987	1 142 125 935

* See Note 73

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Group			
Balance at 01 July 2022	16 796 257	29 171 097 143	29 187 893 400
Changes in net assets			
Surplus for the year		1 319 051 435	1 319 051 435
Revaluation	2 318 079		2 318 079
Transfer to Accumulated surplus	(1 722 692)	1 722 692	
Correction of errors	70 637 364	69 707 050	140 344 414
Total changes	71 232 751	1 390 481 177	1 461 713 928
Opening balance as previously reported	88 029 008	30 379 429 351	30 467 458 359
Adjustments			
Correction of errors 73		182 148 970	182 148 970
Restated* Balance at 01 July 2023 as restated*	88 029 008	30 561 578 321	30 649 607 329
Changes in net assets			
Surplus for the year		2 105 050 689	2 105 050 689
Transfer of capital surplus to trust capital	(3 763 192)	3 763 192	
Reversal of impairment losses on revalued capital assets	(51 819 149)		(51 819 149)
Total changes	(55 582 341)	2 108 813 881	2 053 231 540
Balance at 30 June 2024	32 446 667	32 670 392 202	32 702 838 869
Note(s)			
Municipality			
Opening balance as previously reported		31 360 648 122	31 360 648 122
Adjustments			
Correction of errors		(2 885 878 562)	(2 885 878 562)
Balance at 01 July 2022 as restated*		28 474 769 560	28 474 769 560
Changes in net assets			
Surplus for the year		1 142 125 935	1 142 125 935
Total changes		1 142 125 935	1 142 125 935
Opening balance as previously reported		29 419 931 206	29 419 931 206
Adjustments			
Correction of errors (refer to note 73)		196 964 291	196 964 291
Restated* Balance at 01 July 2023		29 616 895 497	29 616 895 497
Changes in net assets			
Surplus for the year		2 145 575 987	2 145 575 987
Total changes		2 145 575 987	2 145 575 987
Balance at 30 June 2024		31 762 471 484	31 762 471 484

* See Note 73

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Cash Flow Statement

Figures in Rand	Group		Municipality	
	2024	2023 Restated*	2024	2023 Restated*
Cash flows from operating activities				
Receipts				
Cash receipts from customers	27 672 939 374	27 971 563 073	27 643 511 034	27 961 691 816
Grants and subsidies received	7 832 988 043	8 257 863 451	7 785 819 603	8 077 782 379
Cash receipts from other revenue sources	1 741 009 760	1 616 684 815	1 738 241 358	1 570 755 230
Cash Interest income	2 059 584 352	1 401 676 126	2 057 911 941	1 400 512 117
	39 306 521 529	39 247 787 465	39 225 483 936	39 010 741 542
Payments				
Cash paid to employees	(11 788 323 450)	(11 989 364 283)	(11 704 375 503)	(11 902 208 912)
Cash paid to suppliers	(21 841 886 414)	(21 694 157 136)	(22 171 336 364)	(21 652 382 888)
Transfers and grants	(2 052 519)	(3 272 187)	(99 854 090)	(100 723 759)
Finance costs	(2 213 608 732)	(1 680 233 720)	(1 815 385 824)	(1 680 080 059)
Taxes on surpluses	1 357 596	(558 792)	-	-
	(35 844 513 519)	(35 367 586 118)	(35 790 951 781)	(35 335 395 618)
Net cash flows from operating activities	3 462 008 010	3 880 201 347	3 434 532 155	3 675 345 924
Cash flows from investing activities				
Purchase of property, plant and equipment	(1 954 978 512)	(2 393 406 033)	(1 867 076 746)	(2 197 218 470)
Transfers between property, plant and equipment and intangible assets	35 881	68 935 999	-	68 935 999
Purchase of investment property	(73 397 000)	-	(73 397 000)	-
Purchase of other intangible assets	(116 790 695)	(101 142 160)	(116 790 695)	(101 142 160)
Net movement in Investments	176 100 896	(14 762 161)	176 100 896	(14 763 161)
Movement in redemption fund	52 316 540	(192 848 639)	8 689 597	(192 460 000)
Net cash flows from investing activities	(1 916 712 890)	(2 633 222 994)	(1 872 473 948)	(2 436 647 792)
Cash flows from financing activities				
Repayment of loans and bonds	(337 658 235)	(1 354 739 344)	(337 658 235)	(1 354 739 344)
Finance lease payments	(49 258 630)	(40 202 248)	(48 712 421)	(39 436 032)
Interest rate swaps	3 710 403	14 662 998	3 710 403	14 662 998
Net cash flows from financing activities	(383 206 462)	(1 380 278 594)	(382 660 253)	(1 379 512 378)
Net increase/(decrease) in cash and cash equivalents	1 162 088 658	(133 300 241)	1 179 397 954	(140 814 246)
Cash and cash equivalents at the beginning of the year	835 778 017	969 078 258	785 495 915	926 310 161
Cash and cash equivalents at the end of the year	1 997 866 675	835 778 017	1 964 893 869	785 495 915

* See Note 73

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Budget adjustments	Adjusted Budget	Virement	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Actual outcome as % of final budget	Actual outcome as % of original budget	Reference
Group - 2024										
The basis of the budget is accrual										
Statement of Financial Performance										
Revenue by source										
Service charges	25 865 546 655	(93 874 511)	25 771 672 144		25 771 672 144	24 357 873 073	(1 413 799 071)	95 %	94 %	[1]
Rental of facilities and equipment	203 699 543	(40 886 730)	162 812 813		162 812 813	208 762 500	45 949 687	128 %	102 %	[2]
Interest received (trading)	915 894 491	499 577 117	1 415 471 608		1 415 471 608	2 098 430 925	682 959 317	148 %	229 %	[3]
Licences and permits	43 618 849	(4 219 204)	39 399 645		39 399 645	43 618 141	4 218 496	111 %	100 %	
Revenue from service concession arrangements	-	-	-		-	50 872 192	50 872 192			
Share of profit in associate: TASEZ	-	-	-		-	55 756 392	55 756 392	DIV/0 %	DIV/0 %	
Other income	2 589 328 086	99 584 720	2 688 912 806		2 688 912 806	2 990 834 893	301 922 087	111 %	116 %	[4]
Interest received - investment	55 048 244	3 321 301	58 369 545		58 369 545	242 632 650	184 263 105	416 %	441 %	[5]
Property rates	9 627 155 940	-	9 627 155 940		9 627 155 940	9 806 515 525	179 359 585	102 %	102 %	
Government grants & subsidies	5 112 619 852	(73 943 508)	5 038 676 344	(15 650 000)	5 023 026 344	4 866 316 655	(156 709 689)	97 %	95 %	[6]
Public contributions and donations	-	-	-		-	6 704 994	6 704 994			
Fines, Penalties and Forfeits	292 018 955	5 144	292 024 099		292 024 099	241 157 889	(50 866 210)	83 %	83 %	[7]
Total revenue	44 704 930 615	389 564 329	45 094 494 944	(15 650 000)	45 078 844 944	44 969 475 829	(109 369 115)	100 %	101 %	
Expenditure by type										
Employee related costs	(12 640 899 388)	26 861 037	(12 614 038 351)		- (12 614 038 351)	(11 526 334 529)	1 087 703 822	91 %	91 %	[8]
Remuneration of councillors	(153 862 988)	(141 598)	(154 004 586)		- (154 004 586)	(133 389 734)	20 614 852	87 %	87 %	[9]
Depreciation and amortisation	(2 911 920 542)	(1 142 904)	(2 913 063 446)		(2 913 063 446)	(2 156 944 888)	756 118 558	74 %	74 %	[10]
Finance costs	(1 498 589 023)	(216 235 711)	(1 714 824 734)		- (1 714 824 734)	(2 502 811 975)	(787 987 241)	146 %	167 %	[11]
Debt impairment	(3 073 620 705)	-	(3 073 620 705)		(3 073 620 705)	(4 540 422 826)	(1 466 802 121)	148 %	148 %	[12]
Materials and bulk purchases	(18 805 787 463)	474 401 660	(18 331 385 803)		- (18 331 385 803)	(18 037 274 909)	294 110 894	98 %	96 %	[13][14]
Contracted services	(3 776 938 849)	(632 943 388)	(4 409 882 237)	15 650 000	(4 394 232 237)	(3 816 898 849)	577 333 388	87 %	101 %	[15]
Transfers and Subsidies	(9 683 002)	250 000	(9 433 002)		- (9 433 002)	(2 052 518)	7 380 484	22 %	21 %	

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Budget adjustments	Adjusted BudgetVirement	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Actual outcome as % of final budget	Actual outcome as % of original budget	Refer-ence	
General Expenses	(1 746 027 573)	(101 349 499)	(1 847 377 072)	-	(1 847 377 072)	(1 744 503 256)	102 873 816	94 %	100 %	[16]
Total expenditure	(44 617 329 533)	(450 300 403)	(45 067 629 936)	15 650 000	(45 051 979 936)	(44 460 633 484)	591 346 452	99 %	100 %	
Operating surplus	87 601 082	(60 736 074)	26 865 008	-	26 865 008	508 842 345	481 977 337			
Loss on disposal of assets	(48 411)	-	(48 411)	-	(48 411)	(43 294 167)	(43 245 756)			
Loss on foreign exchange	-	-	-	-	-	(803 977)	(803 977)			
Fair value adjustments	-	-	-	-	-	(107 974 164)	(107 974 164)			
Actuarial gains/losses	-	-	-	-	-	172 520 258	172 520 258			
Impairment loss	-	-	-	-	-	(58 003 400)	(58 003 400)			
Loss on redemption fund	-	-	-	-	-	4 270 125	4 270 125			
	(48 411)	-	(48 411)	-	(48 411)	(33 285 325)	(33 236 914)			
Surplus before taxation	87 552 671	(60 736 074)	26 816 597	-	26 816 597	475 557 020	448 740 423			
Taxation	(529 440)	-	(529 440)	-	(529 440)	(1 887 988)	(1 358 548)			
Surplus after taxation	87 023 231	(60 736 074)	26 287 157	-	26 287 157	473 669 032	447 381 875			
Capital transfers and contributions	2 010 940 432	(247 222 540)	1 763 717 892	(54 350 000)	1 709 367 892	1 631 361 567	(78 006 325)	95 %	81 %	
Surplus after capital transfers	2 097 963 663	(307 958 614)	1 790 005 049	-	1 735 655 049	2 105 030 599	369 375 550	121 %	100 %	

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Budget adjustments	Adjusted BudgetVirement	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Actual outcome as % of final budget	Actual outcome as % of original budget	Refer-ence
Capital expenditure and funds sources									
Council Funding	286 746 476	12 150 000	298 896 476	298 896 476	282 767 006	(16 129 470)	95 %	99 %	[17]
Public Transport Infrastructure and Systems Grant (PTIS)	250 000 000	(79 000 000)	171 000 000	171 000 000	146 340 783	(24 659 217)	86 %	59 %	
Neighbourhood Development Partnership Grant (NDPG)	15 465 000	7 800 000	23 265 000	23 265 000	18 207 261	(5 057 739)	78 %	118 %	
Urban Settlements Development Grant (USDG)	1 057 425 130	(108 316 990)	949 108 140	949 108 140	894 393 921	(54 714 219)	94 %	85 %	[18]
Energy Efficiency Demand Side Management (EEDSM)	7 500 000	(5 500 000)	2 000 000	2 000 000	1 999 124	(876)	100 %	27 %	
Community Library Services (CLS)	12 294 000	(390 648)	11 903 352	11 903 352	11 798 351	(105 001)	99 %	96 %	
Informal Settlements Upgrading Partnership Grant	588 858 450	(56 818 550)	532 039 900	532 039 900	458 771 877	(73 268 023)	86 %	78 %	[19]
Public contributions and donations	50 000 000	-	50 000 000	50 000 000	49 299 249	(700 751)	99 %	99 %	
Restructuring Capital Grant	78 822 852	(4 996 352)	73 826 500	73 826 500	-	(73 826 500)	- %	- %	
Total sources of capital funds	2 347 111 908	(235 072 540)	2 112 039 368	2 112 039 368	1 863 577 572	(248 461 796)	88 %	79 %	

The variances between approved and adjusted budget is due to the adjustment budget on 29 February 2024 and supplementary budget on 6 June 2024.

The reconciliation in the table below illustrates that the budget and the financial statements amounts correspond for total revenues. The total expenses and net cash flows from operating activities, investing activities and financing activities all directly correlate with the line items in the financial statements.

Total revenue (excluding capital transfers and contributions)	44 969 475 829
Transfers recognised - capital	1 631 361 567
Total Revenue per Statement of Financial Performance	46 600 837 396

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget information

Reasons for variances

REVENUES:

[1]

City

Service charges is lower than projected mainly due to electricity revenue due to various factors - decline in demand due to loadshedding and tampering of meters and connections which form part of illegal consumption. This also shown by the distribution losses which are above the expectation as per national treasury. There is, however, actions which have been done by management to reduce these.

[2]

City

The revenue from business rentals was better than projected budget. The city has embarked on a drive to ensure that all the revenues attributable to the city is collected.

HCT

The variance of 12% (underperformance) was due to the delay in tenanting Townlands phase 1. At the end of the financial year, 30 June 2024, the entity tenanted 663 units at Townlands and billed R12,9 million and R9,9 million Group Property Stock.

[3]

City

Interest earned on outstanding debtors is over the budget due to a change in the interest rate policy of the city. The city now charges outstanding debtors prime + 1% and this has resulted in the increase in the interest earned.

HCT

Interest received of 14% (underperformance) was due to delay in tenanting Townlands project Interest on investment was higher than the budget by 183%, due to more cash invested in a call account. At the end of financial year, 30 June 2024 the call account balance was R10 million @ the interest of 8.1% compounded daily.

[4]

City

Other income was better than projected, due to the SARS refund.

HCT

Other revenue was higher than the budget by 464% due to additional funds received from Human Settlement to finance repairs and maintenance of substation at Clarina building and operational costs. The lease admin fees at Townlands and sale of tender documents were also higher than the budget.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

[5]

City

Interest received on investments was lower than what was projected in the budget

[6]

City

The variance on Government grants is as a result of underperformance on Public Transport Network Grant, Informal Settlement Upgrading Partnership Grant and DBSA: Water Conservation. Revenue is recognised based on performance.

[7]

City

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

EXPENDITURES:

[8]

City

Employee related costs performance against budget reflects a savings mainly on salaries, pension fund and leave pay due to vacant positions not filled.

HCT

The variance of 16% underspending was due to delay in filling vacant critical positions. The Entity has advertised the vacant positions, selection and appointment process will be concluded by the end of September 2024.

[9]

City

The savings on remuneration of councillors is due to non-payment of councillors remuneration increases.

[10]

City

Depreciation was lower than projected due to the retirements of infrastructure assets which were overvalued. The organisation has now adjusted the costs of these assets downwards hence a drop in the depreciation for the year.

HCT

Overbudget of 287% was due to transfer of completed 509 units at Townlands (phase 2) from Assets Under Construction (AUC) to Property, Plant and Equipment (PPE) and Bulk infrastructure.

[11]

City

Finance cost exceeded the budget due reclassification of Tshwane House cost.

[12]

City

Debt impairment was higher than expected due to the increase in gross receivables. The gross receivables moved from R21bn to R28bn, and this resulted in an increase in the impairment figure.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

HCT

The variance of 7% underspending was due to improved collection rate on Group Property Stock transferred to the entity in July 2023 (12% to 28%). The entity implemented debit orders for City employees residing in those properties and the credit control measures are now bearing positive results hence less debt impairment.

[13]

City

The savings on other material is due to under expenditure on various line items ranging from consumables, stationery to protective clothing. Items are procured as and when a need arise. The organisation also tightened its controls around the procurement.

[14]

City

Bulk purchases reflect a savings due to lower units purchased on bulk electricity compared to the budget.

[15]

City

Contracted Services is under the budget mainly on Electricity Connect/Dis-connection, Household Refuse Removal and reclassification of Tshwane House cost to finance cost.

HCT

The variance of 130% overspending was due to Vharanani legal settlement fees. 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 609 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 initially claimed the disputed of R32 million and the Arbitrator awarded Vharanani R44 million as finalisation of the potential profit and loss and damages as a result of the employers' breach of contract. The entity lost the case against Vharanani and the amount has been declared fruitless and wasteful,

[16]

City

General expenditure is under the budget on various line items including savings on rental of buildings, Leased Vehicles, SAP Enterprise Support fee and Insurance Underwriting premiums.

HCT

The variance was attributable to non-spending by 29% as the entity has not finalised Townlands rates and taxes account, water, electricity account and insurance.

CAPEX:

[17] Public Transport Network Grant: Under performance mainly on Line 2B: Atterbury Rd project, the expenditure was affected by the delays in approval of wayleaves on site.

[18] Urban Settlements Development Grant - Under expenditure mainly on the replacement of Critical Worn-Out Water Network Pipes project due to delay in replacement of pipes and the Water Conservation and Demand Management project due to the delay in water meter replacements.

[19] Informal Settlements Upgrading Partnership Grant – The under expenditure is mainly on the Lusaka Clinic, Construction of roads & stormwater at Thorntree View and Sewer provision - Zithobeni X8 due to underperformance by the contractor.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Budget adjustments	Adjusted BudgetVirement	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Actual outcome as % of final budget	Actual outcome as % of original budget	Refer-ence
Statement of Financial Position									
Total current assets	10 624 622 266	(1 042 592 504)	9 582 029 762	9 582 029 762	11 404 042 064	1 822 012 302	119 %	107 %	[20]
Total non-current assets	57 778 709 517	1 146 411 295	58 925 120 812	58 925 120 812	56 418 750 625	(2 506 370 187)	96 %	98 %	[21]
Total Assets	68 403 331 783	103 818 791	68 507 150 574	68 507 150 574	67 822 792 689	(684 357 885)	99 %	99 %	
Total current liabilities	14 244 890 423	2 539 922 332	16 784 812 755	16 784 812 755	20 281 737 172	3 496 924 417	121 %	142 %	[22]
Total non-current liabilities	14 341 412 788	1 945 728 432	16 287 141 220	16 287 141 220	14 838 216 648	(1 448 924 572)	91 %	103 %	[23]
Total Liabilities	28 586 303 211	4 485 650 764	33 071 953 975	33 071 953 975	35 119 953 820	2 047 999 845	106 %	123 %	
Cash flows									
Net cash flows from operating activities	3 093 746 355	(354 660 189)	2 739 086 166	2 739 086 166	3 462 008 010	722 921 844	126 %	112 %	
Net cash flows from investing activities	(2 701 154 918)	642 791 481	(2 058 363 437)	(2 058 363 437)	(1 916 712 890)	141 650 547	93 %	71 %	[24]
Net cash flows from financing activities	(382 913 409)	15 283	(382 898 126)	(382 898 126)	(383 206 462)	(308 336)	100 %	100 %	
Net increase/(decrease) in cash and cash equivalents	9 678 028	288 146 575	297 824 603	297 824 603	1 162 088 658	864 264 055	390 %	12 007 %	[25]
Cash and cash equivalents at the beginning of the year	611 478 833	-	611 478 833	611 478 833	835 778 017	224 299 184	137 %	137 %	
Cash and cash equivalents at year end	621 156 861	288 146 575	909 303 436	909 303 436	1 997 866 675	(1 088 563 239)	220 %	322 %	

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Reasons for variances

Statement of financial position

[20] The variance on Current asset is due to an increase in consumer debtors mainly interest levied on outstanding debtors. There was also an increase in the cash on hand due to improvement in the collections and an increase in the profitability of the organisation.

[21] Non- current assets variance compared to the budget is due to adjustments processed on infrastructure asset as part of addressing the PPE qualification. The resulted in a drop in the asset value due to a correction in the valuation of PPE.

[22] The variance on current liability is due to increase on payables from exchange transaction.

[23] The variance on non- current liability is as result over estimation of budgeted provisions. There was an anticipation of a drop in the non-current liabilities due to a drop in the loans and bonds however, this did not materialise.

Cash flow Statement

[24] The variance on cashflow from investing activities is less than budget because of the capital budget which was not fully spent.

[25] The overall cash and cash equivalent as at the end on the year and the net cash flow from operating activities was better than budget. There was a reclassification of highly liquid investments into cash and cash equivalents and this resulted in the amount being way above the budget.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Budget adjustments	Adjusted Budget	Virement	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Actual outcome as % of final budget	Actual outcome as % of original budget	Reference
Municipality - 2024										
The basis of the budget is accrual										
Statement of Financial Performance										
Revenue by source										
Service charges	25 865 916 654	(94 244 510)	25 771 672 144		25 771 672 144	24 358 392 178	(1 413 279 966)	95 %	94 %	[1]
Rental of facilities and equipment	119 492 216	5 031 569	124 523 785		124 523 785	175 208 153	50 684 368	141 %	147 %	[2]
Interest received (trading)	915 564 818	499 838 381	1 415 403 199		1 415 403 199	2 098 430 925	683 027 726	148 %	229 %	[3]
Licences and permits	43 618 849	(4 219 204)	39 399 645		39 399 645	43 618 141	4 218 496	111 %	100 %	
Revenue from service concession arrangements	-	-	-		-	50 872 192	50 872 192			
Share of profit in associate: TASEZ	-	-	-		-	55 756 392	55 756 392	DIV/0 %	DIV/0 %	
Other income	2 586 540 430	96 953 824	2 683 494 254		2 683 494 254	3 001 202 405	317 708 151	112 %	116 %	[4]
Interest received - investment	54 168 877	3 285 367	57 454 244		57 454 244	240 960 240	183 505 996	419 %	445 %	[5]
Property rates	9 627 155 940	-	9 627 155 940		9 627 155 940	9 807 460 751	180 304 811	102 %	102 %	
Government grants & subsidies	5 112 619 852	(89 593 508)	5 023 026 344		5 023 026 344	4 893 316 655	(129 709 689)	97 %	96 %	[6]
Public contributions and donations	-	-	-		-	6 704 994	6 704 994			
Fines, Penalties and Forfeits	291 996 955	27 144	292 024 099		292 024 099	241 157 889	(50 866 210)	83 %	83 %	[7]
Total revenue	44 617 074 591	417 079 063	45 034 153 654		45 034 153 654	44 973 080 915	(61 072 739)	100 %	101 %	
Expenditure by type										
Employee related costs	(12 533 595 769)	15 343 394	(12 518 252 375)		- (12 518 252 375)	(11 443 454 694)	1 074 797 681	91 %	91 %	[8]
Remuneration of councillors	(153 862 988)	(141 598)	(154 004 586)		- (154 004 586)	(133 389 734)	20 614 852	87 %	87 %	[9]
Depreciation and amortisation	(2 894 555 087)	-	(2 894 555 087)		(2 894 555 087)	(2 137 699 799)	756 855 288	74 %	74 %	[10]
Finance costs	(1 498 413 011)	(216 235 711)	(1 714 648 722)		- (1 714 648 722)	(2 502 724 075)	(788 075 353)	146 %	167 %	[11]
Debt impairment	(3 073 620 705)	-	(3 073 620 705)		(3 073 620 705)	(4 532 427 741)	(1 458 807 036)	147 %	147 %	[12]
Materials and bulk purchases	(18 799 579 333)	474 401 661	(18 325 177 672)	(65 415 593)	(18 390 593 265)	(18 037 274 909)	353 318 356	98 %	96 %	[13][14]
Contracted services	(3 745 585 250)	(606 637 180)	(4 352 222 430)	65 719 590	(4 286 502 840)	(3 794 436 961)	492 065 879	89 %	101 %	[15]
Transfers and Subsidies	(107 484 574)	250 000	(107 234 574)		- (107 234 574)	(99 854 090)	7 380 484	93 %	93 %	
General Expenses	(1 723 354 640)	(94 630 886)	(1 817 985 526)	(303 997)	(1 818 289 523)	(1 690 171 901)	128 117 622	93 %	98 %	[16]

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Budget adjustments	Adjusted BudgetVirement	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Actual outcome as % of final budget	Actual outcome as % of original budget	Refer-ence
Total expenditure	(44 530 051 357)	(427 650 320)	(44 957 701 677)	- (44 957 701 677)	(44 371 433 904)	586 267 773	99 %	100 %	
Operating surplus	87 023 234	(10 571 257)	76 451 977	- 76 451 977	601 647 011	525 195 034			
Loss on disposal of assets	-	-	-	-	- (42 513 700)	(42 513 700)			
Loss on foreign exchange	-	-	-	-	- (803 977)	(803 977)			
Fair value adjustments	-	-	-	-	- (107 974 164)	(107 974 164)			
Actuarial gains/losses	-	-	-	-	- 172 520 258	172 520 258			
Impairment loss	-	-	-	-	- (13 080 884)	(13 080 884)			
Loss on redemption fund	-	-	-	-	- 4 270 125	4 270 125			
	-	-	-	-	- 12 417 658	12 417 658			
Surplus before taxation	87 023 234	(10 571 257)	76 451 977	- 76 451 977	614 064 669	537 612 692			
Capital transfers and contributions	1 932 117 580	(296 576 188)	1 635 541 392	- 1 635 541 392	1 531 511 318	(104 030 074)	94 %	79 %	
Surplus after capital transfers	2 019 140 814	(307 147 445)	1 711 993 369	1 711 993 369	2 145 575 987	433 582 618	125 %	106 %	

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Budget adjustments	Adjusted BudgetVirement	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Actual outcome as % of final budget	Actual outcome as % of original budget	Refer-ence
Capital expenditure and funds sources									
Council Funding	282 924 693	13 270 000	296 194 693	296 194 693	282 767 006	(13 427 687)	95 %	100 %	[17]
Public Transport Infrastructure and Systems Grant (PTIS)	250 575 000	(79 000 000)	171 575 000	171 575 000	146 340 783	(25 234 217)	85 %	58 %	
Neighbourhood Development Partnership Grant (NDPG)	15 465 000	6 300 000	21 765 000	21 765 000	18 207 261	(3 557 739)	84 %	118 %	
Urban Settlements Development Grant (USDG)	1 057 425 130	(137 416 990)	920 008 140	920 008 140	894 393 921	(25 614 219)	97 %	85 %	[18]
Energy Efficiency Demand Side Management (EEDSM)	7 500 000	(5 500 000)	2 000 000	2 000 000	1 999 124	(876)	100 %	27 %	
Community Library Services (CLS)	12 294 000	(390 648)	11 903 352	11 903 352	11 798 351	(105 001)	99 %	96 %	
Informal Settlements Upgrading Partnership Grant	588 858 450	(80 568 550)	508 289 900	508 289 900	458 771 877	(49 518 023)	90 %	78 %	[19]
Public contributions and donations	50 000 000	-	50 000 000	50 000 000	49 299 249	(700 751)	99 %	99 %	
Total sources of capital funds	2 265 042 273	(283 306 188)	1 981 736 085	1 981 736 085	1 863 577 572	(118 158 513)	94 %	82 %	

The variances between approved and adjusted budget is due to the adjustment budget on 29 February 2024 and supplementary budget on 6 June 2024.

The reconciliation in the table below illustrates that the budget and the financial statements amounts correspond for total revenues. The total expenses and net cash flows from operating activities, investing activities and financing activities all directly correlate with the line items in the financial statements.

Total revenue (excluding capital transfers and contributions)	44 973 080 915
Transfers recognised - capital	1 531 511 318
Total Revenue per Statement of Financial Performance	46 504 592 233

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget information

Reasons for variances

REVENUES:

[1] Service charges is lower than projected mainly due to electricity revenue due to various factors - decline in demand due to loadshedding and tampering of meters and connections which form part of illegal consumption. This also shown by the distribution losses which are above the expectation as per national treasury. There is, however, actions which have been done by management to reduce these.

[2] The revenue from business rentals was better than projected budget. The city has embarked on a drive to ensure that all the revenues attributable to the city is collected.

[3] Interest earned on outstanding debtors is over the budget due to a change in the interest rate policy of the city. The city now charges outstanding debtors prime + 1% and this has resulted in the increase in the interest earned.

[4] Other income was better than projected, due to the SARS refund.

[5] Interest received on investments was lower than what was projected in the budget

[6] The variance on Government grants is as a result of underperformance on Public Transport Network Grant, Informal Settlement Upgrading Partnership Grant and DBSA: Water Conservation. Revenue is recognised based on performance.

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

EXPENDITURES:

[8] Employee related costs performance against budget reflects a savings mainly on salaries, pension fund and leave pay due to vacant positions not filled.

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

[10] Depreciation was lower than projected due to the retirements of infrastructure assets which were overvalued. The organisation has now adjusted the costs of these assets downwards hence a drop in the depreciation for the year.

[11] Finance cost exceeded the budget due reclassification of Tshwane House cost.

[12] Debt impairment was higher than expected due to the increase in gross receivables. The gross receivables moved from R21bn to R28bn, and this resulted in an increase in the impairment figure.

[13] The savings on other material is due to under expenditure on various line items ranging from consumables, stationery to protective clothing. Items are procured as and when a need arise. The organisation also tightened its controls around the procurement.

[14] Bulk purchases reflect a savings due to lower units purchased on bulk electricity compared to the budget.

[15] Contracted Services is under the budget mainly on Electricity Connect/Dis-connection, Household Refuse Removal and reclassification of Tshwane House cost to finance cost.

[16] General expenditure is under the budget on various line items including savings on rental of buildings, Leased Vehicles, SAP Enterprise Support fee and Insurance Underwriting premiums.

CAPEX:

[17] Public Transport Network Grant: Under performance mainly on Line 2B: Atterbury Rd project, the expenditure was affected by the delays in approval of wayleaves on site.

[18] Urban Settlements Development Grant - Under expenditure mainly on the replacement of Critical Worn-Out Water Network Pipes project due to delay in replacement of pipes and the Water Conservation and Demand Management project due to the delay in water meter replacements.

[19] Informal Settlements Upgrading Partnership Grant – The under expenditure is mainly on the Lusaka Clinic, Construction of roads & stormwater at Thorntree View and Sewer provision - Zithobeni X8 due to underperformance by the contractor.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Budget adjustments	Adjusted BudgetVirement	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Actual outcome as % of final budget	Actual outcome as % of original budget	Refer-ence
Statement of Financial Position									
Total current assets	10 568 734 738	(1 038 072 495)	9 530 662 243	9 530 662 243	11 360 440 655	1 829 778 412	119 %	107 %	[20]
Total non-current assets	56 646 855 754	1 292 861 689	57 939 717 443	57 939 717 443	55 445 398 713	(2 494 318 730)	96 %	98 %	[21]
Total Assets	67 215 590 492	254 789 194	67 470 379 686	67 470 379 686	66 805 839 368	(664 540 318)	99 %	99 %	
Total current liabilities	14 229 804 835	2 539 922 332	16 769 727 167	16 769 727 167	20 205 654 027	3 435 926 860	120 %	142 %	[22]
Total non-current liabilities	14 341 412 788	1 945 728 432	16 287 141 220	16 287 141 220	14 837 713 857	(1 449 427 363)	91 %	103 %	[23]
Total Liabilities	28 571 217 623	4 485 650 764	33 056 868 387	33 056 868 387	35 043 367 884	1 986 499 497	106 %	123 %	
Net Assets	38 644 372 869	(4 230 861 570)	34 413 511 299	34 413 511 299	31 762 471 484	(2 651 039 815)	92 %	82 %	
Cash flows									
Net cash flows from operating activities	2 972 737 956	(313 871 883)	2 658 866 073	2 658 866 073	3 434 532 155	775 666 082	129 %	116 %	
Net cash flows from investing activities	(2 618 510 283)	663 675 129	(1 954 835 154)	(1 954 835 154)	(1 872 473 948)	82 361 206	96 %	72 %	[24]
Net cash flows from financing activities	(382 913 409)	15 283	(382 898 126)	(382 898 126)	(382 660 253)	237 873	100 %	100 %	
Net increase/(decrease) in cash and cash equivalents	(28 685 736)	349 818 529	321 132 793	321 132 793	1 179 397 954	858 265 161	367 %	(4 111)%	[25]
Cash and cash equivalents at the beginning of the year	569 333 483	-	569 333 483	569 333 483	785 495 915	216 162 432	138 %	138 %	
Cash and cash equivalents at year end	540 647 747	349 818 529	890 466 276	890 466 276	1 964 893 869	(1 074 427 593)	221 %	363 %	

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Reasons for variances

Statement of financial position

[20] The variance on Current asset is due to an increase in consumer debtors mainly interest levied on outstanding debtors. There was also an increase in the cash on hand due to improvement in the collections and an increase in the profitability of the organisation.

[21] Non- current assets variance compared to the budget is due to adjustments processed on infrastructure asset as part of addressing the PPE qualification. The resulted in a drop in the asset value due to a correction in the valuation of PPE.

[22] The variance on current liability is due to increase on payables from exchange transaction.

[23] The variance on non- current liability is as result over estimation of budgeted provisions. There was an anticipation of a drop in the non-current liabilities due to a drop in the loans and bonds however, this did not materialise.

Cash flow Statement

[24] The variance on cashflow from investing activities is less than budget because of the capital budget which was not fully spent.

[25] The overall cash and cash equivalent as at the end on the year and the net cash flow from operating activities was better than budget. There was a reclassification of highly liquid investments into cash and cash equivalents and this resulted in the amount being way above the budget.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1. Significant accounting 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 City.

1.3 Going concern assumption

These audited consolidated annual financial statements have been prepared based on the expectation that the City will continue to operate as a going concern for at least the next 12 months (refer to note 54). The basis presumes that funds will be available for future operations and that the realisation of assets and settlement of liabilities, contingent liabilities and commitments will occur in the ordinary course of business.

1.4 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.

Provisions and contingent liabilities

Management's judgement is required when recognising and measuring provisions as well as contingent liabilities and contingent assets. Provisions are raised based on the information available to management, and past knowledge. A provision is recognised when the municipality has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

1.5 Investment property

Initial Recognition

Investment property includes property (land or a building, or part of a building) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. The cost of an item of investment property is recognised as an asset only if:

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

Subsequent Measurement

Investment property is measured using the cost model. Under the cost model, investment properties are carried at cost less any accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Transfers from investment properties are made when the particular asset no longer meets the definition of investment properties.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.5 Investment property (continued)

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	3 -100 years

Derecognition and Impairment

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up shall be recognised in the Statement of Financial Performance when the compensation becomes receivable.

The Municipality tests for impairment where there is an indication that a property may be impaired. An assessment of whether there is an indication of possible impairment is done during each reporting period. Where the carrying amount of an item of an investment property 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 the Statement of Financial Performance.

If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

1.6 Property, plant and equipment

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

Initial Recognition

Property, plant and equipment are stated at cost. The cost of an item of property, plant and equipment is recognised as an asset only if:

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

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Subsequent Measurement

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Transfers from property, plant and equipment are made when the particular asset no longer meets the definition of property, plant and equipment.

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

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.6 Property, plant and equipment (continued)

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 - 100 years
Transport assets	3 - 15 years
Infrastructure	3 - 100 years
Community Assets	3 - 100 years
Other property, plant and equipment	
• Housing	10 - 119 years
• Computer equipment	3 years
• Furniture and Office equipment	2 - 10 years
• Machinery and Equipment	2 - 15 years
• Library Materials	5- 20 years
Service Concession: Community	3 -100 years
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.

Impairment

The City 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 life. Generally, costs associated with developing computer software programs are recognised as an expense as incurred. However, costs that are clearly associated with an identifiable and unique product, which will be controlled by the City 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.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.7 Intangible assets (continued)

Initial Recognition

Intangible assets are initially measured at cost and comprise of software and servitudes. The cost of an item of intangible assets is recognised as an asset only if:

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

Where an intangible asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Subsequent Measurement

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test. Expenditure on an intangible asset is recognised as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria. Residual value of intangible assets is estimated to be nil. Transfers from intangible assets are made when the particular asset no longer meets the definition of an intangible asset.

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.

Amortisation and Impairment

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	5 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).

Derecognition

Intangible assets are derecognized when the asset is disposed of or when there is no further economic benefit or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net proceeds and the carrying value and is recognised in the Statement of Financial Performance.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

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 City assess at each reporting date whether there is an indication that a heritage asset may be impaired. If any such indication exists, the City estimates the recoverable amount or the recoverable service amount of the heritage asset.

Recognition

The group recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the group, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

The group assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the group estimates the recoverable amount or the recoverable service amount of the heritage asset.

Derecognition

The group derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.9 Living and non-living resources

Living resources are those resources that undergo biological transformation.

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.

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

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.9 Living and non-living resources (continued)

Recognition

A living resource is recognised as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the group, and the cost or fair value of the asset can be measured reliably.

Where the group is required in terms of legislation or similar means to manage a living resource, but it does not meet the definition of an asset because control of the resource cannot be demonstrated, relevant information are disclosed in the notes to the audited consolidated annual financial statements.

Where the group holds a living resource that meets the definition of an asset, but which does not meet the recognition criteria, relevant information are disclosed in the notes to the audited consolidated annual financial statements. When the information about the cost or fair value of the living resource becomes available, the group recognise, from that date, the living resource and apply the measurement principles.

Measurement at recognition

A living resource that qualifies for recognition as an asset is measured at its cost.

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

The cost of a living resource comprises its purchase price, including import duties and non-refundable purchase taxes, and any costs directly attributable to bringing the living resource to the location and condition necessary for it to be capable of operating in the manner intended by management.

Measurement after recognition

Cost model

After recognition as an asset, a group of living resources are carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation

Living resources are depreciated and the depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset, where appropriate.

The depreciable amount of a living resource is calculated on a straight line basis over its useful life.

The depreciation method used reflects the pattern in which the future economic benefits or service potential of the living resource is expected to be consumed by the entity.

The depreciation method applied to a living resource is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the living resource, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The depreciation methods and useful lives of items of living resources have been assessed as follows:

Item	Average useful life
Cattle (Bull, Cow, Calf)	20 years
Poultry	10 - 20 years
Fellow deer	21 years
Goat (Ram, Ewe, Lamb)	15 years
Horse (Recreation)	25 years
Pig	20 years
Sheep (Ram, Ewe, Lamb)	20 years
Dog (Law Enforcement)	10 years
Horse (Law Enforcement)	10 years

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.9 Living and non-living resources (continued)

Impairment

The group assesses at each reporting date whether there is an indication that the living resource may be impaired. If any such indication exists, the group estimates the recoverable amount or the recoverable service amount of the living resource.

Compensation from third parties for living resources that have been impaired, lost or given up, is included in surplus or deficit when the compensation becomes receivable.

Derecognition

The carrying amount of a living resource is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a living resource is included in surplus or deficit when the item is derecognised.

1.10 Interest in joint venture

Under the equity method, on initial recognition the investment in 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 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 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 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 City 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 City 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:

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.11 Financial instruments (continued)

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 City recognises a financial asset or a financial liability in its statement of financial position when the City becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

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

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.

Impairment and uncollectibility of financial assets

The City assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.11 Financial instruments (continued)

Derecognition

Financial assets

The City derecognises financial assets using trade date accounting.

The City derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the City transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the City, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the City :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the city transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the City has retained substantially all the risks and rewards of ownership of the transferred asset, the City continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the City recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The City removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another City by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

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1.11 Financial instruments (continued)

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

Initial measurement

The City initially measures statutory receivables at their transaction amount.

Subsequent measurement

The City 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.

Impairment losses

The group assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the group considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the group measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an group considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

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Accounting Policies

1.12 Statutory receivables (continued)

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The City derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the City transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the City, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.13 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. The city leases vehicles and Buildings.

Finance leases - lessee

The City 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 City will not obtain ownership. Where there is no reasonable certainty that the City 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.

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Accounting Policies

1.13 Leases (continued)

Operating leases - lessee

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

1.14 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 City purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the City 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 City 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.

1.15 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 City 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 City 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 City 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:

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Accounting Policies

1.15 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 City would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

1.16 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 City has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the City'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 the City 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
- Joint municipal Pension Fund
- Germiston Municipal Fund

Post-employment benefits: Defined contribution plans

When an employee has rendered services to the City during a reporting period, the City recognises the contribution payable to a defined contribution plan in exchange for that service:

City of Tshwane Metropolitan Municipality

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Accounting Policies

1.16 Employee benefits (continued)

- 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 City 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 City 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 City'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.

1.17 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 city's provisions consist of;

- Landfill sites
- Clearing of alien vegetation
- Quarries
- Legal proceedings

City of Tshwane Metropolitan Municipality

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Accounting Policies

1.17 Provisions and contingencies (continued)

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 (11.94%) is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

1.18 Revenue from exchange transactions

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- 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.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service charges

Service charges relating to electricity 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.

1.19 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.

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Accounting Policies

1.19 Revenue from non-exchange transactions (continued)

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

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.

1.20 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.

1.21 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.

1.22 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.

1.23 Irregular expenditure

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

1.24 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 an accrual basis and presented by economic classification linked to performance outcome objectives. The approved budget covers the fiscal period from 1 July 2023 to 30 June 2024.

1.25 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 37 and 38).

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the Municipality (refer to note 57).

City of Tshwane Metropolitan Municipality

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Accounting Policies

1.25 Related parties (continued)

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.

1.26 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.

1.27 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.

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Accounting Policies

1.28 Investment in jointly controlled assets

In respect of its interest in jointly controlled assets, the City recognises in its audited annual financial statements:

- its share of the jointly controlled assets, classified according to the nature of the assets;
- any liabilities that it has incurred;
- its share of any liabilities incurred jointly with the other associates in relation to the associate;
- any revenue from the sale or use of its share of the output of the associate, together with its share of any expenses incurred by the associate; and
- any expenses that it has incurred in respect of its interest in the associate.

1.29 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, 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.

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

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to net assets; or
- a business combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

1.30 Commitments

Commitments represent goods/services that have been ordered, but for which no delivery has taken place at the reporting date. These amounts are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, however are disclosed as part of the disclosure notes. Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- An official communication of an award letter to the successful service provider
- Awards should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

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1.30 Commitments (continued)

The municipality discloses capital commitments in the notes to the annual financial statements and a distinction is made between approved and contracted for and approved but not yet contracted for.

The disclosure of commitments entered into before the end of the financial year/reporting date shall be done in the financial statements as prescribed in the following GRAP standards:

- GRAP 1 - Presentation of Financial Statements (GRAP 1) requires the disclosure of unrecognised contractual commitments
- GRAP 17 - Property, Plant and Equipment (GRAP 17) requires the disclosure of contractual commitments for the acquisition of property, plant and equipment
- GRAP 31 - Intangible Assets (GRAP 31) requires the disclosure of contractual commitments for the acquisition of intangible assets.

1.31 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.

1.32 Cash and non-cash generating assets

The City is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff, although net positive cash inflows are achieved from electricity service charges. The City has acquired an investment in joint venture over which it has significant influence, with the strategic intent of promoting economic growth and job creation.

Management has determined that only the City's electricity assets and its investment in joint venture meet the definition of cash-generating assets, and that the GRAP standard for the impairment of non-cash-generating assets will therefore apply to all other City assets.

The City considers cash-generating assets to be those assets used to host events, being the company's core revenue stream

1.33 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.

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Accounting Policies

1.33 Impairment of cash-generating assets (continued)

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

1.34 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.35 Segment reporting

Significant judgements

In applying GRAP 18 segment reporting, management makes judgements with regard to the identification of reportable segments, as well as regarding what constitutes segment results, to enable users to evaluate the nature and financial effects of the activities in which the segment engages and the economic environments in which it operates.

Basis for segmentation

The City of Tshwane is a complex metropolitan municipality with a wide variety of goods and services managed by various business units. Operations are structured to achieve service delivery, and the municipality produces various reports in which its activities are presented in a number of ways.

Segments were identified based on the Municipal Finance Management Act, section 71 monthly budget statements, which executive management and Council review to make strategic decisions and monitor segment performance. The disclosure of information about segments in the budget statements is organised around the type of service delivered, in a standardised format, and is considered appropriate for external reporting purposes to achieve the objectives of GRAP 18.

Segments are aggregated for reporting purposes where management consider the economic characteristics and nature of services as sufficiently similar to warrant aggregation. The components of each aggregated segment is explained under the description of segment operations.

Reportable segments are identified based on activities of the municipality that generate economic benefits or service potential, including internal services that contribute to achieving the municipality's objectives without necessarily generating net cash inflows.

Accounting policy and measurement basis

The accounting policies of the reportable segments are the same as the municipality's accounting policies.

Geographic information

All the municipality's operations are located in the Republic of South Africa, in the Tshwane metropolitan area. Information on different geographic areas is not available, and the cost to develop it would be excessive.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none">Guideline: Guideline on Accounting for Landfill Sites	01 April 2023	The impact of the standard is not material.
<ul style="list-style-type: none">GRAP 25 (as revised): Employee Benefits	01 April 2023	The impact of the standard is material and has been disclosed under employee related costs.
<ul style="list-style-type: none">iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	The impact of the standard is not material.
<ul style="list-style-type: none">iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	The impact of the standard is not material.
<ul style="list-style-type: none">GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	The impact of the standard is not material.
<ul style="list-style-type: none">GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	The impact of the standard is not material.

2.2 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 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none">GRAP 103 (as revised): Heritage Assets	01 April 2025	Unlikely there will be a material impact
<ul style="list-style-type: none">Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2025	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
3. Inventories				
Raw materials	701 662 463	521 919 193	701 662 463	521 919 193
Water for distribution	38 068 561	33 675 455	38 068 561	33 675 455
Fuel (Diesel, Petrol)	11 195 496	240 188 955	11 195 496	240 188 955
A Re Yeng (ARY) Card stock	1 565 717	789 893	1 565 717	789 893
Plants (nursery)	51 844	-	51 844	-
Materials	1 977 223	1 154 268	1 977 223	1 154 268
Coal (power stations)	142 536 548	138 881 884	142 536 548	138 881 884
	897 057 852	936 609 648	897 057 852	936 609 648

The basis of determining cost is the weighted average cost and there's no inventories carried at fair value less cost of sale.

No inventory is pledged as security.

Inventory to the value of R956 571 161 (2023: R633 159 420) was expensed during the year.

Inventory Write-downs

Inventory to the value of R18 670 977 (2023: R6 224 143) was scrapped during the year and expensed.

Surplus inventory (items identified during stock take)	30 088	51 145	30 088	51 145
Shortages	(5 155 251)	(1 909 730)	(5 155 251)	(1 909 730)
Theft	(11 869 622)	(3 163 637)	(11 869 622)	(3 163 637)
Adjustment of inventory cost	(49 134)	(48 941)	(49 134)	(48 941)
Damaged inventory	(720 458)	(234 307)	(720 458)	(234 307)
Obsolete Inventory	(906 600)	(918 673)	(906 600)	(918 673)
	(18 670 977)	(6 224 143)	(18 670 977)	(6 224 143)

4. Investments

Current assets

Short-term investments	-	176 100 896	-	176 100 896
Short-term investments (highly liquid)	1 584 666 142	577 835 946	1 584 666 142	577 835 946
Net investments	1 584 666 142	753 936 842	1 584 666 142	753 936 842
Transferred to cash and cash equivalents - (refer to note 10)	(1 584 666 142)	(577 835 946)	(1 584 666 142)	(577 835 946)
	-	176 100 896	-	176 100 896

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.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
4. Investments (continued)				
Amortised cost of listed investments and management's valuation of unlisted investments:				
Amortised cost of listed investments and management's valuation of unlisted investments: Unlisted investments: Insurance Policy DGA 224 (insurance policy) (unceded) (highly	1 007 564	950 162	1 007 564	950 162
Insurance Policy DYA 225 (insurance policy) (unceded) (highly liquid)	3 991 163	3 763 784	3 991 163	3 763 784
ABSA Money Market investment held at Sanlam 233 (interest capitalised monthly) (unceded)(highly liquid)	48 855 790	44 987 779	48 855 790	44 987 779
ABSA Money Market investment held at Sanlam 221 (interest capitalised monthly) (unceded)(highly liquid)	17 116 075	15 760 961	17 116 075	15 760 961
ABSA Money Market investment held at Sanlam 222 (interest capitalised monthly) (unceded)(highly liquid)	12 823 194	11 807 956	12 823 194	11 807 956
ABSA Money Market investment held at Sanlam 223 (interest capitalised monthly) (unceded)(highly liquid)	282 269	259 921	282 269	259 921
Ninety One Money Market investment 218 (interest capitalised monthly)(unceded) (highly)	43 467 495	39 967 603	43 467 495	39 967 603
Ninety One Money Market investment 219 (interest capitalised monthly)(unceded) (highly liquid)	13 893 058	12 774 425	13 893 058	12 774 425
Ninety One Money Market investment 220 (interest capitalised monthly)(unceded) (highly liquid)	1 861 170	1 711 313	1 861 170	1 711 313
Stanlib Money Market investment 214 (interest capitalised monthly) (unceded)(highly liquid)	158 577 423	145 589 008	158 577 423	145 589 008
Stanlib Money Market investment 215 (interest capitalised monthly) (unceded)(highly liquid)	4 922 042	4 518 898	4 922 042	4 518 898
investec Money Market investment 226 (Interest capitalised monthly)(Unceded) (Highly Liquid)	48 594 701	44 707 712	48 594 701	44 707 712
Standard Bank Money Market investment 217 (Interest capitalised monthly)(Unceded) (Highly Liquid)	109 011 313	100 485 307	109 011 313	100 485 307
Standard Bank Call Investment no 209	22 402	20 650	22 402	20 650
Standard Bank Call Investment no 208	219 512 695	23 295	219 512 695	23 295
Standard Bank Call Investment no 210 (Highly Liquid)	25 271	48 651 071	25 271	48 651 071
ABSA Call Investment no 232	246 295 512	49 253 354	246 295 512	49 253 354
Nedbank Term Investment no 229	10 241 486	-	10 241 486	-
Nedbank Term Investment no 202	238 756 329	48 022 267	238 756 329	48 022 267
ABSA Term Investment no 207	20 087 295	10 748 565	20 087 295	10 748 565
ABSA Term Investment no 231	187 136 417	873 150	187 136 417	873 150
ABSA Term Investment no 234	962 704	18 064 307	962 704	18 064 307
First National Bank call investment 211	481 694	444 237	481 694	444 237
Nedbank investment account	196 741 080	150 551 117	196 741 080	150 551 117
	1 584 666 142	753 936 842	1 584 666 142	753 936 842
Average rate of return				
On long-term investments	8.25 %	7.80 %	8.25 %	7.80 %
On short-term investments	7.95 %	7.50 %	7.95 %	7.50 %
Secured and unsecured investments				
Unsecured investments (unceded)	1 584 666 142	753 936 842	1 584 666 142	753 936 842

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).

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
5. Consumer debtors (contractual and statutory)				
Financial instruments				
Gross balances				
Rates	5 577 702 312	4 165 075 994	5 577 702 312	4 165 075 994
Electricity	3 941 991 352	3 517 541 373	3 941 991 352	3 517 541 373
Water	7 664 751 646	6 036 865 600	7 664 751 646	6 036 865 600
Waste water	1 194 050 035	725 721 038	1 194 050 035	725 721 038
Sewerage	1 533 507 650	1 198 235 428	1 533 507 650	1 198 235 428
Refuse	1 927 859 293	1 635 530 230	1 927 859 293	1 635 530 230
Interest	6 505 464 646	4 514 781 689	6 505 464 646	4 514 781 689
Total gross	28 345 326 934	21 793 751 352	28 345 326 934	21 793 751 352
Less: Arrangement debtors transferred to long-term receivables (Note 7)	(379 259 822)	(282 922 469)	(379 259 822)	(282 922 469)
Net balances	27 966 067 112	21 510 828 883	27 966 067 112	21 510 828 883
Less: Allowance for impairment				
Rates	(3 263 715 263)	(2 841 794 031)	(3 263 715 263)	(2 841 794 031)
Electricity	(2 528 764 843)	(2 524 573 637)	(2 528 764 843)	(2 524 573 637)
Water	(6 327 011 099)	(4 640 447 687)	(6 327 011 099)	(4 640 447 687)
Waste water	(702 207 553)	(497 826 464)	(702 207 553)	(497 826 464)
Sewerage	(1 210 616 559)	(924 131 536)	(1 210 616 559)	(924 131 536)
Refuse	(1 486 282 300)	(1 220 229 771)	(1 486 282 300)	(1 220 229 771)
Interest	(5 528 229 179)	(3 819 025 447)	(5 528 229 179)	(3 819 025 447)
	(21 046 826 796)	(16 468 028 573)	(21 046 826 796)	(16 468 028 573)
Net balance				
Non-exchange				
Rates	2 313 987 049	1 323 281 963	2 313 987 049	1 323 281 963
Exchange				
Electricity	1 413 226 509	992 967 736	1 413 226 509	992 967 736
Water	1 337 740 547	1 396 417 913	1 337 740 547	1 396 417 913
Waste water	491 842 482	227 894 574	491 842 482	227 894 574
Sewerage	322 891 091	274 103 892	322 891 091	274 103 892
Refuse	441 576 993	415 300 459	441 576 993	415 300 459
Interest	977 235 467	695 756 242	977 235 467	695 756 242
Arrangement debtors	(379 259 822)	(282 922 469)	(379 259 822)	(282 922 469)
	4 605 253 267	3 719 518 347	4 605 253 267	3 719 518 347
	6 919 240 316	5 042 800 310	6 919 240 316	5 042 800 310
Statutory receivables included in consumer debtors above are as follows:				
Rates	2 313 987 049	1 323 281 963	2 313 987 049	1 323 281 963

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.

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.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

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Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

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

Interest or other charges levied/charged: According to the Credit Control and Debt Collection Policy, interest is levied on arrear municipal debt more than 59 days. Interest is levied in accordance with the Municipal Property Rates Regulations 2006, at the prime rate plus 1%.

Discount rate applied to the estimated future cash flows: The prime lending rate is applied.

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.

Recognition

- Calculations are done at a contract level.
- Payment ratios are determined for each contract account. This will be calculated as Total Payments Cleared/Total Levies.
- A none-payment ratio is then determined which is 100% less the payment ratio.
- The present value of future debt repayments is then deducted from the carrying amount to determine the impairment amount.

Reversal

- Settlement of debt

Significant Impairment losses recognised: 2023/2024 Impairment for Property Rates R3,263,715,263.

Basis used to assess and test whether a statutory receivable is impaired:

- A receivable that has been placed under or applied for liquidation or sequestration.
- Where the last payment date by the customer was before 1 May of each year.
- Accounts handed over to debt collectors and/or power of attorney.
- All accounts indicated as in-active accounts on the system.
- All accounts indicated as indigent accounts on the system.
- All accounts with balances outstanding Sixty (60) days and longer as these accounts are past due.

Included in above is receivables from exchange transactions

Electricity	1 413 226 509	992 967 736	1 413 226 509	992 967 736
Water	1 337 740 547	1 396 417 913	1 337 740 547	1 396 417 913
Waste water	491 842 482	227 894 574	491 842 482	227 894 574
Sewerage	322 891 091	274 103 892	322 891 091	274 103 892
Refuse	441 576 993	415 300 459	441 576 993	415 300 459
Interest	977 235 467	695 756 242	977 235 467	695 756 242
Arrangement debtors	(379 259 822)	(282 922 469)	(379 259 822)	(282 922 469)
	4 605 253 267	3 719 518 347	4 605 253 267	3 719 518 347

Included in above is receivables from non-exchange transactions (taxes and transfers)

Rates	2 313 987 049	1 323 281 963	2 313 987 049	1 323 281 963
Net balance	6 919 240 316	5 042 800 310	6 919 240 316	5 042 800 310

City of Tshwane Metropolitan Municipality

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
5. Consumer debtors (contractual and statutory) (continued)				
Rates				
Current (0 -30 days)	1 477 810 855	756 785 685	1 477 810 855	756 785 685
31 - 60 days	131 570 700	85 605 871	131 570 700	85 605 871
61 - 90 days	98 498 332	96 013 181	98 498 332	96 013 181
91 - 120 days	100 788 458	81 448 285	100 788 458	81 448 285
121 - 150 days	91 408 987	80 793 712	91 408 987	80 793 712
151 - 180 days	82 665 777	72 771 792	82 665 777	72 771 792
181 - 365 days	494 342 139	406 149 943	494 342 139	406 149 943
> 365 days	3 100 617 064	2 585 507 525	3 100 617 064	2 585 507 525
	5 577 702 312	4 165 075 994	5 577 702 312	4 165 075 994
Electricity				
Current (0 -30 days)	804 150 787	813 801 077	804 150 787	813 801 077
31 - 60 days	152 963 553	68 544 211	152 963 553	68 544 211
61 - 90 days	71 300 184	75 940 406	71 300 184	75 940 406
91 - 120 days	66 063 458	49 251 784	66 063 458	49 251 784
121 - 150 days	64 731 992	43 963 224	64 731 992	43 963 224
151 - 180 days	50 864 907	46 578 018	50 864 907	46 578 018
181 - 365 days	356 698 870	341 526 337	356 698 870	341 526 337
> 365 days	2 375 217 601	2 077 936 316	2 375 217 601	2 077 936 316
	3 941 991 352	3 517 541 373	3 941 991 352	3 517 541 373
Water				
Current (0 -30 days)	1 015 699 604	1 040 186 868	1 015 699 604	1 040 186 868
31 - 60 days	202 655 541	125 969 313	202 655 541	125 969 313
61 - 90 days	169 252 954	203 043 780	169 252 954	203 043 780
91 - 120 days	171 281 993	140 936 835	171 281 993	140 936 835
121 - 150 days	209 167 329	175 983 057	209 167 329	175 983 057
151 - 180 days	148 642 677	118 860 573	148 642 677	118 860 573
181 - 365 days	983 410 419	849 554 444	983 410 419	849 554 444
> 365 days	4 764 641 129	3 382 330 730	4 764 641 129	3 382 330 730
	7 664 751 646	6 036 865 600	7 664 751 646	6 036 865 600
Waste water				
Current (0 -30 days)	298 407 893	85 366 979	298 407 893	85 366 979
31 - 60 days	24 241 043	11 957 944	24 241 043	11 957 944
61 - 90 days	18 419 305	53 993 918	18 419 305	53 993 918
91 - 120 days	11 803 057	8 084 373	11 803 057	8 084 373
121 - 365 days	10 828 688	5 727 528	10 828 688	5 727 528
151 - 180 days	11 935 604	5 608 717	11 935 604	5 608 717
181 - 365 days	94 288 513	71 875 189	94 288 513	71 875 189
> 365 days	724 125 932	483 106 390	724 125 932	483 106 390
	1 194 050 035	725 721 038	1 194 050 035	725 721 038

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
5. Consumer debtors (contractual and statutory) (continued)				
Sanitation				
Current (0 -30 days)	224 383 600	246 499 526	224 383 600	246 499 526
31 - 60 days	39 686 406	20 897 249	39 686 406	20 897 249
61 - 90 days	57 814 848	38 700 175	57 814 848	38 700 175
91 - 120 days	32 901 981	27 992 292	32 901 981	27 992 292
121 - 150 days	42 640 914	33 503 717	42 640 914	33 503 717
151 - 180 days	30 481 883	24 361 671	30 481 883	24 361 671
181 - 365 days	191 914 948	159 921 220	191 914 948	159 921 220
> 365 days	913 683 070	646 359 578	913 683 070	646 359 578
	1 533 507 650	1 198 235 428	1 533 507 650	1 198 235 428
Refuse				
Current (0 -30 days)	244 959 754	278 168 269	244 959 754	278 168 269
31 - 60 days	40 715 785	22 723 158	40 715 785	22 723 158
61 - 90 days	36 160 066	41 240 709	36 160 066	41 240 709
91 - 120 days	35 510 602	29 297 196	35 510 602	29 297 196
121 - 150 days	38 279 026	28 406 285	38 279 026	28 406 285
151 - 180 days	31 186 517	27 382 463	31 186 517	27 382 463
181 - 365 days	198 093 277	158 490 134	198 093 277	158 490 134
> 365 days	1 302 954 266	1 049 822 016	1 302 954 266	1 049 822 016
	1 927 859 293	1 635 530 230	1 927 859 293	1 635 530 230
Interest				
Current (0 -30 days)	643 414 812	349 590 467	643 414 812	349 590 467
31 - 60 days	183 690 321	71 615 284	183 690 321	71 615 284
61 - 90 days	164 627 065	132 212 820	164 627 065	132 212 820
91 - 120 days	162 792 192	91 928 662	162 792 192	91 928 662
121 - 150 days	189 379 926	87 770 454	189 379 926	87 770 454
151 - 180 days	142 798 476	73 470 960	142 798 476	73 470 960
181 - 365 days	850 952 756	447 269 949	850 952 756	447 269 949
> 365 days	4 167 809 098	3 260 923 093	4 167 809 098	3 260 923 093
	6 505 464 646	4 514 781 689	6 505 464 646	4 514 781 689
Ageing: Total gross receivables				
Current (0 -30 days)	4 708 827 305	3 570 398 871	4 708 827 305	3 570 398 871
31 - 60 days	775 523 348	407 313 030	775 523 348	407 313 030
61 - 90 days	616 072 755	641 144 990	616 072 755	641 144 990
91 - 120 days	581 141 741	428 939 426	581 141 741	428 939 426
121 - 150 days	646 436 861	456 147 977	646 436 861	456 147 977
151 - 180 days	498 575 839	369 034 194	498 575 839	369 034 194
181 - 365 days	3 169 700 923	2 434 787 215	3 169 700 923	2 434 787 215
> 365 days	17 349 048 162	13 485 985 649	17 349 048 162	13 485 985 649
	28 345 326 934	21 793 751 352	28 345 326 934	21 793 751 352

City of Tshwane Metropolitan Municipality

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
5. Consumer debtors (contractual and statutory) (continued)				
Summary of consumer receivables by customer classification				
Consumers				
Household/residential	17 423 213 488	13 528 158 688	17 423 213 488	13 528 158 688
Industrial/Commercial	7 600 475 097	5 606 185 876	7 600 475 097	5 606 185 876
National and Provincial Government	1 430 101 584	982 961 785	1 430 101 584	982 961 785
Other	1 891 536 765	1 676 445 003	1 891 536 765	1 676 445 003
	28 345 326 934	21 793 751 352	28 345 326 934	21 793 751 352
Households				
Current (0 -30 days)	2 158 375 048	2 075 775 204	2 158 375 048	2 075 775 204
31 - 60 days	447 979 903	228 449 817	447 979 903	228 449 817
61 - 90 days	390 571 154	423 401 690	390 571 154	423 401 690
91 - 120 days	381 460 262	292 540 505	381 460 262	292 540 505
121 - 150 days	459 395 466	329 648 929	459 395 466	329 648 929
151 - 180 days	331 699 781	254 119 529	331 699 781	254 119 529
181 - 365 days	2 218 687 666	1 661 933 047	2 218 687 666	1 661 933 047
> 365 days	11 035 044 208	8 262 289 967	11 035 044 208	8 262 289 967
	17 423 213 488	13 528 158 688	17 423 213 488	13 528 158 688
Industrial/ commercial				
Current (0 -30 days)	2 043 731 224	1 139 975 855	2 043 731 224	1 139 975 855
31 - 60 days	259 530 213	125 475 044	259 530 213	125 475 044
61 - 90 days	195 582 817	186 304 787	195 582 817	186 304 787
91 - 120 days	161 463 222	113 634 382	161 463 222	113 634 382
121 - 150 days	148 885 458	110 089 335	148 885 458	110 089 335
151 - 180 days	136 990 876	98 974 377	136 990 876	98 974 377
181 - 365 days	721 536 808	588 035 409	721 536 808	588 035 409
> 365 days	3 932 754 479	3 243 696 687	3 932 754 479	3 243 696 687
	7 600 475 097	5 606 185 876	7 600 475 097	5 606 185 876
National and provincial government				
Current (0 -30 days)	415 505 666	330 115 658	415 505 666	330 115 658
31 - 60 days	38 819 581	47 382 946	38 819 581	47 382 946
61 - 90 days	24 436 316	24 987 840	24 436 316	24 987 840
91 - 120 days	28 837 879	15 405 688	28 837 879	15 405 688
121 - 150 days	31 975 401	11 983 588	31 975 401	11 983 588
151 - 180 days	24 164 506	11 453 800	24 164 506	11 453 800
181 - 365 days	186 066 404	107 545 162	186 066 404	107 545 162
> 365 days	680 295 831	434 087 103	680 295 831	434 087 103
	1 430 101 584	982 961 785	1 430 101 584	982 961 785

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
5. Consumer debtors (contractual and statutory) (continued)				
Other				
Current (0 -30 days)	103 034 157	68 800 051	103 034 157	68 800 051
31 - 60 days	29 151 078	5 760 639	29 151 078	5 760 639
61 - 90 days	5 382 056	5 257 111	5 382 056	5 257 111
91 - 120 days	9 386 868	6 283 861	9 386 868	6 283 861
121 - 150 days	6 130 990	3 913 136	6 130 990	3 913 136
151 - 180 days	5 724 984	4 126 497	5 724 984	4 126 497
181 - 365 days	45 099 611	62 151 180	45 099 611	62 151 180
> 365 days	1 687 627 021	1 520 152 528	1 687 627 021	1 520 152 528
	1 891 536 765	1 676 445 003	1 891 536 765	1 676 445 003

Reconciliation of allowance for impairment

Balance at beginning of the year	(16 468 028 573)	(13 324 906 638)	(16 468 028 573)	(13 324 906 638)
Contributions to allowance	(4 701 305 663)	(2 184 410 696)	(4 701 305 663)	(2 184 410 696)
Adjustments to allowance - review of impairment at year end	-	(1 181 978 384)	-	(1 181 978 384)
Debt impairment written off against allowance during the financial year	122 507 440	223 267 145	122 507 440	223 267 145
	(21 046 826 796)	(16 468 028 573)	(21 046 826 796)	(16 468 028 573)

Consumer debtors past due and impaired

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

0-30 Days	1 390 757 109	934 906 267	1 390 757 109	934 906 267
31-60 Days	499 581 778	238 498 111	499 581 778	238 498 111
61-90 Days	477 412 689	459 754 257	477 412 689	459 754 257
91-120 Days	461 032 154	310 569 724	461 032 154	310 569 724
121-150 Days	527 846 636	354 825 972	527 846 636	354 825 972
151-180 Days	400 205 194	281 046 582	400 205 194	281 046 582
181-365 Days	2 620 484 338	1 969 511 174	2 620 484 338	1 969 511 174
> 365 days	14 669 506 899	11 918 916 486	14 669 506 899	11 918 916 486
	21 046 826 797	16 468 028 573	21 046 826 797	16 468 028 573

Consumer debtors past due and not impaired

As of 30 June 2024, there were no past due not impaired consumer debtors.

0-30 Days	-	-	-	-
31-60 Days	-	-	-	-
61-90 Days	-	-	-	-
91-120 Days	-	-	-	-
121-150 Days	-	-	-	-
151-180 Days	-	-	-	-
181-365 Days	-	-	-	-
> 365 days	-	-	-	-
	-	-	-	-

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
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
Deposits	1 681 185	1 681 185	-	-
Sundry rentals	636 035 634	502 489 424	636 298 748	502 687 136
Sundry debtors	1 180 805 810	944 773 653	1 180 805 810	944 773 653
Miscellaneous	540 786 642	301 775 596	538 653 507	301 441 030
	2 359 309 271	1 781 991 011	2 355 758 065	1 780 172 972
Other receivables from exchange transactions				
Non - Financial instruments				
Lease revenue	26 566 580	27 150 807	26 566 580	27 150 807
Pre-payment Sanral	-	93 868 994	-	93 868 994
Prepayments (if immaterial)	980 884	1 245 753	-	-
	4 746 166 006	3 686 247 576	26 566 580	121 019 801
Other receivables from exchange transactions	2 359 309 271	1 781 991 011	2 382 324 645	1 901 192 773
Impairment allowance: Exchange	(1 270 574 284)	(1 102 534 755)	(1 270 344 204)	(1 102 304 675)
	1 116 282 451	801 721 810	1 111 980 441	798 888 098
Other receivables from non-exchange transactions				
AARTO fine debtor	752 717 479	595 205 627	752 717 479	595 205 627
Year End Grant debtor	14 129 598	15 190 052	-	13 484 854
	766 847 077	610 395 679	752 717 479	608 690 481
Impairment: Non-exchange	(524 704 030)	(517 453 072)	(516 599 945)	(516 062 043)
	242 143 047	92 942 607	236 117 534	92 628 438
Reconciliation of other receivables allowance				
Opening balance	(1 619 987 827)	(1 318 053 494)	(1 618 366 718)	(1 316 517 242)
Impairment adjustment at year end	-	(81 970 159)	-	(81 970 159)
Contribution to allowance (monthly contribution)	(175 290 487)	(435 784 463)	(168 577 431)	(434 387 336)
Write off against allowance	-	1 189 390	-	-
Correction contribution allowance	-	214 508 019	-	214 508 019
Corrections of write off's against allowance	-	122 880	-	-
	(1 795 278 314)	(1 619 987 827)	(1 786 944 149)	(1 618 366 718)

Statutory Receivables (AARTO Receivables) - General Information

AARTO traffic fines revenue is recognized in terms of the provisions of the Administrative Adjudication of Road Traffic Offences Act, 1998 (Act No. 46 of 1998), referred to as the AARTO Act.

Determination of transaction amount – Amounts of fines are determined in terms of the AARTO Act as amended from time to time, depending on the nature of the offence. The value of the receivables themselves is fixed & nominal and based on legislation.

Interest or other charges levied/charged: The value of the traffic fines receivable remains fixed and nominal (in other words, there is no growth and interest components. The value of the receivables themselves is fixed & nominal and based on legislation.

Basis used to assess and test whether a statutory receivable is impaired:

- The method applied to assess whether traffic fines are impaired is based on a cash flow approach and assumes the ability to recover the projected payments according to the law and regulations of the AARTO Act.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

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

- The constraints of the AARTO Act that make the continued ability of an infringer to maintain a valid driver's licence contribute to settling all valid fines. The failure to enforce the law as promulgated in terms of the Act would impact the ability to recover traffic fines from infringers.
- Actuarial projection techniques (an adaptation of the basic chain ladder method) which consider patterns emerging in the past observed debt and payment data, are used to predict future patterns of debt progression.
- The ratios of debt in each past year (which in sequence form a pattern) are used to predict what the expected debt will likely be in the next year. This technique then extends the prediction into each future year.

Discount rate applied to the estimated future cash flows: The risk-free discount rate for the average weighted term of projected cashflows (i.e. payments).

Main events and circumstances that led to the recognition or reversal of impairment losses on statutory receivables:

Recognition

- Calculations are done at the infringement notice level using observable data over a long-term run period.
- Payment ratios are determined based on calculated payment factors for each infringement using analysis of trends as seen from observable data.
- A fair value of each infringement notice is determined equal to the transaction amount for each infringement notice.
- The future expected cashflows are deducted from the carrying amount to determine the impairment amount.

Reversal

- Payment or inability to settle valid infringement notices outstanding for a long period.
- Cancelled fines in terms of the Act, i.e., not served to the infringer (by registered mail) within timeframes as per the AARTO Act.
- Election by the infringer to go to court.

Significant Impairment losses recognised: The 2023/2024 Impairment allowance account for AARTO traffic fine debtors is R516 599 945.

Sundry rentals past due and impaired

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

0-30 Days	6 002 960	12 022 362	6 002 960	12 022 362
31-60 Days	6 203 094	6 163 901	6 203 094	6 163 901
61-90 Days	6 308 250	5 777 622	6 308 250	5 777 622
91-120 Days	6 822 169	5 981 202	6 822 169	5 981 202
121-150 Days	6 686 056	5 061 264	6 686 056	5 061 264
151-180 Days	5 283 690	26 278 238	5 283 690	26 278 238
181-365 Days	28 493 719	3 623 420	28 493 719	3 623 420
Above 365 Days	372 119 725	322 696 911	372 119 725	322 696 911
	437 919 663	387 604 920	437 919 663	387 604 920

Sundry rentals past due and not impaired

0-30 Days	-	-	-	-
31-60 Days	-	-	-	-
61-90 Days	-	-	-	-
91-120 Days	-	-	-	-
121-150 Days	-	-	-	-
151-180 Days	-	-	-	-
181-365 Days	-	-	-	-
Above 365 Days	-	-	-	-
	-	-	-	-

Purchases Past due and impaired

City of Tshwane Metropolitan Municipality

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
6. Other receivables from exchange and non-exchange transactions (continued)				
0-30 Days	57 886	96 804	57 886	96 804
31-60 Days	25 807	32 998	25 807	32 998
61-90 Days	26 711	33 323	26 711	33 323
91-120 Days	27 745	33 653	27 745	33 653
121-150 Days	28 947	33 991	28 947	33 991
151-180 Days	144 058	154 256	144 058	154 256
181-365 Days	22 418	26 935	22 418	26 935
Above 365 Days	3 624 710	3 390 289	3 624 710	3 390 289
	3 958 282	3 802 249	3 958 282	3 802 249

AARTO - Past due and impaired

0-30 Days	7 108 159	5 128 145	7 108 159	5 128 145
31-60 Days	9 694 268	6 351 898	9 694 268	6 351 898
61-90 Days	10 315 619	4 520 419	10 315 619	4 520 419
91-120 Days	9 046 375	5 668 590	9 046 375	5 668 590
121-150 Days	6 902 093	5 179 106	6 902 093	5 179 106
151-180 Days	7 441 362	4 322 341	7 441 362	4 322 341
181-365 Days	36 090 281	27 991 141	36 090 281	27 991 141
Above 365 Days	430 001 789	315 635 782	430 001 789	315 635 782
	516 599 946	374 797 422	516 599 946	374 797 422

AARTO - Past due and not impaired

0-30 Days	-	-	-	-
31-60 Days	-	-	-	-
61-90 Days	-	-	-	-
91-120 Days	-	-	-	-
121-150 Days	-	-	-	-
151-180 Days	-	-	-	-
181-365 Days	-	-	-	-
Above 365 Days	-	-	-	-
	-	-	-	-

Sundry debtors past due and impaired

0-30 Days	20 049 825	22 885 472	20 049 825	22 885 472
31-60 Days	8 033 359	2 674 390	8 033 359	2 674 390
61-90 Days	12 829 537	36 251 771	12 829 537	36 251 771
91-120 Days	13 010 335	560 792	13 010 335	560 792
121-150 Days	5 486 384	7 525 390	5 486 384	7 525 390
151-180 Days	5 962 073	17 911 379	5 962 073	17 911 379
181-365 Days	168 570 237	179 200 008	168 570 237	179 200 008
Above 365 Days	509 121 141	343 048 207	509 121 141	343 048 207
	743 062 891	610 057 409	743 062 891	610 057 409

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Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
6. Other receivables from exchange and non-exchange transactions (continued)				
Sundry debtors past due but not impaired				
0-30 Days	-	-	-	-
31-60 Days	-	-	-	-
61-90 Days	-	-	-	-
91-120 Days	-	-	-	-
121-150 Days	-	-	-	-
151-180 Days	-	-	-	-
181-365 Days	-	-	-	-
Above 365 Days	-	-	-	-
	-	-	-	-

7. Long-term receivables

Financial instruments measured at amortised cost:

Consumer: Arrangement debtors (refer to note 5)	379 259 822	282 922 469	379 259 822	282 922 469
Housing loans	12 436 667	11 794 759	12 436 667	11 794 759
Loan to sport clubs	913 526	955 216	913 526	955 216
Sale of land	83 479 836	70 983 319	83 479 836	70 983 319
Non-current portion of long-term receivables	476 089 851	366 655 763	476 089 851	366 655 763
Current portion of long-term receivables	(231 150 643)	(177 873 136)	(231 150 643)	(177 873 136)
Impairment allowance	(3 935 684)	(3 802 250)	(3 935 684)	(3 802 250)
Net long-term receivables	241 003 524	184 980 377	241 003 524	184 980 377

Reconciliation of impairment allowance

Balance at the beginning of year	(3 802 250)	(3 548 256)	(3 802 250)	(3 548 256)
Contributions to allowance (monthly)	(133 434)	(2 742 470)	(133 434)	(2 742 470)
Adjustment to contribution - review of impairment	-	2 488 476	-	2 488 476
	(3 935 684)	(3 802 250)	(3 935 684)	(3 802 250)

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.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
7. Long-term receivables (continued)				
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.				
8. Operating lease				
Non-current liabilities	-	(238 453)	-	-
Current liabilities	(315 937)	(892 516)	-	-
	(315 937)	(1 130 969)	-	-
Operating lease expense	13 563 408	27 234 136	9 078 978	22 749 706
Minimum lease payments due				
- within one year	10 659 602	21 735 871	9 456 187	17 599 698
- in second to fifth year inclusive	10 013 098	26 012 111	9 766 819	24 984 341
	20 672 700	47 747 982	19 223 006	42 584 039

The City is leasing office equipment for a period of three years from various service providers in accordance with the National Treasury Transversal contract- RT3-2018 and RT3-2022. 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 is reduced to R0.00.

TEDA

Operating lease accrual is due to the straight lining of the lease from the rental of offices by TEDA situated at: 3rd Floor, Lakeview building, 1277 Mike Crawford Road, Centurion effective from 1st November 2019 for a period of 5 years.

HCT

Operating lease liability represent rentals payable by the entity for its copier machine. This lease was negotiated for a term of 3 years commencing from 01 July 2017 to 30 June 2020 and at the end of lease the machine reverts back to the owner Velaphanda Trading and Projects. The lease was extended by a month until 31 July 2021. The lease has no escalation clause per annum for the period of 3 years. The lease payments for the period amounts to R5 959. The entity entered into a new lease with Dalitso Business Equipment and the lease was negotiated for a 3 year term commencing from 01 September 2020 to 31 August 2023. The lease payments for the period amounts to R125 460. At the end of the lease the machine reverts back to the owner Dalitso Business Equipment. The entity leased the parking space from First Property Trust for the period of 3 months and the lease payment for the period amounts to R34 676.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

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.

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.

Financial assets measured at fair value

Cash collateral - FFO Securities (Pty) Ltd	16 540 974	15 435 138	16 540 974	15 435 138
Margin call collateral investment	71 080 000	192 460 000	71 080 000	192 460 000
Swaps	1 410 683	-	1 410 683	-
Non-current assets	89 031 657	207 895 138	89 031 657	207 895 138

Financial liabilities measured at fair value

Swaps	(132 631 547)	(247 075 556)	(132 631 547)	(247 075 556)
Cash collateral - FFO Securities (Pty) Ltd	-	-	-	-
Non-current liability	(132 631 547)	(247 075 556)	(132 631 547)	(247 075 556)

Group

30 June 2024	Fair value	Estimated fair value gain/(loss)
Assets: other financial assets - redemption fund	(43 599 890)	4 270 125

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

Municipality

30 June 2024	Fair value	Estimated fair value gain/(loss)
Assets: other financial assets - redemption fund	(43 599 890)	4 270 125

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
9. Redemption fund (continued)				
30 June 2023			Fair value	Estimated fair value gain/(loss)
Assets: other financial assets - redemption fund			(39 180 418)	(84 900 775)
Reconciliation of cash flow movement on redemption fund asset				
Opening balance - Current	193 273 294	14 662 998	193 273 294	14 662 998
Opening balance - Non-current	-	-	-	-
Investment	193 273 294	14 662 998	193 273 294	14 662 998
	-	178 610 296	-	178 610 296
	193 273 294	193 273 294	193 273 294	193 273 294
Closing balance				
Current	-	-	-	-
Non-current	207 895 138	207 895 138	207 895 138	207 895 138
	207 895 138	207 895 138	207 895 138	207 895 138
Reconciliation of cash flow movement on redemption fund liability				
Opening balance	(247 075 556)	(162 174 781)	(247 075 556)	(162 174 781)
Fair value adjustment	4 270 125	(84 900 775)	4 270 125	(84 900 775)
	(242 805 431)	(247 075 556)	(242 805 431)	(247 075 556)

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
10. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	609 762	663 921	604 822	661 985
Cashbook balances	398 036 583	248 762 094	379 622 905	206 997 984
Short-term deposits	14 554 188	8 516 056	-	-
Short-term investments (highly liquid) - refer to note 4	1 584 666 142	577 835 946	1 584 666 142	577 835 946
Cash and bank (per statement of financial position)	1 997 866 675	835 778 017	1 964 893 869	785 495 915

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Absa - 4060738263	168 868 259	71 181 344	145 472 638	42 256 209
FNB - 51420107207	36 110 977	26 348 477	41 466 615	26 348 477
Standard - 410801453	96 332 527	63 695 520	95 943 418	63 404 535
Tshwane Market-Absa - 4068829119	82 465 881	68 997 808	82 465 881	68 997 808
Nedbank-1454121963	14 277 132	5 990 955	14 274 353	5 990 955
Absa Bank - Account Type- Secondary Account - 4112294892	126 610	-	126 610	-
TEDA - Absa - Type- Primary Account -4093241083	12 274 500	3 072 400	12 274 500	3 072 400
TEDA - Investec Bank- Investment Account- 1100521102531	4 416 183	5 062 750	4 416 183	5 062 750
Total	414 872 069	244 349 254	396 440 198	215 133 134

TEDA had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Absa Bank - Account Type- Secondary Account - 4112294892	126 610	-	126 610	-
TEDA - Absa - Type- Primary Account -4093241083	12 274 500	3 072 400	12 274 500	3 072 400
TEDA - Investec Bank- Investment Account- 1100521102531	4 416 183	5 062 750	4 416 183	5 062 750
Total	16 817 293	8 135 150	16 817 293	8 135 150

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.

HCT had the following bank accounts

The entity had the following bank accounts with ABSA Bank Limited

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

10. Cash and cash equivalents (continued)

Account number / description	Bank statement balances		Cash book balances	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
9110 408 066 - Eloff deposit	793 053	428 994	793 053	428 994
4065 722 829 - Eloff cheque	816 525	696 022	816 525	696 022
4057 481 879 - Cheque	2 522 651	5 592 419	2 522 651	5 592 419
4091 569 887 Townlands phase 1	1 269 693	31 701 291	1 269 693	31 701 291
4101 588 183 - Townlands phase 2	610 646	272 984	610 646	272 984
10089094-ZAR- 2201-01 Tenants deposit call	3 337 505	2 050 578	3 337 505	2 050 578
10372656-ZAR- 2201-01 Call deposit	6 371 036	1 006 657	6 371 036	1 006 657
10810943-ZAR- 2201-01 Call deposit - maintenance reserve	429 464	396 070	429 464	396 070
Total	16 150 573	42 145 015	16 150 573	42 145 015

11. Living resources

Group	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Animals	590 666	(288 539)	302 127	601 271	(301 182)	300 089

Municipality	2024			2023		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Animals	590 666	(288 539)	302 127	601 271	(301 182)	300 089

Reconciliation of living resources - Group - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Animals	300 089	62 837	(30 784)	(30 015)	302 127

Reconciliation of living resources - Group - 2023

	Opening balance	Additions	Fair value at initial recognition	Depreciation	Total
Animals	323 269	45 463	(32 167)	(36 476)	300 089

Reconciliation of living resources - Municipality - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Animals	300 089	62 837	(30 784)	(30 015)	302 127

City of Tshwane Metropolitan Municipality

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

11. Living resources (continued)

Reconciliation of living resources - Municipality - 2023

	Opening balance	Additions	Fair value at initial recognition	Depreciation	Total
Animals	323 269	45 463	(32 167)	(36 476)	300 089

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.

None of the living resources are restricted or pledged as security. There are no contractual commitments over living resources.

Change in estimates

The effect of changing the remaining useful lives during 2023/2024 has decreased the depreciation charge for the current and future periods. The total number of assets affected is 8 (2022/2023: 11).

Effect change in estimates

Animals	1 877	3 699	1 877	3 699
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12. Investment property

Group	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1 020 980 369	(6 555 209)	1 014 425 160	947 780 704	(4 691 147)	943 089 557
Investment property	327 492 224	(244 266 401)	83 225 823	327 492 244	(240 609 039)	86 883 205
Investment AUC	1 178 539 117	(179 423 666)	999 115 451	1 178 539 117	(140 288 351)	1 038 250 766
Total	2 527 011 710	(430 245 276)	2 096 766 434	2 453 812 065	(385 588 537)	2 068 223 528

Municipality	2024			2023		
	Cost	Accumulated depreciation/ Accumulated impairment	Carrying value	Cost	Accumulated depreciation/ Accumulated impairment	Carrying value
Land	1 020 980 369	(6 555 209)	1 014 425 160	947 780 704	(4 691 147)	943 089 557
Buildings	327 492 224	(244 266 401)	83 225 823	327 492 244	(240 609 039)	86 883 205
Community service concession agreement	1 178 539 117	(179 423 666)	999 115 451	1 178 539 117	(140 288 351)	1 038 250 766
Total	2 527 011 710	(430 245 276)	2 096 766 434	2 453 812 065	(385 588 537)	2 068 223 528

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

12. Investment property (continued)

Reconciliation of investment property - Group - 2024

	Opening balance	Additions	Disposals	Impairments	Depreciation	Total
Land	943 089 557	73 397 000	(170 000)	(1 891 397)	-	1 014 425 160
Buildings	86 883 205	-	-	-	(3 657 382)	83 225 823
Investment AUC	1 038 250 766	-	-	-	(39 135 315)	999 115 451
	2 068 223 528	73 397 000	(170 000)	(1 891 397)	(42 792 697)	2 096 766 434

Reconciliation of investment property - Group - 2023

	Opening balance	Disposals	Impairments	Depreciation	Total
Land	948 253 067	(472 363)	(4 691 147)	-	943 089 557
Buildings	90 710 834	(97 220)	-	(3 730 409)	86 883 205
Investment AUC	1 077 279 156	-	-	(39 028 390)	1 038 250 766
	2 116 243 057	(569 583)	(4 691 147)	(42 758 799)	2 068 223 528

Reconciliation of investment property - Municipality - 2024

	Opening balance	Additions	Disposals	Impairments	Depreciation	Total
Land	943 089 557	73 397 000	(170 000)	(1 891 397)	-	1 014 425 160
Buildings	86 883 205	-	-	-	(3 657 382)	83 225 823
Community service concession agreement	1 038 250 766	-	-	-	(39 135 315)	999 115 451
	2 068 223 528	73 397 000	(170 000)	(1 891 397)	(42 792 697)	2 096 766 434

Reconciliation of investment property - Municipality - 2023

	Opening balance	Additions	Disposals	Impairments	Depreciation	Total
Land	948 253 067	-	(472 363)	(4 691 147)	-	943 089 557
Buildings	90 710 834	-	(97 220)	-	(3 730 409)	86 883 205
Community service concession agreement	1 077 279 156	-	-	-	(39 028 390)	1 038 250 766
	2 116 243 057	-	(569 583)	(4 691 147)	(42 758 799)	2 068 223 528

Expenditure incurred to repair and maintain investment property

Contracted Services	-	605 039	-	605 039
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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
Dispute, await Council decision on continuity	30 757 050	-	30 757 050	-
	30 757 050	30 757 050	30 757 050	30 757 050

Halted projects to the value of R34 280 242.54 have been impaired.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

12. Investment property (continued)

Included in Investment property is assets under construction:

2024	Included within Land	Included within Buildings	Total
Opening balance	-	30 757 049	30 757 049
Disposal	-	-	-
Transfers	-	-	-
Impairment	-	-	-
	-	30 757 049	30 757 049

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

Change in estimate

The effect of changing the remaining useful lives during 2023/2024 has decreased the depreciation charge for the current and future periods. The total number of assets affected is 41 (2022/2023: 7).

Effect change in estimates

Buildings	68 270	40 694	68 270	40 694
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City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality			
	2024	2023	2024	2023		
13. Property, plant and equipment						
Group	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	2 118 924 937	(12 655 182)	2 106 269 755	2 098 030 748	(3 122 427)	2 094 908 321
Buildings	2 930 517 745	(1 126 758 997)	1 803 758 748	2 901 152 461	(1 056 133 834)	1 845 018 627
Transport assets	1 537 601 090	(1 012 963 462)	524 637 628	1 476 860 182	(919 900 721)	556 959 461
Infrastructure	65 822 273 386	(27 153 092 630)	38 669 180 756	64 303 343 316	(25 717 662 073)	38 585 681 243
Community	7 174 162 752	(4 145 879 475)	3 028 283 277	7 130 456 745	(3 927 325 557)	3 203 131 188
Other property, plant and equipment	2 338 863 089	(2 019 517 492)	319 345 597	2 336 194 866	(1 938 111 866)	398 083 000
Tshwane house	1 129 911 631	(269 926 913)	859 984 718	1 129 911 632	(232 262 595)	897 649 037
Housing assets	2 217 389 705	(1 148 516 061)	1 068 873 644	2 245 796 613	(1 110 309 877)	1 135 486 736
Leased assets	295 446 417	(137 831 978)	157 614 439	181 492 595	(103 875 672)	77 616 923
Total	85 565 090 752	(37 027 142 190)	48 537 948 562	83 803 239 158	(35 008 704 622)	48 794 534 536
Municipality	2024			2023		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	2 114 224 937	(12 655 182)	2 101 569 755	2 093 330 748	(3 122 427)	2 090 208 321
Buildings	2 058 987 148	(1 137 626 600)	921 360 548	2 024 304 293	(1 086 056 189)	938 248 104
Transport assets	1 535 425 481	(1 011 063 935)	524 361 546	1 474 504 677	(918 119 104)	556 385 573
Infrastructure	65 722 035 843	(27 132 164 861)	38 589 870 982	64 203 105 773	(25 700 703 152)	38 502 402 621
Community	7 174 162 752	(4 145 879 475)	3 028 283 277	7 130 456 745	(3 927 325 557)	3 203 131 188
Other property, plant and equipment	2 327 347 482	(2 013 787 469)	313 560 013	2 324 195 643	(1 932 361 206)	391 834 437
Tshwane house	1 129 911 631	(269 926 913)	859 984 718	1 129 911 632	(232 262 595)	897 649 037
Housing assets	2 217 389 705	(1 148 516 061)	1 068 873 644	2 245 796 613	(1 110 309 877)	1 135 486 736
Leased assets	295 122 404	(137 787 637)	157 334 767	181 283 558	(103 686 599)	77 596 959
Total	84 574 607 383	(37 009 408 133)	47 565 199 250	82 806 889 682	(35 013 946 706)	47 792 942 976

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2024

	Opening balance	Additions	Disposals	Transfers	Revaluations	Depreciation	Impairment loss	Total
Land	2 094 908 321	22 956 060	(2 061 870)	-	-	-	(9 532 756)	2 106 269 755
Buildings	1 845 018 627	121 275 693	-	-	(51 819 150)	(65 793 907)	(44 922 515)	1 803 758 748
Transport assets	556 959 461	60 920 805	-	(35 881)	-	(93 206 757)	-	524 637 628
Infrastructure	38 585 681 243	1 518 999 343	(13 766)	-	-	(1 435 502 903)	16 839	38 669 180 756
Community	3 203 131 188	47 990 805	(139 924)	-	-	(222 698 792)	-	3 028 283 277
Other property, plant and equipment	398 083 000	68 672 947	(65 461 058)	-	-	(81 640 247)	(309 045)	319 345 597
Tshwane house	897 649 037	-	-	-	-	(37 664 319)	-	859 984 718
Housing assets	1 135 486 736	-	(12 446 233)	-	-	(54 166 859)	-	1 068 873 644
Leased assets	77 616 923	114 162 859	-	-	-	(34 165 343)	-	157 614 439
	48 794 534 536	1 954 978 512	(80 122 851)	(35 881)	(51 819 150)	(2 024 839 127)	(54 747 477)	48 537 948 562

Reconciliation of property, plant and equipment - Group - 2023

	Opening balance	Additions	Disposals	Transfers	Revaluations	Depreciation	Impairment loss	Total
Land	2 061 290 276	42 033 414	(5 892 942)	-	600 000	-	(3 122 427)	2 094 908 321
Buildings	1 676 982 384	172 034 145	(9 456 589)	-	72 069 923	(66 611 236)	-	1 845 018 627
Transport assets	536 165 244	129 983 573	-	-	-	(109 189 356)	-	556 959 461
Infrastructure	38 741 470 284	1 636 622 957	(39 096 048)	-	-	(1 567 899 265)	(185 416 685)	38 585 681 243
Community	3 386 516 257	129 494 936	(4 585 532)	-	-	(271 190 780)	(37 103 693)	3 203 131 188
Other property, plant and equipment	427 877 388	245 218 995	(188 304 100)	-	-	(86 709 283)	-	398 083 000
Tshwane house	935 313 353	-	-	-	-	(37 664 316)	-	897 649 037
Housing assets	1 162 253 094	38 018 013	(1 258 036)	-	-	(63 526 335)	-	1 135 486 736
Leased assets	227 444 471	-	-	(68 935 999)	-	(80 891 549)	-	77 616 923
	49 155 312 751	2 393 406 033	(248 593 247)	(68 935 999)	72 669 923	(2 283 682 120)	(225 642 805)	48 794 534 536

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Municipality - 2024

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	2 090 208 321	22 956 060	(2 061 870)	-	-	(9 532 756)	2 101 569 755
Buildings	938 248 104	34 682 854	-	-	(51 570 410)	-	921 360 548
Transport assets	556 385 573	60 920 805	-	-	(92 944 832)	-	524 361 546
Infrastructure	38 502 402 621	1 518 999 343	(13 766)	-	(1 431 534 055)	16 839	38 589 870 982
Community	3 203 131 188	47 990 805	(139 924)	-	(222 698 792)	-	3 028 283 277
Other property, plant and equipment	391 834 437	67 688 033	(64 713 435)	-	(80 939 977)	(309 045)	313 560 013
Tshwane house	897 649 037	-	-	-	(37 664 319)	-	859 984 718
Housing assets	1 135 486 736	-	(12 446 233)	-	(54 166 859)	-	1 068 873 644
Leased assets	77 596 959	113 838 846	-	-	(34 101 038)	-	157 334 767
	47 792 942 976	1 867 076 746	(79 375 228)	-	(2 005 620 282)	(9 824 962)	47 565 199 250

Reconciliation of property, plant and equipment - Municipality - 2023

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	2 089 296 516	9 927 174	(5 892 942)	-	-	(3 122 427)	2 090 208 321
Buildings	997 008 027	9 681 555	(9 456 589)	-	(58 984 889)	-	938 248 104
Transport assets	535 436 015	129 886 823	-	-	(108 937 265)	-	556 385 573
Infrastructure	38 654 374 079	1 636 622 957	(39 096 048)	-	(1 564 081 682)	(185 416 685)	38 502 402 621
Community	3 386 516 257	129 494 936	(4 585 532)	-	(271 190 780)	(37 103 693)	3 203 131 188
Other property, plant and equipment	422 215 659	243 587 012	(188 075 370)	-	(85 892 864)	-	391 834 437
Tshwane house	935 313 353	-	-	-	(37 664 316)	-	897 649 037
Housing assets	1 162 253 094	38 018 013	(1 258 036)	-	(63 526 335)	-	1 135 486 736
Leased assets	227 417 852	-	-	(68 935 999)	(80 884 894)	-	77 596 959
	48 409 830 852	2 197 218 470	(248 364 517)	(68 935 999)	(2 271 163 025)	(225 642 805)	47 792 942 976

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
13. 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	210 835 503	104 521 220	210 835 503	104 521 220
Bulk water shortage	-	3 867 451	-	3 867 451
Community protest/unrest	18 833 905	-	18 833 905	-
Components subject to modification	-	1 071 394	-	1 071 394
Contract terminated	46 948 076	304 072 671	46 948 076	304 072 671
Contractors issues/abandoned site	-	53 083 168	-	53 083 168
Project stopped to be completed or implemented in another department	66 975 460	-	66 975 460	-
Delays caused contractor	-	1 269 686	-	1 269 686
Loss of equipment	1 903 352	-	1 903 352	-
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	68 095 709	80 801 788	-	-
Chantelle - project under construction	18 497 130	48 038 299	-	-
	432 089 135	672 083 808	345 496 296	541 931 218

Halted projects to the value of R202 030 576.15 have been impaired.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
13. 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	-	93 813 642
Assessment of works required outstanding	-	160 240	-	160 240
Awaiting appointment of contractor / consultants	-	29 795 123	-	29 795 123
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	450 000	450 000
Awaiting service connection	-	15 528 045	-	15 528 045
Awaiting site identification to install equipment	-	98 231	-	98 231
Budget constraints and community unrest	-	3 915 651	-	3 915 651
Budget constraints	162 222 019	447 726 428	162 222 019	447 726 428
Bulk water shortage	-	47 668 442	-	47 668 442
Community protest/unrest	-	15 558 339	-	15 558 339
Contract lapsed	72 677 124	83 694 400	72 677 124	83 694 400
Contract terminated	-	192 991 405	-	192 991 405
Contractor's contract lapsed/delay in ESKOM Connection	-	322 637 570	-	322 637 570
Contractors issues/abandoned site	164 799 935	27 208 344	164 799 935	27 208 344
Delay caused by contractor	1 816 600	-	1 816 600	-
Delay in road expansion project	-	392 490	-	392 490
Dependent on Civil Works contract to commence with building work	-	19 220 313	-	19 220 313
Dependent on ESKOM connection	-	264 150	-	264 150
Dispute over invoice awaiting BAC approval	-	22 679 684	-	22 679 684
Forensic Investigation	-	13 517 000	-	13 517 000
Funds utilised for other purposes	-	7 311 324	-	7 311 324
Lack of material at stores	-	384 238	-	384 238
Poor performance of contractor	201 806	174 899 617	201 806	174 899 617
Project material used in an emergency maintenance project.	-	597 677	-	597 677
Awaiting construction permit and establishment of Steering Committee	19 995 023	-	19 995 023	-
Awaiting final completion certificate and land transfer from Provincial Government	54 242 535	-	54 242 535	-
Awaiting funded WBS from insurance section	675 772	-	675 772	-
Awaiting layout plan	31 061 711	-	31 061 711	-
Awaiting occupation certificate/title deed	103 750 330	-	103 750 330	-
Awaiting swing over of Africon substation to complete project	440 254	-	440 254	-
Awaiting Wapadarand to complete to swing over substation	620 037	-	620 037	-
Delayed	1 516 835	-	1 516 835	-
Equipment being deployed	4 263 669	-	4 263 669	-
Impaired, awaiting council process for write-off	308 125	-	308 125	-
No reason provided	15 239 072	-	15 239 072	-
Project implemented in progress	478 000	-	478 000	-
Project to install sectionalisers will start 2025	263 276	-	263 276	-
	635 022 123	2 016 102 555	635 022 123	2 016 102 555

Delayed projects to the value of R16 994 379.98 have been impaired.

City of Tshwane Metropolitan Municipality

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Figures in Rand

13. Property, plant and equipment (continued)

Group

Included in Property, plant and equipment under construction - 2024

	Included within Land	Included within Buildings	Included within Transport Assets	Included within Infrastructure	Included within Community	Included within Housing assets	Included within Other Property, plant and equipment	Total
Opening balance	86 188 853	141 494 000	70 223 380	9 285 516 186	634 330 421	281 540 363	448 093 614	10 947 386 817
Additions/capital expenditure	22 956 059	34 682 856	19 720 881	1 488 067 992	34 208 078	-	92 021 574	1 691 657 440
Disposal	-	-	-	-	-	-	-	-
Transfers	-	(17 993 799)	(69 281 350)	(454 527 580)	(682 820)	-	(374 281 336)	(916 766 885)
Impairment/reversal	-	-	-	14 609 447	-	-	-	14 609 447
	109 144 912	158 183 057	20 662 911	10 333 666 045	667 855 679	281 540 363	165 833 852	11 736 886 819

Included in Property, plant and equipment under construction - 2023

	Included within Land	Included within Buildings	Included within Transport Assets	Included within Infrastructure	Included within Community	Included within Housing assets	Included within Other Property, plant and equipment	Total
Opening balance	76 421 679	166 340 010	9 785 658	8 310 542 471	560 692 018	243 522 350	641 258 888	10 008 563 074
Additions/capital expenditure	9 767 174	1 256 120	102 435 361	1 600 381 705	113 325 542	38 018 013	130 152 590	1 995 336 505
Transfers	-	(26 102 129)	(41 997 640)	(576 604 915)	(13 719 540)	-	(323 317 864)	(981 742 088)
Impairment	-	-	-	(48 803 075)	(25 967 599)	-	-	(74 770 674)
	86 188 853	141 494 001	70 223 379	9 285 516 186	634 330 421	281 540 363	448 093 614	10 947 386 817

City of Tshwane Metropolitan Municipality

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

13. Property, plant and equipment (continued)

Municipality

Included in Property, plant and equipment under construction Municipality - 2024

	Included within Land	Included within Buildings	Included within Transport Assets	Included within Infrastructure	Included within Community	Included within Housing assets	Included within Other Property, plant and equipment	Total
Opening balance	86 188 853	141 494 000	70 223 380	9 285 516 186	634 330 421	281 540 363	10 319 231	10 509 612 434
Additions/capital expenditure	22 956 059	34 682 856	19 720 881	1 488 067 992	34 208 078	-	5 428 735	1 605 064 601
Disposal	-	-	-	-	-	-	-	-
Transfers	-	(17 993 799)	(69 281 350)	(454 527 580)	(682 820)	-	-	(542 485 549)
Impairment/reversal	-	-	-	14 609 447	-	-	-	14 609 447
	109 144 912	158 183 057	20 662 911	10 333 666 045	667 855 679	281 540 363	15 747 966	11 586 800 933

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 Property, plant and equipment	Total
Opening balance	76 421 679	166 340 010	9 785 658	8 310 542 471	560 692 018	243 522 350	10 319 231	9 377 623 417
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
Transfers	-	(26 102 129)	(41 997 640)	(576 604 915)	(13 719 540)	-	-	(658 424 224)
Impairment	-	-	-	(48 803 075)	(25 967 599)	-	-	(74 770 674)
	86 188 853	141 494 001	70 223 379	9 285 516 186	634 330 421	281 540 363	10 319 231	10 509 612 434

City of Tshwane Metropolitan Municipality

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Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

13. 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	469 241 920	723 883 639	469 241 920	723 883 639
General expenses	10 123	14 643	-	-
Other materials	350 989 700	383 283 224	350 989 700	383 283 224
Total	820 241 743	1 107 181 506	820 231 620	1 107 166 863

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.

Assets under service concessions (note 28) and leases (note 20) have their title restricted until the end of the agreements.

Change in estimate

The effect of changing the remaining useful lives during 2023/2024 has decreased the depreciation charge for the current and future periods. The total number of assets affected is 1 805 482 (2022/2023: 1 335 995).

Effect change in estimates

Property plant and equipment	204 518 290	159 458 352	204 518 290	159 458 352
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14. Intangible assets

Group	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 184 442 698	(604 479 353)	579 963 345	1 067 652 002	(513 856 773)	553 795 229
Developmental Rights	624 858	(24 994)	599 864	772 321	(147 463)	624 858
Servitudes	490 676 025	-	490 676 025	490 676 025	-	490 676 025
Total	1 675 743 581	(604 504 347)	1 071 239 234	1 559 100 348	(514 004 236)	1 045 096 112

Municipality	2024			2023		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	1 184 311 871	(604 352 262)	579 959 609	1 067 521 175	(513 730 932)	553 790 243
Servitudes	490 676 025	-	490 676 025	490 676 025	-	490 676 025
Total	1 674 987 896	(604 352 262)	1 070 635 634	1 558 197 200	(513 730 932)	1 044 466 268

Reconciliation of intangible assets - Group - 2024

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Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

14. Intangible assets (continued)

	Opening balance	Additions	Disposals	Amortisation	Impairment loss	Total
Computer software	553 795 229	116 790 695	-	(89 258 055)	(1 364 524)	579 963 345
Developmental Rights	624 858	-	-	(24 994)	-	599 864
Servitudes	490 676 025	-	-	-	-	490 676 025
	1 045 096 112	116 790 695	-	(89 283 049)	(1 364 524)	1 071 239 234

Reconciliation of intangible assets - Group - 2023

	Opening balance	Additions	Disposals	Revaluations	Amortisation	Total
Computer software	552 395 247	101 142 160	(2 316 459)	-	(97 425 719)	553 795 229
Developmental Rights	351 456	-	-	285 521	(12 119)	624 858
Servitudes	491 580 574	-	(904 549)	-	-	490 676 025
	1 044 327 277	101 142 160	(3 221 008)	285 521	(97 437 838)	1 045 096 112

Reconciliation of intangible assets - Municipality - 2024

	Opening balance	Additions	Disposals	Amortisation	Impairment loss	Total
Computer software	553 790 243	116 790 695	-	(89 256 805)	(1 364 524)	579 959 609
Servitudes	490 676 025	-	-	-	-	490 676 025
	1 044 466 268	116 790 695	-	(89 256 805)	(1 364 524)	1 070 635 634

Reconciliation of intangible assets - Municipality - 2023

	Opening balance	Additions	Disposals	Amortisation	Impairment loss	Total
Computer software	552 389 014	101 142 160	(2 316 459)	(97 424 472)	-	553 790 243
Servitudes	491 580 574	-	(904 549)	-	-	490 676 025
	1 043 969 588	101 142 160	(3 221 008)	(97 424 472)	-	1 044 466 268

Pledged as security

No Intangible assets have been pledged as security.

Servitudes are regarded as having an indefinite useful life, based on all relevant factors, as there is no foreseeable limit to the period over which they are expected to generate net cash inflows or service potential.

Expenditure incurred to maintain intangible assets

Contracted Services	69 714	54 634 740	69 714	54 634 740
General expenses	30 132 874	32 976 018	30 132 874	32 976 018
	30 202 588	87 610 758	30 202 588	87 610 758

Carrying value of Intangible assets that is taking a significantly longer period of time to complete than expected

Awaiting appointment of contractor/consultant	-	657 003	-	657 003
Additional scope of work	-	27 792 037	-	27 792 037
Delayed in finalising SAP integration/UAT Testing	-	24 822 000	-	24 822 000
SAP S/4HANA	1 627 388	-	1 627 388	-
	1 627 388	53 271 040	1 627 388	53 271 040

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14. Intangible assets (continued)

Carrying value of Intangible assets where construction or development has been halted either during the current or previous reporting period(s)

Awaiting sale/registration of servitude in Deeds Office	450 000	-	450 000	-
	450 000	-	450 000	-

Change in estimate

The effect of changing the remaining useful lives during 2023/2024 has decreased the depreciation charge for the current and future periods. The total number of assets affected is 985 (2022/2023: 84).

Effect change in estimates

Software other	9 623 561	9 972 446	9 623 561	9 972 446
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City

Included in Intangible assets under construction

2024	Included within Servitudes	Included within Software	Total
Opening balance	33 756 027	223 577 786	257 333 813
Additions/capital expenditure	-	116 790 695	116 790 695
Disposal	-	-	-
Transfers	-	-	-
	33 756 027	340 368 481	374 124 508

2023	Included within Servitudes	Included within Software	Total
Opening balance	34 335 577	131 750 049	166 085 626
Additions/capital expenditure	-	101 144 196	101 144 196
Disposal	-	(2 316 459)	(2 316 459)
Transfers	(579 550)	(7 000 000)	(7 579 550)
	33 756 027	223 577 786	257 333 813

15. Heritage assets

Group	2024			2023		
	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	3 205 534 190	(308 069 760)	2 897 464 430	3 205 534 190	(308 069 760)	2 897 464 430
Other heritage assets	22 767 636	(19 718 699)	3 048 937	22 767 636	(19 718 699)	3 048 937
Total	3 699 370 058	(327 788 459)	3 371 581 599	3 699 370 058	(327 788 459)	3 371 581 599

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	2024	2023	2024	2023

15. Heritage assets (continued)

Municipality	2024			2023		
	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	3 205 534 190	(308 069 760)	2 897 464 430	3 205 534 190	(308 069 760)	2 897 464 430
Other heritage assets	22 767 636	(19 718 699)	3 048 937	22 767 636	(19 718 699)	3 048 937
Total	3 699 370 058	(327 788 459)	3 371 581 599	3 699 370 058	(327 788 459)	3 371 581 599

Reconciliation of heritage assets Group - 2024

	Opening balance	Additions	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	3 048 937	-	-	3 048 937
	3 371 581 599	-	-	3 371 581 599

Reconciliation of heritage assets Group - 2023

	Opening balance	Additions	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	3 048 937	-	-	3 048 937
	3 371 581 599	-	-	3 371 581 599

Reconciliation of heritage assets Municipality - 2024

	Opening balance	Additions	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	3 048 937	-	-	3 048 937
	3 371 581 599	-	-	3 371 581 599

Reconciliation of heritage assets Municipality - 2023

	Opening balance	Additions	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	3 048 937	-	-	3 048 937
	3 371 581 599	-	-	3 371 581 599

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15. Heritage assets (continued)

There are no restrictions on heritage assets held by the city.

No heritage assets are pledged as securities for liabilities.

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	-
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Halted projects to the value of R19 718 698.88 have been impaired.

Expenditure incurred to repair and maintain heritage assets

Expenditure incurred to repair and maintain heritage assets included in Statement of Financial Performance

Contracted services	-	19 987 452	-	19 987 452
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City

Included in Heritage assets under construction

2024	Included within Other Heritage assets	Total
Opening balance	1 512 530	1 512 530
Disposal	-	-
Transfers	-	-
	1 512 530	1 512 530

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

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16. Investments in controlled entities

The City of Tshwane has investments in joint ventures and associates accounted for using the equity method, as prescribed by GRAP 36 - 'Investments in Associates and Joint Ventures.'

As of 30 June 2024, the financial statements of TASEZ used in applying the equity method have a financial year-end that differs from that of the City. The details of these differences are as follows:

The date of the end of the reporting period of the financial statements of TASEZ is 31 March 2024.

TASEZ operates in a different financial year due to the date when the entity was established and industry-specific reporting practices.

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
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Control over entity (% held)

Housing Tshwane Company	-	-	100	100
Tshwane Economic Development Agency (Pty) Ltd	-	-	100	100

City of Tshwane Metropolitan Municipality

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	2024	2023	2024	2023

17. Investment in associates

Name of company	Listed /Unlisted	Economic Entity		Controlling Entity	
		Carrying amount 2024	Carrying amount 2023	Carrying amount 2024	Carrying amount 2023
Interest in associates: TASEZ	Unlisted	880 831 780	825 075 388	880 831 780	825 075 388
		880 831 780	825 075 388	880 831 780	825 075 388

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	3 301 104 405	3 134 882 999	3 301 104 405	3 134 882 999
Current assets	901 107 928	444 658 459	901 107 928	444 658 459
Total Assets	4 202 212 333	3 579 541 458	4 202 212 333	3 579 541 458

Liabilities

Non-current liabilities	781 695 770	660 034 051	781 695 770	660 034 051
Current liabilities	777 756 947	321 623 348	777 756 947	321 623 348
Total Liabilities	1 559 452 717	981 657 399	1 559 452 717	981 657 399

Net Assets as at 30 June 2024	2 642 759 616	2 597 884 059	2 642 759 616	2 597 884 059
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Reconciliation of the summarised financial information and the carrying amount of the investment in the joint venture.

Carrying amount of the investment in associates

Summarised Financial Information	2 642 759 616	2 597 884 059	2 642 759 616	2 597 884 059
Asset Under Construction included in the City's property, plant and equipment balance	-	(122 410 348)	-	(122 410 348)
Total net assets	2 642 759 616	2 475 473 711	2 642 759 616	2 475 473 711
Summarised Financial Information	2 642 759 616	2 475 473 711	2 642 759 616	2 475 473 711
33,33% interest in net assets of the associates	(880 831 780)	(825 075 388)	(880 831 780)	(825 075 388)

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	2024	2023	2024	2023

18. 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 R400 535 458)

Fixed rate: 10.55% and variable rate: Jibar + 2,65 basis points

Payable: quarter

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 R211 993 674)

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 R211 993 674)

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, e.g. 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 (i.e. as prices) or indirectly (i.e. derived from prices).

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18. 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 R4 017 137 380 (2023: R5 934 078 615) as at 30 June 2024.

Interest paid on the interest rate swaps to the amount of R11 972 429 (2023: R57 489 941) were recognised in surplus or deficit as part of finance cost - refer to note 42.

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

Interest rate swap	Group		Municipality	
Interest rate swap asset	130 045 708	247 940 777	130 045 708	247 940 777
Interest swap liability	(3 349 646)	(9 560 148)	(3 349 646)	(9 560 148)
	126 696 062	238 380 629	126 696 062	238 380 629

19. Loans and bonds

Summary of Long Term Borrowings:

Bullet Loans	6 305 720 740	6 301 935 863	6 305 720 740	6 301 935 863
Municipal bonds	1 328 630 986	1 328 630 986	1 328 630 986	1 328 630 986
Annuity loans	1 528 175 144	1 869 618 256	1 528 175 144	1 869 618 256
	9 162 526 870	9 500 185 105	9 162 526 870	9 500 185 105

Held at amortised cost

Bullet Loans

Development Bank of South Africa (1-2100)	1 600 970 959	1 600 000 000	1 600 970 959	1 600 000 000
Secured 20 year bullet loan, Jibar rate +2.5 margin interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date, 30 June 2034.				
Nedbank (1-2300)	1 200 830 466	1 200 000 000	1 200 830 466	1 200 000 000
Secured 10-year bullet loan, fixed interest rate 11.86% repayable quarterly, while capital will be redeemed by way of a bullet repayment on the final redemption date, 30 June 2026.				
Development Bank of South Africa (1-22)	1 500 902 055	1 500 000 000	1 500 902 055	1 500 000 000
Secured 20 year bullet loan, Jibar rate + 2.4 margin interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date, 30 June 2035.				
Development Bank of South Africa (1-2551)	1 501 098 904	1 500 000 000	1 501 098 904	1 500 000 000
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.				
Nedbank Loan (1-2501)	501 918 356	501 935 863	501 918 356	501 935 863
Unsecured 10 year loan with a variable interest rate (JIBAR) payable quarterly, with the capital amount to be repaid on June 30, 2029.				

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Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
19. Loans and bonds (continued)				
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.	208 839 089	301 562 340	208 839 089	301 562 340
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.	414 802 912	521 097 812	414 802 912	521 097 812
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.	501 445 205	601 757 589	501 445 205	601 757 589
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.	64 563 237	67 068 744	64 563 237	67 068 744
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.	99 271 659	102 095 085	99 271 659	102 095 085
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.	35 155 188	37 319 918	35 155 188	37 319 918
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.	100 569 863	100 785 734	100 569 863	100 785 734

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19. Loans and bonds (continued)				
iVuzi (FirstRand Bank) (1-1851)	103 527 991	137 931 034	103 527 991	137 931 034
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.				
	9 162 526 870	9 500 185 105	9 162 526 870	9 500 185 105
Non-current liabilities				
At amortised cost	8 705 933 679	9 091 315 444	8 705 933 679	9 091 315 444
Current liabilities				
At amortised cost	456 593 191	408 869 661	456 593 191	408 869 661
	9 162 526 870	9 500 185 105	9 162 526 870	9 500 185 105
Secured and unsecured long-term liabilities				
Secured	9 162 526 870	9 500 185 105	9 162 526 870	9 500 185 105
No defaults or breaches of loans occurred in the period under review.				
The weighted average interest rate is 11.81% (2023: 11.33%).				
Closing balance				
Current	(456 593 191)	(408 869 661)	(456 593 191)	(408 869 661)
Non-current	(8 705 933 679)	(9 091 315 444)	(8 705 933 679)	(9 091 315 444)
	(9 162 526 870)	(9 500 185 105)	(9 162 526 870)	(9 500 185 105)
20. Finance lease obligation				
Minimum lease payments due				
- within one year	52 407 104	61 473 872	51 982 336	60 568 263
- in second to fifth year inclusive	52 192 350	104 275 348	51 993 706	103 976 042
	104 599 454	165 749 220	103 976 042	164 544 305
less: future finance charges	(10 239 958)	(22 131 094)	(10 194 307)	(22 050 150)
Present value of minimum lease payments	94 359 496	143 618 126	93 781 735	142 494 155
Present value of minimum lease payments due				
- within one year	45 017 203	49 543 218	44 622 456	48 712 421
- Later than one year no later than five years	49 342 293	94 074 908	49 159 279	93 781 734
	94 359 496	143 618 126	93 781 735	142 494 155
Non-current liabilities	49 342 293	94 074 908	49 159 279	93 781 734
Current liabilities	45 017 203	49 543 218	44 622 456	48 712 421
	94 359 496	143 618 126	93 781 735	142 494 155

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	2024	2023	2024	2023
20. Finance lease obligation (continued)				
Net book value of leased assets				
Cost	295 446 417	181 492 595	295 122 404	181 283 558
Accumulated depreciation	(137 831 978)	(103 875 672)	(137 787 637)	(103 686 599)
Net book value of leased assets (refer to note 13)	157 614 439	77 616 923	157 334 767	77 596 959

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 - * Fleet Africa, a division of Super Group Africa (Pty) Ltd for the supply of category E fleet vehicles. The lease term is 60 months and the average effective borrowing rate is 10%. Interest rates are variable at the date of contract. It is municipality's policy to lease certain motor vehicles and equipment under finance leases.

TEDA

TEDA entered into a lease agreement for photocopy machines for a period of 3 years effective from 1st February 2024. Leasehold improvements for the office building are amortised over the lease term of 5 years starting from 01 November 2019 ending in October 2024.

It is entity policy to lease certain equipment under finance leases.

Capital repayment on the finance lease is R870,223 (R766,216) as at 30 June 2024 and 30 June 2023 respectively. The average lease term was 3-5 years and the average effective borrowing rate was 8% (2023: 8%).

Interest rates are fixed at the contract date particularly for leasehold improvements lease with an escalation of 8% p.a whereas photocopy machines is linked to prime interest rate and no arrangements have been entered into for contingent rent.

21. Payables from exchange transactions

Financial instruments				
Trade payables	10 105 564 300	8 037 497 931	10 099 385 634	8 041 514 492
Debtors with credit balances - reclassification	3 103 811 563	2 261 444 095	3 103 811 563	2 261 444 095
Retention creditors	570 154 324	603 896 538	555 122 508	590 658 461
Other creditors	2 086 669 366	1 661 541 005	2 081 857 420	1 655 000 029
	15 866 199 553	12 564 379 569	15 840 177 125	12 548 617 077
Non - Financial instruments				
Payments received in advanced - contract in process	120 582 898	24 740 168	120 582 898	24 740 168
Deposits received	79 120 273	46 437 734	76 209 629	44 779 745
	16 065 902 724	12 635 557 471	16 036 969 652	12 618 136 990

City of Tshwane Metropolitan Municipality

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
22. Deferred tax				
Deferred tax asset/ (liability)				
Property, plant and equipment	(185 736)	(209 230)	-	-
Finance lease	(111 955)	(79 663)	-	-
Prepayment	(167 907)	(312 877)	-	-
Straight lining of operating lease	64 382	222 864	-	-
Provision for impairment	37 273	37 273	-	-
Provision for doubtful debts	44 166	44 166	-	-
Tax losses available for set off against future taxable income	-	1 014 303	-	-
Total deferred tax asset/(liability)	(319 777)	716 836	-	-

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Reconciliation of deferred tax asset \ (liability)

At beginning of year	716 836	603 636	-	-
Increases (decrease) in tax loss available for set off against future taxable income - gross of valuation allowance	(1 014 303)	1 014 303	-	-
Taxable / (deductible) temporary difference movement on tangible fixed assets	23 493	39 419	-	-
Taxable / (deductible) temporary difference movement on finance leases	(32 292)	(17 586)	-	-
Taxable / (deductible) temporary difference on prepayments	144 971	(312 877)	-	-
Taxable / (deductible) temporary difference on leave provision	-	(591 661)	-	-
Taxable / (deductible) temporary difference movement operating leases	(158 482)	(18 398)	-	-
Total deferred tax asset/(liability)	(319 777)	716 836	-	-

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 entity has suffered a deficit in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

23. VAT

VAT Payable	(4 152 019 606)	(5 384 641 745)	(4 152 019 606)	(5 384 641 745)
Impairment adjustment	1 633 499 963	1 300 787 109	1 633 499 963	1 300 787 109
Total VAT Payable	(2 518 519 643)	(4 083 854 636)	(2 518 519 643)	(4 083 854 636)
VAT Receivable	1 640 307 760	1 176 710 766	1 638 162 806	1 177 970 216
	(878 211 883)	(2 907 143 870)	(880 356 837)	(2 905 884 420)
VAT per accrual accounting	29 103 759	(389 014 208)	26 958 805	(387 754 758)
VAT per cash basis (Per SARS Statement)	(907 315 642)	(2 518 129 662)	(907 315 642)	(2 518 129 662)
	(878 211 883)	(2 907 143 870)	(880 356 837)	(2 905 884 420)

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

23. VAT (continued)

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.

24. Consumer deposits

Electricity and water	773 337 672	764 132 255	773 337 672	764 132 255
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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)	173 238 769	179 505 894	173 238 769	179 505 894
Township Development guarantees	493 867 946	737 118 543	493 867 946	737 118 543
	667 106 715	916 624 437	667 106 715	916 624 437

25. Employee benefit obligations

Group

	2024			2023		
	Current	Non-current	Total	Current	Non-current	Total
Gratuity	1 065 400	1 157 800	2 223 200	1 792 400	1 068 300	2 860 700
Medical	89 605 000	980 246 000	1 069 851 000	81 520 000	972 279 000	1 053 799 000
LSA	106 568 000	827 188 000	933 756 000	128 893 000	770 515 000	899 408 000
13th cheque	177 217 368	-	177 217 368	190 017 806	-	190 017 806
Leave Accrual	1 349 686 944	-	1 349 686 944	1 422 633 803	-	1 422 633 803
Other	881 465	-	881 465	104 848	-	104 848
Total Employee benefit obligations	1 725 024 177	1 808 591 800	3 533 615 977	1 824 961 857	1 743 862 300	3 568 824 157

City

	2024			2023		
	Current	Non-current	Total	Current	Non-current	Total
Gratuity	1 065 400	1 157 800	2 223 200	1 792 400	1 068 300	2 860 700
Medical	89 605 000	980 246 000	1 069 851 000	81 520 000	972 279 000	1 053 799 000
LSA	106 568 000	827 188 000	933 756 000	128 893 000	770 515 000	899 408 000
13th cheque	177 217 368	-	177 217 368	190 017 806	-	190 017 806
Leave Accrual	1 348 096 359	-	1 348 096 359	1 419 291 222	-	1 419 291 222
Total Employee benefit obligations	1 722 552 127	1 808 591 800	3 531 143 927	1 821 514 428	1 743 862 300	3 565 376 728

Tshwane Municipal Pension Fund

Tshwane municipal pension fund to which 103 (2023: 118) in service members, 1 018 (2023: 1 161) 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 R459 Million. However this cannot be recognised on the balance sheet because the Fund's rules do not grant the Employer control of that surplus.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

25. Employee benefit obligations (continued)

At the last valuation (30 June 2023) assets exceeded liabilities by R306 million.

Gratuity

The Municipality offers a Gratuity Benefit to 6 (2023: 7) employees who do not belong to a pension or provident fund. The Gratuity is paid on an eligible employee's termination of service.

Post-Employment Medical Aid Subsidy

The municipality provides certain post-retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds associated with the municipality, 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 509 (2023: 574) in-service employees and 1 339 (2023: 1 351) continuation employees are qualify for this benefit.

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 17 383 (2023: 17 998) 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 2024	TMPF	Gratuity	Medical	LSA	Total
Present value (wholly unfunded)	-	2 223 200	1 069 851 000	933 756 000	2 005 830 200
Present value (wholly funded)	2 032 891 936	-	-	-	2 032 891 936
Fair value of plan assets	(2 492 264 166)	-	-	-	(2 492 264 166)
Net liability/(Asset)	(459 372 230)	2 223 200	1 069 851 000	933 756 000	1 546 457 970
Unrecognised due to paragraph 68 Limitation	459 372 230	-	-	-	459 372 230
Post employment liability/(Asset)	-	2 223 200	1 069 851 000	933 756 000	2 005 830 200

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Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality		
	2024	2023	2024	2023	
25. Employee benefit obligations (continued)					
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

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

30 June 2024	TMPF	Gratuity	Medical	LSA	Total
Present value of obligation at beginning of year	-	2 860 700	1 053 799 000	899 408 000	1 956 067 700
Interest cost	-	188 000	119 673 000	97 076 000	216 937 000
Current service cost	-	50 200	2 836 000	72 840 000	75 726 200
Members contribution	-	-	-	-	-
Benefits paid by the Fund	-	(810 587)	(82 079 324)	(114 703 517)	(197 593 428)
Actuarial (gains)/loss on obligation	-	(65 113)	(24 377 676)	(20 864 483)	(45 307 272)
Present value of obligation at year end	-	2 223 200	1 069 851 000	933 756 000	2 005 830 200

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

Changes in the fair value plan assets are as follows

Fair value of planned asset at beginning of year	-	-	2 289 474 724	2 467 625 504
Expected return on plan assets	-	-	242 121 725	292 480 770
Contributions: members	-	-	4 971 392	5 708 673
Contributions: employer	-	-	12 421 334	14 263 478
Benefits paid by the Fund	-	-	(188 917 768)	(160 456 442)
Actuarial gain/loss on obligation	-	-	132 192 760	(330 147 259)
Fair value of plan asset at end of year	-	-	2 492 264 167	2 289 474 724

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

City of Tshwane Metropolitan Municipality

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Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
25. Employee benefit obligations (continued)				
Composition of plan assets				
Cash	- %	- %	8.40 %	3.60 %
Equity	- %	- %	15.20 %	14.80 %
Bonds	- %	- %	61.20 %	52.20 %
Property	- %	- %	0.80 %	0.70 %
International	- %	- %	12.50 %	11.50 %
Linked policies	- %	- %	- %	17.10 %
Other	- %	- %	1.90 %	0.10 %
	- %	- %	100.00 %	100.00 %

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

30 June 2024	TMPF	MGF	Medical	LSA	Total
Current service costs	19 712 189	50 200	2 836 000	72 840 000	95 438 389
Net interest on expected return on asset	208 998 576	-	-	-	208 998 576
Expected return on asset	(242 121 725)	-	-	-	(242 121 725)
Actuarial (gains)/losses	(127 212 986)	(65 113)	(24 377 676)	(20 864 483)	(172 520 258)
Effect of change in paragraph 68 asset limitation	153 045 280	-	-	-	153 045 280
Defined benefit expense	12 421 334	(14 913)	(21 541 676)	51 975 517	42 840 262
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	222 492 318	(521 413)	(297 570 077)	(115 571 453)	(191 170 625)
Effect of change in paragraph 68 asset limitation	(167 133 564)	-	-	-	(167 133 564)
Defined benefit expense	13 519 339	(198 139)	(138 744 663)	66 905 411	(58 518 052)
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

City of Tshwane Metropolitan Municipality

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
25. Employee benefit obligations (continued)				
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 5 685 (2023: 5 892) of the municipality's employees are members of this fund	439 617 553	446 823 908	439 617 553	446 823 908
Pension Fund for Municipal Councillors 28 (2023: 26) of the municipality's employees is a member of the fund	1 217 366	1 321 078	1 217 366	1 321 078
National fund for municipal workers 7 526 (2023: 7 803) of the municipality's employees are members of the fund	558 892 769	569 944 384	558 892 769	569 944 384
SALA provident fund/ gratuity fund 21 (2023: 25) of the municipality's employees are members of the fund	786 668	872 127	786 668	872 127
SAMWU National pension fund 11 (2023: 121) of the municipality's employees are members of the fund	1 029 192	1 010 178	1 029 192	1 010 178
SAMWU National provident fund 817 (2023: 886) of the municipality's employees are members of the fund	61 824 001	64 888 839	61 824 001	64 888 839
Meshawu gratuity fund 13 (2023: 17) of the municipality's employees are members of the fund	771 627	864 175	771 627	864 175
Sandspruit Alexander Forbes and spouse cover 197 (2023: 210) of the municipality's employees are members of the fund	15 220 503	15 902 730	15 220 503	15 902 730
National fund for municipal councillors/Consolidated retirement fund for councillors 1 (2023: 1) of the municipality's employees are members of the fund	53 638	53 638	53 638	53 638
Municipal Gratuity Fund 1 062 (2023: 1 135) employees	100 501 319	105 366 407	100 501 319	105 366 407
Consolidated Retirement Fund 16 (2023: 15) employees	463 073	422 063	463 073	422 063
COT Group Life Scheme 16 872 (2023: 17 691) employees - Included for completeness	64 211 162	65 999 406	64 211 162	65 999 406
	1 244 588 871	1 273 468 933	1 244 588 871	1 273 468 933

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Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

25. Employee benefit obligations (continued)

Principal assumptions used as at balance sheet date

30 June 2024	TMPF	MGF	Medical	LSA
Discount rate	10.70 %	9.11 %	11.48 %	11.03 %
Inflation rate	4.90 %	3.71 %	5.58 %	5.17 %
Salary Increase rate	5.90 %	- %	- %	- %
Expected rate of return on assets	10.70 %	- %	- %	- %
Pension increase allowance	4.30 %	- %	- %	- %
Medical inflation rate	- %	- %	7.08 %	- %

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 %	- %

Employee Benefit-Leave pay entitlement

The provision is for leave entitlement not utilised by employees as at 30 June 2024 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 forfeiture. 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 11.48% 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

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 2024.

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

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Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

25. Employee benefit obligations (continued)

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	2024	2023	2022	2021	2020
Accrued liability	2 032 891 936	(3 939 215 774)	(4 195 296 990)	(4 127 301 650)	(3 688 863 807)
Plan assets	(2 492 264 166)	2 289 474 724	2 467 625 504	2 216 587 782	2 216 587 782
Surplus (deficit)	(459 372 230)	(1 649 741 050)	(1 727 671 486)	(1 910 713 868)	(1 472 276 025)

Experience adjustments: (Gains) and Losses	2024	2023	2022	2021	2020
(Gains) and losses	(90 855 366)	233 420 505	(127 089 336)	(66 410 490)	144 923 309

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 either:

- 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.

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

25. Employee benefit obligations (continued)

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 2022 statutory actuarial valuation, with the funding level (including solvency reserve) decreasing marginally to 108.3% from 111.6% as at 30 September 2021.

The required employer contribution rate fell from 32.5% to 32.6% of pensionable emoluments over the same period, increasing the margin that the 31% current contribution rate provides.

GMRF (*Germiston Municipal Fund*)

The fund was in a sound financial position per the 30 June 2022 statutory 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 2021/2022 year. Per the Board meeting of the Fund on 25 September 2023, City of Tshwane was allocated 0.39% of this shortfall, amounting to R203,682.

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.

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
25. Employee benefit obligations (continued)				
Multi-Employer Plans	MEPF	SALA Pension Fund	JMPF	GMRF
Number of employees belonging to the plan	1 067	166	17	1
Total number of active members per recent fund valuation report	17 399	13 815	299	2 061
Amount of contributions (in rands) due by the City in respect of the year ending 30 June 2024	96 037 171	16 893 951	2 181 725	141 574
Date of most recently available actuarial valuation report	29/02/2020	01/07/2021	30/09/2022	30/06/2022
Funding Level	100.0 %	85.5 %	108.3 %	100.0 %
Key Assumptions				
Gross discount rate	9.70 %	10.50 %	Unknown	12.06 %
Salary inflation	5.18 %	7.00 %	Unknown	8.63 %
Net post-ret discount rate	5.30 %	6.50 %	Unknown	4.50 %

Tshwane municipal pension fund to which 118 (2023: 131) in service members, 1 161 (2023: 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 2022) assets exceeded liabilities by R473 million.

Gratuity

The Municipality offers a Gratuity Benefit to 7 (2023: 10) employees who do not belong to a pension or provident fund. The Gratuity is paid on an eligible employee's termination of service.

Post-Employment Medical Aid Subsidy

The municipality provides certain post-retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds associated with the municipality, 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 (2023: 637) in-service employees and 1351 (2023: 1 361) continuation employees are qualify for this benefit.

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 (2023: 18 438) employees are eligible for this benefit.

City of Tshwane Metropolitan Municipality

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Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
26. Unspent conditional grants				
Unspent conditional grants and receipts comprises of:				
Finance management grant (FMG)	702 236	410 887	702 236	410 887
Human Settlement Development Grant	506 646	159 389 916	506 646	159 389 916
HIV/Aids	4 728 648	-	4 728 648	-
Urban Settlement Development Grant (USDG)	25 614 219	165 775 076	25 614 219	165 775 076
Public Transport Network Grant (PTNG)	64 561 315	51 434 334	64 561 315	51 434 334
Informal Settlements Upgrade Partnership : Province	39 352 519	-	39 352 519	-
Neighbourhood Development Partnership Grants (NDPG)	7 676 596	963 444	7 676 596	963 444
Community Libraries Grant	244 691	1 774 569	244 691	1 774 569
Research and Development Grant (Tirelo Boshia)	-	384 498	-	384 498
Gautrains	11 961 294	11 961 294	11 961 294	11 961 294
Informal settlement upgrading partnerships	51 692 474	102 402 479	51 692 474	102 402 479
Programme and Project preparation Support Grant	8 305 624	14 209 297	8 305 624	14 209 297
Electricity Demand Side (EEDMS)	876	644 326	876	644 326
	215 347 138	509 350 120	215 347 138	509 350 120

Movement during the year

Balance at the beginning of the year	509 350 120	622 893 250	509 350 120	622 893 250
Receipts during the year	8 248 385 000	7 985 845 413	8 248 385 000	7 985 845 413
Returned to National Treasury (deducted from current year equitable share)	(328 025 000)	(184 444 133)	(328 025 000)	(184 444 133)
Repaid to grantors	(148 025 249)	(3 441 929)	(148 025 249)	(3 441 929)
Debtors raised during the year	-	14 865 358	-	14 865 358
Income recognised during the year	(8 066 337 733)	(7 924 635 260)	(8 066 337 733)	(7 924 635 260)
Clearance of prior year debtor restatement	-	(1 732 579)	-	(1 732 579)
	215 347 138	509 350 120	215 347 138	509 350 120

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.

27. Provisions

Reconciliation of provisions - Group - 2024

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Landfill sites	835 227 986	92 960 875	132 426 773	(62 829 893)	(6 954 754)	990 830 987
Clearing of alien vegetation	64 938 556	6 187 298	2 739 747	(21 488 913)	-	52 376 688
Quarries	105 516 692	(4 570 595)	4 796 218	7 269 483	(38 888 154)	74 123 644
Legal proceedings	324 728 926	44 441 976	-	204 177 453	-	573 348 355
	1 330 412 160	139 019 554	139 962 738	127 128 130	(45 842 908)	1 690 679 674

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Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

27. Provisions (continued)

Reconciliation of provisions - Group - 2023

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Landfill sites	933 058 793	(89 623 916)	11 540 000	49 352 471	(69 099 362)	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	(4 796 219)	(39 987 633)	50 999 653	105 516 692
Legal proceedings	313 667 781	-	-	11 061 145	-	324 728 926
	1 395 981 272	(80 581 069)	16 896 644	16 215 022	(18 099 709)	1 330 412 160

Reconciliation of provisions - Municipality - 2024

	Opening Balance	Unwinding of interest rate	Utilised during the year	Reversed during the year	Change in discount factor	Total
Landfill sites	835 227 986	92 960 875	132 426 773	(62 829 893)	(6 954 754)	990 830 987
Clearing of alien vegetation	64 938 556	6 187 298	2 739 747	(21 488 913)	-	52 376 688
Quarries	105 516 692	(4 570 595)	4 796 218	7 269 483	(38 888 154)	74 123 644
Legal proceedings	324 728 926	-	-	204 177 453	-	528 906 379
	1 330 412 160	94 577 578	139 962 738	127 128 130	(45 842 908)	1 646 237 698

Reconciliation of provisions - Municipality - 2023

	Opening Balance	Unwinding of interest rate	Utilised during the year	Reversed during the year	Change in discount factor	Total
Landfill sites	933 058 793	(89 623 916)	11 540 000	49 352 471	(69 099 362)	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	(4 796 219)	(39 987 633)	50 999 653	105 516 692
Legal proceedings	313 667 781	-	-	11 061 145	-	324 728 926
	1 395 981 272	(80 581 069)	16 896 644	16 215 022	(18 099 709)	1 330 412 160

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 11.94% (2023: 9.21%).

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:

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

27. Provisions (continued)

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 2024.

Inflation Rate: Future rehabilitation costs are adjusted for inflation, which is estimated to be 6.51% on 30 June 2024.

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.

HCT

The settlement on litigation is a result of loss of profit claimed by the contractor for the construction of 16 storey Social Housing Scheme on Erf 1118, Acardia in Pretoria. HCT contractually failed to hand over site as per the agreed date stipulated per the JBCC(2 November 2020), because the site was occupied by the Menlyn Taxi Association. The contractor terminated the contract and initially claimed the disputed of R32 million and the Arbitrator awarded the contractor R44 million as finalisation of the potential profit and loss and damages. Furthermore, the amount has been disclosed as fruitless and wasteful,

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.

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 11.81% (2023: 9.21%).

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

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Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

27. Provisions (continued)

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 11.94% on 30 June 2024.

Inflation Rate: Future rehabilitation costs are adjusted for inflation, which is estimated to be 5.20% on 30 June 2024.

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 11.94% (2023: 11.33%), and the consumer price index (CPI) is 5.2% (2023: 5.4%). The timing of the outflow is uncertain, as well as relating amounts due to discounting and the prevailing CPI.

Effect change in estimate	2024	2023	Change
Landfill sites	990 830 987	835 227 986	155 603 001
Quarries	74 123 644	105 280 349	(31 156 705)
	1 064 954 631	940 508 335	124 446 296

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.

The net movement in the provision amounted to R10 717 034 increase (2023: R10 152 862.73 increase). The decrease in the cost of property, plant and equipment amounted to Rnil (2023: Rnil). The amount recognised in surplus or deficit due to estimation where the adjustment exceeds the carrying amount of the asset amounted to R10 717 034(2023: R10 152 862.73). The amount utilised during the year amounted to R2 739 747 (2023: R4 210 960.72).

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 11.81% on 30 June 2024.

Inflation Rate: Future rehabilitation costs are adjusted for inflation, which is estimated to be 5.20% on 30 June 2024.

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.

28. 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 kilometers 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.

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Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

28. Service concession arrangement (continued)

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:

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 2023/24 financial year the value of the asset and liability amounted to R859 384 718 and R1 440 018 237 respectively.

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

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

Minimum future payments

No later than one year-service cost	304 306 968	286 223 928	304 306 968	286 223 928
Later than one year but not latter than five years	1 834 565 423	1 725 776 463	1 834 565 423	1 725 776 463
Later than five years	7 469 367 305	7 954 150 912	7 469 367 305	7 954 150 912
Future finance charges on service concession	(6 825 641 260)	(7 217 793 528)	(6 825 641 260)	(7 217 793 528)
Future service cost on service concession	(1 342 580 199)	(1 382 596 443)	(1 342 580 199)	(1 382 596 443)
Present value of service concession liability	1 440 018 237	1 365 761 332	1 440 018 237	1 365 761 332

Present value of the capital portion of the service concession liability

No later than one year-service concession	(75 874 954)	(74 262 436)	(75 874 954)	(74 262 436)
Later than one year no later than five years	(371 084 116)	(378 847 443)	(371 084 116)	(378 847 443)
Later than five years	1 886 977 307	1 818 871 211	1 886 977 307	1 818 871 211
	1 440 018 237	1 365 761 332	1 440 018 237	1 365 761 332

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Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
28. Service concession arrangement (continued)				
Fair value of liability (amortised cost)	1 440 018 237	1 365 761 332	1 440 018 237	1 365 761 332
Collateral held on the above service concession	859 984 718	897 649 037	859 984 718	897 649 037
Denneboom Station Public Transport Interchange:				
<i>2023/24</i>				
The facility has been completed and its operational.				
Denneboom service concession liability				
Denneboom Station Public Transport Interchange	1 127 666 925	1 178 539 117	1 127 666 925	1 178 539 117
The facility was completed was completed in the prior year year and income amounting to R50 872 192 was recognised in the statement of financial performance.				
Denneboom service concession asset				
Land	1 854 770	1 854 770	1 854 770	1 854 770
Denneboom Station Public Transport Interchange	999 115 451	1 038 250 766	999 115 451	1 038 250 766
	1 000 970 221	1 040 105 536	1 000 970 221	1 040 105 536
Total service concession liability				
Tshwane House	1 440 018 237	1 365 761 332	1 440 018 237	1 365 761 332
Denneboom Station Public Transport Interchange	1 127 666 925	1 178 539 117	1 127 666 925	1 178 539 117
	2 567 685 162	2 544 300 449	2 567 685 162	2 544 300 449
Total service concession asset included in Note 13				
Tshwane House	859 984 718	897 649 037	859 984 718	897 649 037
Denneboom Station Public Transport Interchange	999 115 451	1 038 250 766	999 115 451	1 038 250 766
	1 859 100 169	1 935 899 803	1 859 100 169	1 935 899 803
Closing balance				
Current	75 874 954	286 223 928	75 874 954	286 223 928
Non-current	2 491 810 208	2 258 076 521	2 491 810 208	2 258 076 521
	2 567 685 162	2 544 300 449	2 567 685 162	2 544 300 449
29. Service charges				
Service charges	289 717 443	418 552 948	289 717 443	418 552 948
Sale of electricity	15 236 237 422	13 472 414 391	15 236 756 527	13 472 924 534
Sale of water	5 485 080 708	5 087 220 429	5 485 080 708	5 087 220 429
Solid waste	1 748 693 611	1 608 409 541	1 748 693 611	1 608 409 541
Sewerage and sanitation charges	1 598 143 889	1 495 429 537	1 598 143 889	1 495 429 537
	24 357 873 073	22 082 026 846	24 358 392 178	22 082 536 989

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Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
30. Other income				
Admission fees	30 088 713	32 254 180	30 088 713	32 254 180
Airside income	8 806 485	13 826 262	8 806 485	13 826 262
Ambulance fees	1 193	190	1 193	190
Application fees	11 652 504	11 215 879	11 652 504	11 215 879
Approval fees: advertisements	56 685 184	44 537 006	56 685 184	44 537 006
Areyeng income	19 599 460	26 379 902	19 599 460	26 379 902
Building fees	45 445 572	55 842 762	45 445 572	55 842 762
Bulk water gain	4 393 106	13 249 746	4 393 106	13 249 746
Bus rentals	3 963 524	4 245 041	3 963 524	4 245 041
Clearance certificates	2 676 560	3 388 430	2 676 560	3 388 430
Fire services	12 743 393	5 024 660	12 743 393	5 024 660
Income from grave services	13 034 616	13 038 360	13 034 616	13 038 360
Insurance claims	59 131 950	62 763 700	59 131 950	62 763 700
Jobbing	4 820 013	4 073 112	4 820 013	4 073 112
Land sales	12 404 348	1 641 282	12 404 348	1 641 282
Market fees	228 594 875	208 410 960	228 594 875	208 410 960
Miscellaneous	23 187 577	99 867 077	23 187 577	99 867 077
Motor vehicles licences (refund from Province)	222 276 292	200 718 221	222 276 292	200 718 221
Parking: vehicles	5 099 983	4 746 287	5 099 983	4 746 287
Registration certificates	4 098 211	3 517 991	4 098 211	3 517 991
Reminder fees	27 992 311	70 991 638	27 992 311	70 991 638
Sales: Maps	1 092 181	1 509 733	1 092 181	1 509 733
Sundry fees	8 557 794	8 014 980	5 756 548	6 975 934
Township development contributions	171 575 043	215 180 712	171 575 043	215 180 712
Training fees recovered	20 348 728	18 523 431	20 348 728	18 523 431
Transport fees	52 378 593	72 385 060	52 378 593	72 385 060
Tree valuations	211 440	187 433	211 440	187 433
VAT audit refund	311 634 244	-	311 634 244	-
	1 362 493 893	1 195 534 035	1 359 692 647	1 194 494 989
31. Investment revenue				
Interest revenue				
Bank	21 194 008	11 812 655	19 580 708	10 788 215
Short-term investments	112 318 332	65 785 360	112 318 332	65 785 360
Long-term investments	27 281 237	32 247 139	27 281 237	32 247 139
Contingency Insurance	-	8 087	-	8 087
Interest received - other	-	12 857 659	-	12 857 659
Loans to members	-	1 285	-	1 285
Loans to owners	59 110	139 569	-	-
Interest: Redemption fund	81 779 963	94 505 482	81 779 963	94 505 482
	242 632 650	217 357 236	240 960 240	216 193 227
32. Property rates				
Rates received				
Property rates	9 806 515 525	9 068 528 767	9 807 460 751	9 069 425 546
	9 806 515 525	9 068 528 767	9 807 460 751	9 069 425 546
Property rates - penalties imposed	-	-	-	-
	9 806 515 525	9 068 528 767	9 807 460 751	9 069 425 546

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
32. Property rates (continued)				
Valuations				
Residential	451 145 550 014	442 329 867 537	451 145 550 014	442 329 867 537
Other	246 180 102 158	246 391 714 883	246 180 102 158	246 391 714 883
	697 325 652 172	688 721 582 420	697 325 652 172	688 721 582 420

The land value was changed to market value according to the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA) that came into effect on 1 July 2008. The increase in valuation is due to the fact that the full market value of a property is now the basis of levying rates and not the land value. No difference is made between land value and the value of improvements and only the market value appears on the valuation roll.

With the implementation of the 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

Community Libraries	10 377 527	9 256 947	10 377 527	9 256 947
Energy Efficiency and Demand Side Management (EEDSM)	-	78 260	-	78 260
Equitable share	3 993 570 000	3 551 251 133	3 993 570 000	3 551 251 133
Expanded Public Works Programme (EPWP)	15 580 000	15 496 000	15 580 000	15 496 000
Finance Management grant (FMG)	1 497 764	1 789 113	1 497 764	1 789 113
Fuel levy	1 628 341 000	1 653 094 000	1 628 341 000	1 653 094 000
Informal Settlements Upgrading Partnership Grant	24 577 587	27 118 966	24 577 587	27 118 966
HIV and AIDS (Provincial Health Department)	22 036 352	25 612 000	22 036 352	25 612 000
Human Settlement Development Grant (HSDG)	11 242 521	4 563 872	11 242 521	4 563 872
Mamelodi Bus operating subsidy	-	43 733 769	-	43 733 769
Neighbourhood Development Partnership Grant (NDPG)	114 581 143	135 825 814	114 581 143	135 825 814
Primary Health Care (PHC)	64 015 000	61 258 000	64 015 000	61 258 000
Programme and Preparation Support Grant (PPPSG)	46 509 248	37 322 703	46 509 248	37 322 703
Public Transport Network Grant (PTNG) - operational	529 416 930	535 454 837	529 416 930	535 454 837
Informal Settlements Upgrading Partnership Grant- Provincial	44 627 481	-	44 627 481	-
Urban Settlement Development Grant (USDG)	28 453 860	310 171 050	28 453 860	310 171 050
	6 534 826 413	6 412 026 464	6 534 826 413	6 412 026 464

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
33. Government grants & subsidies (continued)				
Capital grants				
Electricity Demand Side	1 999 124	8 277 416	1 999 124	8 277 416
Informal Settlements Upgrading Partnership	458 771 878	464 163 555	458 771 878	464 163 555
Integrated City Development	-	769	-	769
Neighbourhood Development Partnership Grant (NDPG)	18 207 261	13 425 742	18 207 261	13 425 742
Public Transport Network Grant (PTNG) - Capital	146 340 783	165 411 331	146 340 783	165 411 331
Recapitalisation of Community Libraries Grant	11 798 351	12 936 590	11 798 351	12 936 590
Social Housing Regulatory Authority	59 592 840	141 630 407	-	-
Urban Settlement Development Grant (USDG) - capital	894 393 921	847 012 894	894 393 921	847 012 894
	1 591 104 158	1 652 858 704	1 531 511 318	1 511 228 297
	8 125 930 571	8 064 885 168	8 066 337 731	7 923 254 761

Conditional and Unconditional

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

Conditional grants received	2 504 019 571	2 860 540 035	2 444 426 731	2 718 909 628
Unconditional grants received	5 621 911 000	5 204 345 133	5 621 911 000	5 204 345 133
	8 125 930 571	8 064 885 168	8 066 337 731	7 923 254 761

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 1 069 (2023: 767), which is funded from the grant.

Current year receipts	3 665 545 000	3 366 807 000	3 665 545 000	3 366 807 000
Conditions met - transferred to revenue	(3 993 570 000)	(3 551 251 133)	(3 993 570 000)	(3 551 251 133)
Offset as per DoRA	328 025 000	184 444 133	328 025 000	184 444 133
	-	-	-	-

Fuel Levy (DoRA)

Current-year receipts	1 628 341 000	1 653 094 000	1 628 341 000	1 653 094 000
Conditions met - transferred to revenue	(1 628 341 000)	(1 653 094 000)	(1 628 341 000)	(1 653 094 000)
	-	-	-	-

The purpose of the fuel levy grant is to provide for basic services and infrastructure development in under-served communities, specifically to transport infrastructure given the link between fuel sales and road usage.

Primary Health Care Subsidy

Current-year receipts	64 015 000	61 258 000	64 015 000	61 258 000
Conditions met - transferred to revenue	(64 015 000)	(61 258 000)	(64 015 000)	(61 258 000)
	-	-	-	-

The purpose of this subsidy is to render comprehensive primary health services according to service level agreements.

The conditions of the subsidy are always met.

City of Tshwane Metropolitan Municipality

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
33. Government grants & subsidies (continued)				
Finance Management Grant (FMG)				
Balance unspent at beginning of year	410 887	94 213	410 887	94 213
Current-year receipts	2 200 000	2 200 000	2 200 000	2 200 000
Conditions met - transferred to revenue	(1 497 764)	(1 789 113)	(1 497 764)	(1 789 113)
Offset as per DoRA	(410 887)	(94 213)	(410 887)	(94 213)
	702 236	410 887	702 236	410 887

Conditions still to be met - remain under unspent grant as a liability (note 26).

To promote support reforms in financial management by building capacity in municipalities to implement the Local Government: Municipal Finance Management Act (MFMA).

Public Transport Network Grant (PTNG)

Balance unspent at beginning of year	51 434 334	52 321 344	51 434 334	52 321 344
Current-year receipts	740 319 000	753 681 000	740 319 000	753 681 000
Conditions met - transferred to revenue	(675 757 713)	(702 246 666)	(675 757 713)	(702 246 666)
Offset as per DoRA	(51 434 334)	(52 321 344)	(51 434 334)	(52 321 344)
	64 561 287	51 434 334	64 561 287	51 434 334

Conditions still to be met - remain under unspent grant as a liability (note 26).

To provide funding for the accelerated development and enhancement of public and non-motorized transport infrastructure within municipal integrated public transport networks (IPTN).

Human Settlement Development Grant (HSDG)

Balance unspent at beginning of year	159 389 916	141 380 246	159 389 916	141 380 246
Current-year receipts	-	22 573 542	-	22 573 542
Conditions met - transferred to revenue	(11 242 521)	(4 563 872)	(11 242 521)	(4 563 872)
Repaid to grantors	(147 640 749)	-	(147 640 749)	-
	506 646	159 389 916	506 646	159 389 916

Conditions still to be met - remain under unspent grant as a liability (note 26).

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

Urban Settlement Development Grant (USDG)

Balance unspent at beginning of year	165 775 076	281 100 548	165 775 076	281 100 548
Current-year receipts	948 462 000	1 044 111 000	948 462 000	1 044 111 000
Conditions met - transferred to revenue	(922 847 781)	(1 157 183 945)	(922 847 781)	(1 157 183 945)
Offset as per DoRA	(165 775 076)	(2 252 527)	(165 775 076)	(2 252 527)
	25 614 219	165 775 076	25 614 219	165 775 076

Conditions still to be met - remain under unspent grant as a liability (see note 26).

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.

City of Tshwane Metropolitan Municipality

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Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
33. Government grants & subsidies (continued)				
HIV and AIDS (Provincial Health Department)				
Balance unspent at beginning of year	-	-	-	-
Current-year receipts	26 765 000	25 612 000	26 765 000	25 612 000
Conditions met - transferred to revenue	(22 036 352)	(25 612 000)	(22 036 352)	(25 612 000)
	4 728 648	-	4 728 648	-

The program aims to sustain ward-based door-to-door HIV education to reduce new infections, with a focus on youth, through combination HIV prevention.

Informal Settlements Upgrading Partnership (DoRA)

Balance unspent at beginning of year	102 402 479	29 899 101	102 402 479	29 899 101
Current-year receipts	535 042 000	593 685 000	535 042 000	593 685 000
Conditions met - transferred to revenue	(483 349 465)	(491 282 521)	(483 349 465)	(491 282 521)
Offset as per DoRA	(102 402 540)	(29 899 101)	(102 402 540)	(29 899 101)
	51 692 474	102 402 479	51 692 474	102 402 479

Conditions still to be met - remain under unspent grant as a liability (see note 26).

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

Gautrans

Balance unspent at beginning of year	11 961 294	11 961 294	11 961 294	11 961 294
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Conditions still to be met - remain under unspent grant as a liability (see note 26).

The purpose of this grant is to reconstruct and update the Garsfontein road (K50) to dual carriage way between Loristo and Anton van Wouw streets.

Neighbourhood Development Partnership Grant (NDPG)

Balance unspent at beginning of year	963 444	94 135 100	963 444	94 135 100
Current-year receipts	140 465 000	150 215 000	140 465 000	150 215 000
Conditions met - transferred to revenue	(132 788 404)	(149 251 556)	(132 788 404)	(149 251 556)
Offset as per DoRA	(963 444)	(94 135 100)	(963 444)	(94 135 100)
	7 676 596	963 444	7 676 596	963 444

Conditions still to be met - remain under unspent grant as a liability (see note 26).

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 neighbourhoods, generally townships and rural towns.

City of Tshwane Metropolitan Municipality

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
33. Government grants & subsidies (continued)				
Community Library Services				
Balance unspent at beginning of year	1 774 569	2 218 107	1 774 569	2 218 107
Current-year receipts	20 646 000	21 750 000	20 646 000	21 750 000
Conditions met - transferred to revenue	(22 175 878)	(22 193 538)	(22 175 878)	(22 193 538)
	244 691	1 774 569	244 691	1 774 569

Conditions still to be met - remain under unspent grant as a liability (see note 26).

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
Offset as per DoRA	(384 498)	-	(384 498)	-
	-	384 498	-	384 498

Conditions still to be met - remain liabilities (see note 26).

The grant is from the Department of Public Service and Administration (DPSA) and is intended to supports programmes in the research, development and piloting of new ways of delivering front-line public services.

Expanded Public Works Programme (EPWP)

Current-year receipts	15 580 000	15 496 000	15 580 000	15 496 000
Conditions met - transferred to revenue	(15 580 000)	(15 496 000)	(15 580 000)	(15 496 000)
	-	-	-	-

To incentivize municipalities to enhance job creation efforts using labor-intensive methods in compliance with EPWP Guidelines.

To incentivize municipalities to expand work creation efforts through use of labour-intensive delivery methods in the following identified focus areas, in compliance with the EPWP Guidelines:

- Road maintenance and maintenance of buildings.
- Low traffic volume and rural roads;
- Basic services infrastructure, including water and sewer reticulation, sanitation pipelines (excluding bulk infrastructure);
- Other economic and social infrastructure;
- Tourism and cultural industries;
- Waste management;
- Parks and beautification;
- Sustainable land- based livelihoods;
- Social services programmes;
- Health Services programmes and
- Community safety services.

City of Tshwane Metropolitan Municipality

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
33. Government grants & subsidies (continued)				
Social Infrastructure grant				
Balance unspent at beginning of year	-	3 441 929	-	3 441 929
Conditions met - transferred to revenue	-	-	-	-
Repaid to grantors	-	(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.

Mamelodi Bus Operating Subsidy

Balance unspent at beginning of year	-	214 231	-	214 231
Current-year receipts	-	30 386 738	-	30 386 738
Conditions met - transferred to revenue	-	(42 353 272)	-	(42 353 272)
Restatement	-	(1 732 558)	-	(1 732 558)
Grant debtor	-	13 484 861	-	13 484 861
	-	-	-	-

To provide additional subsidized bus transport services to various communities covering Mamelodi & Southern, Eastern, Northern Suburbs and Pretoria CBD.

Energy Efficiency and Demand Side Management Grant (EEDSM)

Balance unspent at beginning of year	644 326	334 212	644 326	334 212
Current-year receipts	2 000 000	9 000 000	2 000 000	9 000 000
Conditions met - transferred to revenue	(1 999 124)	(8 355 674)	(1 999 124)	(8 355 674)
Offset as per DoRA	(644 326)	(334 212)	(644 326)	(334 212)
	876	644 326	876	644 326

Conditions still to be met - remain under unspent grant as a liability (see note 26).

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	14 209 297	5 407 658	14 209 297	5 407 658
Current-year receipts	47 000 000	51 532 000	47 000 000	51 532 000
Conditions met - transferred to revenue	(46 509 248)	(37 322 703)	(46 509 248)	(37 322 703)
Offset as per DoRA	(6 394 425)	(5 407 658)	(6 394 425)	(5 407 658)
	8 305 624	14 209 297	8 305 624	14 209 297

Conditions still to be met - remain under unspent grant as a liability (see note 26).

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

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
33. Government grants & subsidies (continued)				
Integrated City Development Grants (ICDG)				
Balance unspent at beginning of year	-	769	-	769
Conditions met - transferred to revenue	-	(769)	-	(769)
	-	-	-	-
Informal Settlements Upgrading Partnership Grant-Provincial				
Current-year receipts	83 980 000	-	83 980 000	-
Conditions met - transferred to revenue	(44 627 481)	-	(44 627 481)	-
	39 352 519	-	39 352 519	-

The funding is for the clearance of site, relocation and procurement of rudimentary water, sanitation, and waste management services for Piensaarspoort and other informal settlements.

34. Fines, Penalties and Forfeits

Building Fines	74 594 386	-	74 594 386	-
Deposits Forfeits	77 329	147 400	77 329	147 400
Law Enforcement Fines	7 617 423	16 604 748	7 617 423	16 604 748
Market Fines	65 028	-	65 028	-
Motor Vehicle Licence Penalties	15 864	16 957	15 864	16 957
Municipal Traffic Fines	157 511 852	131 843 225	157 511 852	131 843 225
Overdue Books Fines	312 772	341 897	312 772	341 897
Pound Fees Fines	502 276	2 256 371	502 276	2 256 371
Retentions Forfeits	460 959	356 500	460 959	356 500
	241 157 889	151 567 098	241 157 889	151 567 098

35. Rental of facilities and equipment

Facilities and equipment				
Rental of facilities	208 762 500	166 269 283	175 208 153	152 934 706
Rental Income Straight-lining				
Within one year	5 070 418	5 034 471	5 070 418	5 034 471
In second to fifth year	20 840 834	20 537 532	20 840 834	20 537 532
Later than five years	81 217 981	80 419 423	81 217 981	80 419 423
	107 129 233	105 991 426	107 129 233	105 991 426

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.

City of Tshwane Metropolitan Municipality

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Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
36. Interest received (trading)				
Consumer receivables	2 098 388 016	1 252 413 916	2 098 388 016	1 252 413 916
Property rates	42 909	248 054	42 909	248 054
Other receivables	-	587 599	-	587 599
	2 098 430 925	1 253 249 569	2 098 430 925	1 253 249 569
37. Employee related costs				
Basic	7 745 557 051	7 694 554 149	7 682 979 572	7 627 684 729
Medical aid - company contributions	725 480 444	696 342 735	722 927 941	694 093 846
UIF	43 407 730	44 682 029	42 438 389	43 676 563
Standby allowances	81 367 215	83 589 088	81 367 215	83 589 088
Leave pay provision charge	215 158 027	167 593 856	214 765 355	168 092 171
Defined contribution plans	1 205 237 906	1 267 474 996	1 199 355 179	1 261 548 732
Effect of the asset ceiling	-	(167 133 564)	-	(167 133 564)
Acting allowances	18 030 304	19 084 221	17 954 329	19 052 039
Shift allowances	28 960 751	30 219 237	28 960 751	30 219 237
Defined benefit plans	14 097 349	33 967 607	14 097 349	33 967 607
Travel, motor car, accommodation, subsistence and other allowances	291 531 999	304 636 439	290 843 792	303 885 005
Overtime payments	601 798 534	624 911 548	600 077 832	622 520 410
Long-service awards	1 456 323	1 940 882	1 456 323	1 940 882
Incentive Bonuses	2 148 555	2 442 544	-	597 680
Part time service	25 098 944	23 055 782	25 098 944	23 055 782
Unifix allowance	428 072 914	410 644 647	428 072 914	410 644 647
Housing benefits and allowances	64 296 925	64 035 211	64 155 277	63 904 693
Occupation allowance	12 000	12 000	12 000	12 000
Compensation commissioner (COIDA)	2 632 555	2 579 342	2 632 555	2 579 342
Cellphone and telephone allowances	17 572 745	17 992 159	16 551 916	17 242 801
Cashiers' allowances	1 771 058	1 965 889	1 771 058	1 965 889
Fire allowances	4 439 340	4 505 978	4 439 340	4 505 978
Responsibility allowance	7 453	8 451	7 453	8 451
Lone man allowance	2 310 948	3 280 134	2 310 948	3 280 134
Danger allowance	7 716	9 118	7 716	9 118
General allowance	1 325 896	1 344 267	1 009 980	1 344 267
Sewer allowance	160 566	306 823	160 566	306 823
Share-based payment	4 393 281	4 466 368	-	-
	11 526 334 529	11 338 511 936	11 443 454 694	11 252 594 350

City of Tshwane Metropolitan Municipality

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

37. Employee related costs (continued)

Remuneration of Executive Managers and Board of Directors - HCT Executive and Management - 2024

	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	1 680 057	36 000	-	184 389	-	-	-	-	1 900 446
Chief Operation Officer - M Matabane	1 420 622	36 000	-	155 861	-	-	-	11 518	1 624 001
Chief Finance Officer - J Thamaga	1 420 617	36 000	-	155 861	-	-	-	10 994	1 623 472
Company Secretary - K Chauke	117 992	4 000	20 966	39 105	3 966	-	-	-	186 029
Finance Manager - L Makibinyane	1 000 072	24 000	177 491	109 562	49 378	-	91 302	24 131	1 475 936
Property Manager - W Ramotshela	116 029	4 000	20 485	67 790	10 014	2 023	-	-	220 341
Programme Manager - K Mali	638 494	24 000	113 219	69 889	-	12 141	58 240	5 131	921 114
Human Resource Manager - M Mothobi	681 941	24 000	121 103	-	-	-	56 066	-	883 110
Supply Chain Manager - H Masia	398 172	14 000	70 643	46 571	14 021	-	56 066	-	599 473
Client Services Manager - Z Mofokeng	682 491	24 000	121 102	-	54 914	-	56 066	-	938 573
	8 156 487	226 000	645 009	829 028	132 293	14 164	317 740	51 774	10 372 495

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 Operations 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 - C Mhlungu	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 - K 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 Service 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

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Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

37. Employee related costs (continued)

Non-executive directors - 2024

	Accounting Officers' fees	Total
T Dlamini - BOARD Chair	353 223	353 223
B Damoyi	168 054	168 054
S Sebola	399 629	399 629
Z Pikashe	392 104	392 104
P Tau-Sekati	379 947	379 947
	1 692 957	1 692 957

Non-executive directors - 2023

	Accounting Officers' fees	Total
T Dlamini - BOARD Chair	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	436 493	436 493
	2 119 792	2 119 792

Remuneration of Executive Managers and Board of Directors TEDA

Board of Directors - 2024

Name	Board fees	Committees fees	Other fees (AGM, Retainer, Shareholder and Stakeholder Engagement etc.	Audit and performance committee fees	Total
Ms A Hirachund (Chairperson)	211 960	27 252	654 789	-	894 001
Mr KK Maimela	148 372	228 614	448 450	-	825 436
Mr JG Mocke	148 372	237 198	552 925	42 392	980 887
	508 704	493 064	1 656 164	42 392	2 700 324

Board of Directors - 2023

Name	Board fees	Committees fees	Other fees (AGM, Retainer, Shareholder and Stakeholder Engagement etc.	Audit and performance committee fees	Total
Ms A Hirachund (Chairperson)	196 820	9 084	554 649	-	760 553
Mr KK Maimela	112 036	237 698	421 324	-	771 058
Mr JG Mocke	127 176	261 922	389 530	36 337	814 965
	436 032	508 704	1 365 503	36 337	2 346 576

City of Tshwane Metropolitan Municipality

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Figures in Rand

37. Employee related costs (continued)

Executive Managers - 2024

Name	Basic salary	Acting allowance	Cellphone allowance	UIF	Defined contributions	Total
Acting Chief Executive Officer (Mr J Mkhonto) from 15 September 2023 to 30 April 2024	-	397 287	-	-	-	397 287
Chief Executive Officer (Dr L Stander) from 01 May 2024	308 663	-	7 200	354	23 897	340 114
Chief Financial Officer (Mr Z Mheyamwa) to 30 April 2024	1 674 005	-	24 000	1 594	-	1 699 599
Acting Executive Manager Corporate Services- (Mr M Maepa) from 01 May 2021	-	339 667	-	-	-	339 667
Acting Executive Manager TIPP (Mr J Mkhonto) from 01 January 2022 to 15 September 2023	-	69 673	-	-	-	69 673
Acting Executive Manager TIPP (Mr G Motlotsi) from 15 September 2023	-	254 751	-	-	-	254 751
Acting Chief Executive Officer (Mr O Mokoena) from 19 July 2022 to September 2023	-	151 059	-	-	-	151 059
Acting Chief Financial Officer (Mr O Mokoena) from 1 May 2024	-	56 611	-	-	-	56 611
	1 982 668	1 269 048	31 200	1 948	23 897	3 308 761

Executive Managers - 2023

Name	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
Mr SD Mogaladi (Former CEO)	-	-	-	-	-	3 780 000	3 780 000
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
	2 173 641	688 517	31 200	24 291	9 936	3 780 000	6 707 585

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

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Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

38. Remuneration of councillors

Councillors' allowances	133 389 734	131 912 644	133 389 734	131 912 644
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Councillor's remuneration - June 2024	Basic salary	Travel allowance	Cell phone allowance	Other allowances	Total
Mayor : Cilliers Brink	1 404 260	-	40 800	-	1 445 060
Deputy Executive Mayor - Hazel Nasiphi Moya	751 367	-	27 142	-	778 509
Chief Whip : Christiaan Mauritz Van Den Heever	1 068 312	-	25 368	-	1 093 680
Speaker - Mncedi Ndzwanana	1 086 677	-	40 800	-	1 127 477
Members of mayoral committee:					
Thembsmandla Elijah Fosi	1 008 228	-	25 368	-	1 033 596
Gertruida Elizabeth Catharina Marx	1 068 312	-	25 368	-	1 093 680
Rachel Katlego Mathebe	1 068 312	-	25 368	-	1 093 680
Kingsley's Hope Wakelin	1 019 348	-	22 091	-	1 041 439
Umberto Grandi Theunissen	1 068 312	-	25 368	-	1 093 680
Douglas Ziyanda Zwane	1 068 312	-	25 368	-	1 093 680
Jacqueline Uys	445 130	-	10 570	-	455 700
Johannes Jacobus Coetzee	1 068 312	-	25 368	-	1 093 680
Ofentse Nathaniel Madzabatela	1 068 312	-	25 368	-	1 093 680
Granny Peggy De Bruin	601 981	-	14 798	-	616 779
Peter Sutton	585 842	-	14 798	-	600 640
Other councillors	101 699 288	9 365 448	5 114 977	2 455 061	118 634 774
	116 080 305	9 365 448	5 488 920	2 455 061	133 389 734

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

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38. 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 38.

39. Remuneration of Top Management

Remuneration: City Manager (Johann Frederick Mettler)

Annual remuneration	3 319 123	2 765 930
Cellphone Allowance	24 000	20 000
	3 343 123	2 785 930

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39. Remuneration of Top Management (continued)

Reporting directly to City Manager

2023/2024

Name	Designation	Acting period	Remuneration	Cell phone allowance	Travel allowances	Acting allowances	Total
Mandisi Gareth Trevor Mnisi	Chief Financial Officer		1 596 437	12 000	-	-	1 608 437
Asraf Mohamed Adam	Governance and Support Officer		1 770 517	14 400	-	-	1 784 917
Vuyo Zitumane	Chief Operations Officer		1 991 032	16 200	-	-	2 007 232
Makhapule Winners Khosa	Chief Audit Executive		1 634 123	12 000	-	-	1 646 123
Moshema Petrus Mosia	Chief of Emergency		1 855 628	13 500	-	-	1 869 128
Yolande Catherine Renee Faro	Chief of Police		1 584 517	13 500	-	-	1 598 017
Selby Moeketsi Bokaba	Divisional Head: Strategic Communication	01/07/2023 - 31/12/2023	2 056 949	18 000	130 693	96 855	2 302 497
Paledi Nelgah Marota	Group Head: Office of the City Manager		1 230 362	10 500	-	-	1 240 862
Moshema Petrus Mosia	Fire Chief: Fire Brigade Services	01/07/2023-30/09/2023	577 517	4 500	32 673	44 437	659 127
Basil Dinga Nkhwashu	Deputy Chief of Police: Regional Policing	01/07/2023-30/09/2023	2 069 430	16 500	119 802	45 847	2 251 579
Thembelihle Alice Mabaso	Divisional Head: Executive Performance Management	01/07/2023-31/07/2023, 01/09/2023-30/09/2023	2 048 577	18 000	130 693	30 458	2 227 728
Marcelle Chetty	Divisional Head: Governance & Admin	01/08/2023 - 31/08/2023	1 935 089	18 000	130 693	15 359	2 099 141
Isaiah Clive Engelbrecht	Divisional Head: Innovation & Knowledge	01/07/2023 - 31/07/2023	2 075 813	18 000	130 693	15 646	2 240 152
Thabisa Mbungwana	Divisional Head: Strategic Relationship	01/08/2023 - 31/10/2023	2 070 169	18 000	130 693	49 172	2 268 034
Albertus Gideon Van Zyl	Divisional Head: Strat Dev & Imp	01/11/2023 - 31/01/2024	2 072 436	18 000	130 693	49 172	2 270 301
Nthabiseng Merline Mokete	Divisional Head: Budget Office	01/07/2023 - 31/10/2023	2 074 402	18 000	130 693	64 818	2 287 913
Matseane Mmakagiso Poo	Divisional Head: SpecAudit, CorpEnt & FA	01/08/2023 - 31/10/2023	2 072 967	18 000	130 693	64 818	2 286 478
			30 715 965	257 100	1 198 019	476 582	32 647 666

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39. Remuneration of Top Management (continued)

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 Mgozoleli	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

City of Tshwane Metropolitan Municipality

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39. Remuneration of Top Management (continued)

Group Heads

2023/2024

Name	Designation	Remuneration	Cell phone allowance	Other Allowances	Acting Allowances	Total
Paledi Nelgah Marota	Group Head: Office of the City Manager	1 230 362	10 500	-	-	1 240 862
Judith Judygirl Maluleka	Group Head: Office of the Speaker	1 562 358	18 000	130 693	-	1 711 051
Tlou Phineas Gadner Tefu	Group Head: Office of the Chief Whip	2 187 774	18 000	130 693	35 881	2 372 348
Gerald Mbulelo Shingange	Group Head: Group Human Capital Management	2 327 805	18 000	130 693	35 881	2 512 379
Musawakhe Hlanganani Oscar Khumalo	Group Head: Shared Services	2 272 402	18 000	130 693	36 716	2 457 811
Verusha Morgan	Group Head: Group Property	2 272 055	18 000	130 693	-	2 420 748
Makgorometje Augustine Makgata	Group Head: Economic Development and Spatial Planning	2 314 907	18 000	130 693	-	2 463 600
Margaretha Johanna Dunkle-Kock	Group Head: Group Legal and Secretariat Services (Suspended)	2 280 787	18 000	130 693	-	2 429 480
Koena Joseph Nkoko	Group Head: Health	2 326 439	18 000	130 693	54 239	2 529 371
Namadzavho California Phanyane	Group Head: Regional Operations and Coordination	3 533 645	16 500	119 802	-	3 669 947
Nontobeko Memela	Group Head: Housing and Human Settlement	2 271 319	18 000	130 693	-	2 420 012
Stephens Ramoage Notoane	Group Head: Water and Sanitation	2 313 660	18 000	130 693	-	2 462 353
Pheko Ignatius Letlonkane	Group Head: Roads and Transport	2 310 993	18 000	130 693	-	2 459 686
Thandiwe Shereen Radebe	Group Head: Customer Relations Management	2 286 229	21 600	130 693	-	2 438 522
Abel Tumishi Malaka	Group Head: Environmental and Agriculture Management	2 312 002	21 600	130 693	-	2 464 295
Anisha Dharumrajh	Group Head: Group Legal & Secretariat Services (Acting)	2 061 533	18 000	130 693	97 600	2 307 826
Thabo Mokebe	Group Head: Community & Social Development Services(Acting)	2 028 021	18 000	130 693	93 130	2 269 844
Livhuwani Norman Nemuthenga	Group Head: Health(Acting)	2 032 961	18 000	130 693	32 037	2 213 691
Phuti Jellico Moloto	Group Head: Regional Operations and Coordination(Acting)	2 039 892	18 000	130 693	29 056	2 217 641
Ronald Oppelt	Group Head: Group Human Capital Management(Acting)	1 767 806	18 000	130 693	40 460	1 956 959
		43 732 950	358 200	2 472 276	455 000	47 018 426

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39. Remuneration of Top Management (continued)

2022/2023

Name	Designation	Remuneration	Cell phone allowance	Other Allowances	Acting Allowances	Total
Koena J Nkoko	Group Head: Health	2 326 956	18 000	130 693	107 644	2 583 293
Gerald Mbulelo Shingange	Group Head: Group Human Capital Management	2 316 892	18 000	130 693	109 313	2 574 898
Musawakhe Hlanganani Oscar Khumalo	Group Head: Shared Services	2 317 641	18 000	130 693	53 405	2 519 739
Verusha Morgan	Group Head: Group Property	2 317 484	18 000	130 693	36 716	2 502 893
Namadzavho C Phanyane	Group Head: Regional Operations and Coordination	2 316 496	18 000	130 693	-	2 465 189
Nontobeko Memela	Group Head: Housing and Human Settlement	2 316 095	18 000	130 693	-	2 464 788
Augustine M Makgata	Group Head: Economic Development and Spatial Planning	2 314 662	18 000	130 693	-	2 463 355
Stephens R Notoane	Group Head: Water and Sanitation	2 313 654	18 000	130 693	-	2 462 347
Margaretha J Dunkle- Kock	Group Head: Legal and Secretariat Services	2 313 601	18 000	130 693	-	2 462 294
Pheko I Letlonkane	Group Head: Roads and Transport	2 307 580	18 000	130 693	-	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	180 000	1 819 095	357 239	34 163 310

City of Tshwane Metropolitan Municipality

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
40. Depreciation and amortisation				
Property, plant and equipment	2 024 839 127	2 283 682 120	2 005 620 282	2 271 163 025
Investment property	42 792 697	42 758 800	42 792 697	42 758 800
Living resources	30 015	36 476	30 015	36 476
Intangible assets	89 283 049	97 437 839	89 256 805	97 424 473
	2 156 944 888	2 423 915 235	2 137 699 799	2 411 382 774
41. Impairment loss				
Impairments				
Property, plant and equipment	54 747 478	225 642 803	9 824 962	225 642 803
Investment property	1 891 398	4 691 147	1 891 398	4 691 147
Intangible assets	1 364 524	-	1 364 524	-
	58 003 400	230 333 950	13 080 884	230 333 950
42. Finance costs				
Loans and bonds	1 126 081 528	1 080 826 780	1 126 081 528	1 080 826 780
Trade and other payables (Interest on late payment)	772 646 211	341 442 031	772 646 211	341 442 031
Finance leases	11 943 503	10 925 323	11 855 842	10 771 662
Bank overdraft	28 089 624	45 389 128	28 089 385	45 389 128
Interest paid on Interest rate swaps	11 972 429	57 489 941	11 972 429	57 489 941
Service concession arrangements	399 033 400	229 657 799	399 033 400	229 657 799
Employee benefit obligation	153 045 280	265 818 530	153 045 280	265 818 530
	2 502 811 975	2 031 549 532	2 502 724 075	2 031 395 871
43. Debt impairment				
Contributions to debt impairment provision	4 540 422 826	3 366 563 441	4 532 427 741	3 365 289 194
Contribution to impairment allowance - per service				
Rates	438 944 786	1 479 699 673	438 944 786	1 479 699 673
Electricity	177 951 192	871 821 576	177 951 192	871 821 576
Water	1 406 267 517	632 859 614	1 406 267 517	632 859 614
Sanitation	278 275 222	-	278 275 222	-
Refuse removal	242 258 342	248 687 184	242 258 342	248 687 184
Housing rental	61 952 583	11 585 387	53 957 498	10 311 140
AARTO	141 802 522	72 075 311	141 802 522	72 075 311
Housing sale	(2 266 227)	-	(2 266 227)	-
Sundry debtors	(51 224 918)	30 940 983	(51 224 918)	30 940 983
Ambulance services	(3 934 483)	3 205 305	(3 934 483)	3 205 305
Market	347 793	1 408 984	347 793	1 408 984
Wonderboom Airport	162 310	14 279 424	162 310	14 279 424
Other	1 849 886 187	-	1 849 886 187	-
	4 540 422 826	3 366 563 441	4 532 427 741	3 365 289 194

City of Tshwane Metropolitan Municipality

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	2024	2023	2024	2023
44. Other materials				
Stationery	10 513 484	12 805 634	10 513 484	12 805 634
Cleaning material	5 722 226	8 116 557	5 722 226	8 116 557
Foodbank	-	4 752 743	-	4 752 743
Petrol And Diesel Fuel	492 888 088	179 544 882	492 888 088	179 544 882
Consumable Std Rated	36 740 326	13 891 922	36 740 326	13 891 922
Premix Binder	8 243 954	8 434 046	8 243 954	8 434 046
Chemicals	37 883 751	35 755 612	37 883 751	35 755 612
Other materials repairs and maintenance	355 402 387	383 283 224	355 402 387	383 283 224
Other materials	30 726 343	12 249 734	30 726 343	12 249 734
	978 120 559	658 834 354	978 120 559	658 834 354
45. Bulk purchases				
Electricity - Eskom	13 376 426 686	11 501 338 772	13 376 426 686	11 501 338 772
Water	3 682 727 664	3 339 612 821	3 682 727 664	3 339 612 821
	17 059 154 350	14 840 951 593	17 059 154 350	14 840 951 593
46. Contracted services				
Outsourced Services				
Business and Advisory	228 524 991	191 642 312	228 524 991	191 642 312
Bus operating costs	503 796 165	587 371 979	503 796 165	587 371 979
Collection costs	321 260 107	226 288 437	321 260 107	226 288 437
Cleaning Services	30 345 737	27 887 190	30 345 737	27 887 190
Repairs and Maintenance - Contractors	478 606 915	799 125 513	513 082 978	799 110 870
Formalisation	28 453 416	14 357 425	28 453 416	14 357 425
Connection/Dis-connection	60 056 667	116 838 220	60 056 667	116 838 220
IT Services	105 498 703	75 356 571	105 578 703	75 596 571
Office space rental	113 304 729	58 830 845	113 304 729	58 830 845
Legal costs	88 312 649	141 140 034	38 821 643	135 033 225
Rudimentary services	422 572 585	424 026 687	422 572 585	424 026 687
Prevention of illegal invasion	44 571 150	32 577 010	44 571 150	32 577 010
Personnel and Labour	171 540 312	231 086 368	171 540 312	231 086 368
Refuse Removal	616 147 141	722 387 064	616 147 141	722 387 064
Security Services	565 951 092	595 188 606	565 951 092	595 188 606
Traffic control	7 472 643	12 748 197	7 472 643	12 748 197
Other	30 483 847	61 842 675	22 956 902	53 764 858
	3 816 898 849	4 318 695 133	3 794 436 961	4 304 735 864
47. Transfer and subsidies				
Grants paid to ME's				
Transfers to TEDA and HCT	(2)	-	97 801 570	97 451 572
Other subsidies				
Executive mayor donations and other transfers	171 618	1 430 166	171 618	1 430 166
Gratuities	1 592 902	1 552 447	1 592 902	1 552 447
Section 21 schools learning training support	288 000	288 000	288 000	288 000
ECD-NGO support	-	1 575	-	1 575
	2 052 520	3 272 188	2 052 520	3 272 188

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	2024	2023	2024	2023
47. Transfer and subsidies (continued)	2 052 518	3 272 188	99 854 090	100 723 760
48. General expenses				
A Re Yeng Operations	-	5 018 509	-	5 018 509
Advertising and Marketing	23 581 015	11 552 269	14 704 391	7 361 199
Auditors remuneration	50 116 634	36 096 464	46 592 388	34 138 092
Bank charges	33 425 338	24 264 749	33 366 800	24 198 304
Cleaning	322 076	2 598 378	305 244	2 577 503
Commission paid	38 739 456	20 395 459	38 739 456	20 395 459
Compensation	70 329 930	74 550 859	70 169 747	74 425 640
Compensation Commissioner	9 251 830	5 808 734	9 251 830	5 808 734
Electricity	1 473 797	1 673 071	-	-
Events Management	574 723	3 358 437	401 924	2 980 075
Gas	122 400	334 836	-	-
IT support fees	194 097 604	264 297 717	193 938 394	264 194 263
Insurance	203 515 199	178 839 852	203 309 165	178 656 380
Internet Fees	33 405 806	34 279 669	33 405 806	34 279 669
Lease vehicle expense	11 644 469	216 631 215	11 644 469	216 631 215
Legal fees	205 790 734	14 493 872	205 790 734	14 493 872
Licenses	19 568 698	21 094 197	19 568 698	21 094 197
Locomotion Allowance	18 370 136	20 430 225	18 370 136	20 430 225
Management information Systems	82 051 394	107 498 048	82 051 394	107 498 048
Office rental	160 131 254	190 167 042	155 646 824	185 682 612
Membership Fees	18 898 272	17 280 692	18 700 382	17 035 282
Net Stock Changes	18 670 975	13 387 622	18 670 975	13 387 622
Non-Capital Items	1 981 830	3 456 206	1 977 672	3 440 043
Bursaries Employees	5 241 593	5 929 674	5 241 593	5 929 674
Postage	19 885 576	16 061 984	19 885 576	16 061 984
Printing and stationery	19 357 684	18 730 369	18 532 205	17 777 412
Protective Clothing and Uniform	41 189 111	53 697 898	40 811 934	53 331 246
Subsistence & Travel	102 258	86 106	-	-
Rehabilitation Provision Expenses	9 701 912	13 999 893	9 701 912	13 999 893
Rental Vehicles	68 418 508	92 119 022	68 418 508	92 119 022
Rental of plant and equipment	119 789 959	148 315 179	115 523 685	144 053 546
Software Licenses	21 996 843	29 015 346	21 996 843	29 015 346
Subscriptions and membership fees	118 379	69 346	-	-
Telecommunications	15 973 000	19 041 259	15 958 237	19 041 259
Training and skills development	161 232 691	125 757 308	161 232 691	125 757 308
Repairs and maintenance - Fibre	56 699 255	37 827 104	30 132 874	32 976 018
Transport Cost	1 896 846	3 056 734	1 641 478	2 819 013
WIFI	-	22 462 079	-	22 462 079
Other expenses	6 836 071	9 705 461	4 487 936	7 590 362
	1 744 503 256	1 863 382 884	1 690 171 901	1 836 661 105

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Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
49. Repairs and Maintenance				
Group				
30 June 2024	Contracted Services	General	Other Materials	Total
Intangible assets	69 714	30 132 874	-	30 202 588
Property, plant and equipment	485 026 317	10 123	350 989 700	836 026 140
	485 096 031	30 142 997	350 989 700	866 228 728
30 June 2023	Contracted Services	General	Other Materials	Total
Heritage	19 987 452	-	-	19 987 452
Intangible assets	54 634 740	32 976 018	-	87 610 758
Investment property	605 039	-	-	605 039
Property, plant and equipment	725 370 369	14 643	383 283 224	1 108 668 236
	800 597 600	32 990 661	383 283 224	1 216 871 485
Municipality				
30 June 2024	Contracted Services	General	Other Materials	Total
Intangible assets	69 714	30 132 874	-	30 202 588
Property, plant and equipment	469 241 920	-	350 989 700	820 231 620
	469 311 634	30 132 874	350 989 700	850 434 208
30 June 2023	Contracted Services	General	Other Materials	Total
Heritage	19 987 452	-	-	19 987 452
Intangible assets	54 634 740	32 976 018	-	87 610 758
Investment property	605 039	-	-	605 039
Property, plant and equipment	723 883 639	-	383 283 224	1 107 166 863
	799 110 870	32 976 018	383 283 224	1 215 370 112

City of Tshwane Metropolitan Municipality

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
50. Taxation				
Major components of the tax expense (income)				
Current				
Local income tax - current period	851 375	-	-	-
Deferred				
Originating and reversing temporary differences	1 016 523	(113 200)	-	-
	1 867 898	(113 200)	-	-
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate.				
Applicable tax rate	27.00 %	27.00 %	- %	- %
A provisional tax payment of R825,948 (June 2023: R445,582) has been made as at 30 June 2024.				
51. Tax paid				
Balance at beginning of the year	622 062	176 480	-	-
Current tax for the year recognised in surplus or deficit	(851 375)	-	-	-
Balance at end of the year	(301 080)	(622 062)	-	-
	(530 393)	(445 582)	-	-
52. Current tax payable (receivable)				
Balance at beginning of the period	(622 062)	(176 479)	-	-
Current tax for the period recognised in surplus or deficit	831 285	-	-	-
Provisional tax paid	(825 948)	(445 583)	-	-
Income tax refund	315 645	-	-	-
	(301 080)	(622 062)	-	-

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Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
53. Cash generated from operations				
Surplus	2 105 050 689	1 319 051 435	2 145 575 987	1 142 125 935
Adjustments for:				
Depreciation and amortisation	2 156 944 888	2 423 915 233	2 137 699 799	2 411 382 772
Loss on disposal of assets	80 122 851	251 814 255	79 375 228	271 040 527
Loss on retirement of investment property	170 000	569 583	170 000	569 547
(Gain) loss on foreign exchange	(803 977)	292 877	(803 977)	292 877
Income from equity accounted investments	(55 756 392)	(95 093 299)	(55 756 392)	(95 093 299)
Movements due to change in estimates	51 819 150	(72 669 923)	-	-
Interest income non-cash	(281 479 225)	(68 930 678)	(281 479 225)	(68 930 678)
Impairment	58 003 400	230 333 952	13 080 884	230 333 952
Actuarial gain	(172 520 258)	(191 170 625)	(172 520 258)	(191 170 625)
Finance cost - Service Concession	28	23 384 713	85 497 282	23 384 713
Interest rate swap valuation	(4 270 125)	84 087 481	(4 270 125)	84 087 481
Debt impairment	4 540 422 826	3 366 563 441	4 532 427 741	3 365 289 194
Fair value adjustments - interest rate swaps	107 974 164	(108 011 734)	107 974 164	(108 011 734)
Movement due to natural attrition of living resources	(32 053)	(13 296)	(32 053)	(13 296)
Movements in employee benefit obligations	139 087 242	(253 234 373)	138 287 457	(251 883 389)
Movements in provisions	315 825 538	(65 569 113)	318 543 443	(68 287 018)
Other movements	(51 819 150)	92 123 892	-	-
Changes in working capital:				
Inventories	39 551 796	(107 301 885)	39 551 796	(107 301 885)
Receivables : Exchange transactions	(5 459 239 161)	(3 671 279 440)	(5 449 775 779)	(3 669 096 381)
Receivables: Non-Exchange transactions	(1 140 965 978)	213 167 619	(1 147 679 034)	213 082 762
Statutory receivables	(109 300 653)	129 866 911	(109 300 653)	129 866 911
VAT	(2 028 931 986)	(1 425 960 525)	(2 025 527 582)	(1 427 669 719)
Payables from exchange transactions	3 432 506 823	1 566 232 713	3 416 918 733	1 591 765 809
Unspent conditional grants	(292 942 529)	192 978 282	(280 518 129)	154 527 617
Consumer deposits	9 205 417	(17 058 718)	9 205 417	(17 058 718)
	3 462 008 010	3 880 201 347	3 434 532 155	3 675 345 924

54. 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. 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.

Quantitative Aspects of the Going Concern

The following quantitative aspects of the organisation are assessed to conclude on the going concern of the organisation:

Historical financial performance

Income Statement

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Notes to the Audited Consolidated Annual Financial Statements

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	2024	2023	2024	2023

54. Going concern (continued)

The preliminary income statement of the organisation shows a surplus of R2.15bn. The organisation has managed to increase its revenue and contain its costs, this has resulted in a surplus in the year under review. Ordinarily the organisation should be spending all of its budget however, since there are currently no reserves within the organisation the surplus will improve the cashflows of the city. The income statement of the organisation is showing that it's moving the right trajectory.

Cashflow statements

The cashflow is the lifeblood of any organisation; not only does it present the organisation's ability to meet its current obligations it's also the biggest indicator of the survival of the organisation. The cashflow of the city have improved on a year-on-year basis. There has been an improvement in the payment of some of the significant creditors namely Rand Water, SARS and Eskom. The last four months of the financial year has seen collections of over R3bn per month presenting evidence of the improvement.

Ratio Analysis

The ratios of the City are outside of the expectation of a healthy organisation and they fall short of planned targets mainly due to the historical losses. The liquidity and solvency of the city is lower than expectations and mainly because of the historical performances. There is however, tangible evidence which points to the improvement of these ratios. The assessment of the current cashflows is incomplete without looking at the future expectations with regards to the cashflows. The projected cashflows are an important indicator of the direction which the organisation is taking and they are presented below;

Cash Flow Position Projections

The summary of the cashflow for the organisation is stipulate below (*the amounts are in thousands*);

	2024-25 Baseline R'000	2024-25 Worst R'000	2024-25 Best R'000	2025-26 Baseline R'000	2025-26 Worst R'000	2025-26 Best R'000
Receipts from services	37 084 764	34 177 653	38 198 554	40 476 173	37 303 206	41 691 818
Total Consumer receipts	39 785 527	36 693 427	40 974 125	43 385 876	40 001 271	44 682 605
Total Receipts (including Grants)	48 897 116	45 805 016	50 085 714	52 878 668	49 494 063	54 175 397
Eskom	17 262 608	17 262 608	17 262 608	19 794 305	19 794 305	19 794 305
Total Cash Outflows	48 606 359	48 689 359	48 606 930	52 412 635	52 412 635	52 412 635
Cash movements	290 757	2 884 342	1 478 784	466 032	(2 918 572)	1 762 762
Opening Bank Balance	80 000	80 000	80 000	80 000	80 000	80 000
Closing Bank Balance	370 757	2 804 342	1 558 784	546 032	(2 838 572)	1 842 762

The 2024/25 financial year shows the best position having a positive movement of cashflows of R 1.4bn against a reduction of the cashflow of R2.8bn in the worst case scenario. There is a variance of R4 363 126 000 (FY 2025/26: R4 681 334 000) between the worst and best scenario which is approximately 10% of the total income in 2024/25 financial year. It is however, important to state that the current collections indicate an achievement of the best scenario in the 2024/25 judging by the collections of the month of July 2024. The movement between the best and worst scenario in both years amounts to 10% of the total cashflow or 40% of the salary cost. This means that there has to be a consistent monitoring of the performance on a quarterly basis to allow the organisation to make the necessary decisions in the event that the projections are not attained. In the 2024/25 financial year the best scenario will result in an increase of R 1.478bn in cash movements and will result in the Eskom debt being halved. Considering the revenues which have been achieved in the month of July 2024 the likely scenario for the City is the 2024/25 best scenario. This means an increase in the cash position of the city by R1.47 bn hence ensuring the going concern of the City.

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

54. Going concern (continued)

QUALITATIVE FACTORS

Management Plans and Strategies

The organisation is taking a holistic approach in improving the position and performance of the City. There has been a focus on ensuring that the vacancies in the key positions are filled. During the year under review all the top management positions have been filled and also all the critical vacancies are in the process of being filled. The filling of these key positions enable the city to operate efficiently and the results can already be seen with improved efficiencies and effectiveness in the various part of the City.

The organisation's ability to obtain operational funding is dependent on having a positive credit rating. The City is currently in the process of appointing a credit rating agency which will re assess the credit profile of the City. The improvements in the cashflow which we have witnessed indicates that the City will obtain a better credit rating.

The city is continuously implementing its financial recovery and funding plan. The main focus areas on the funding plan is the containment of cost and an increase in the revenue collections. The cost containment steps include the elimination of non-essential expenditure like travelling and related expenditure, moratorium on the recruitment of non-critical vacancies. Management has also embarked on a process mapping exercise for all the key processes within the City aimed at streamlining the processes thereby reducing embedded waste. The final outcome of this process will be the elimination of waste, reallocation of the resources and overall a more efficient and effective City.

On the top line the "Tshwane Ya Tima" programme is in full swing and this has resulted in collections moving from around R2.2bn to collections above R 3bn. The city also implemented a revenue collection action centre which is capacitated with trained employees whose focus is to complement the work which is being done on the ground through the "Tshwane Ya Tima" programme.

Risk Factors

Credit Rating

The organisation's key risk with regards to the going concern assumption is the ability to obtain the necessary funding in order to continue to operate. One of the biggest risks is the rating which the City currently has. The credit profile of the (Caa2 negative) reflects the city's fiscal challenges and the continued fragile liquidity position. The city's constrained access to external borrowing has exacerbated its liquidity pressure. The City is in the process of appointing a rating agency and the process will be closed soon. The appointment of a new rating agency will improve the City's image and hence enable the City to access funding from various institutions.

Compliance with Laws & Regulations

The compliance with laws and regulations is an important step towards improving the organisation's reputation. There is a concerted effort in improving the compliance with rules and legislation within the City and this is shown by the reduction in issues of non-compliances within the City. The oversight structures within the City are also hard at work in reducing the UIFW which is on the City's books. This will move the organisation towards full compliance with the laws and regulations surrounding the City. The Group Audit and Risk department is also focused on ensuring that investigations for the past non compliances are dealt with speedily.

Continued Service Delivery

The ability of the City to collect funds is also largely dependent on the service delivery which is being delivered to residents of the City. The city has made changes to its service delivery through its various structures and there are already improvements through enhanced waste collection and improvement in the security within the city. There is also a renewed focus on the provision of water and electricity to the residents of the City. These improvements will increase the ability of the organisation to collect funds.

Energy Security

The city is heavily reliant on the availability of energy for its customers in order to attract and retain customers within the City. The availability of a continuous energy supply is important and hence the City hosted the Tshwane Energy Summit in the month of June. The summit was meant to communicate to the market the plans of the city towards energy security for its citizens. There are plans in place to ensure that clean energy security is achieved within the City.

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Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

54. Going concern (continued)

Eskom Litigation

Eskom has taken the City to court with regards to the amount owed. The city has consistently engaged Eskom and has improved its payment towards Eskom. In the event that the Court rules against the City there will be a need for drastic rearrangement of the City's cashflows to cater for this. This risk has however, not materialised.

Conclusion

It is management's view that the City will continue to be a going concern due to the following factors;

- Key positions within the City have been filled.
- There is an improvement in the cashflow of the city looking at the recent collections.
- There has been adequate management strategies which have been put in place within the city to improve the City's performance.
- There has been a concerted effort in addressing regulatory matters within the city.
- There is a focus on the services delivery and hence the customers will continue to pay for the services offered by the city.

TEDA

We draw attention to the fact that at 30 June 2024, the entity had an accumulated surplus of R18 540 318 and that the entity's total assets exceed its liabilities by R 18 541 318.

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 entity's business plan and budget for 2024/25 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, 2024, the entity had an accumulated surplus of R885,057,178 and that the entity's total assets exceed its liabilities by R917,503,846. However, the current liabilities significantly exceeded current assets.

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.

Certainty Indicators:

- 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.
- The Council approved Business Plan that is aligned to the MTREF.
- Townlands has been launched during quarter three of the financial year period ended 30 June 2024 and the projected revenue for the next three years is estimated to be R135 million accumulately.

Other Mitigation Factors

Funding Commitment:

- In terms of the Service Delivery Agreement (SDA) the CoT has remain consistent in supporting the HCT with operational and capital grant funding. Furthermore, the Council has approved the business plan and the MTREF of the Entity. The CoT has no intention to liquidate the Entity as per the approved SDA aligned to the CoT (IDP).
- HCT has adopted a comprehensive revenue strategy inclusive of new pipeline to enhance revenue collection (i.e. Student Accommodation in collaboration with the PPPs and FLISP Programme)
- HCT has embarked on the strategy to source additional funding by approaching DBSA and NHFC for the social housing pipelines to be constructed (Sunnyside and Chantelle).

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Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

54. Going concern (continued)

- The COT has commenced providing financial support to the entity to meet its current financial obligation relating to Court verdict dated May 2024 which granted a claim of R44 million loss of profit by the previous contractor appointed for Timberlands project. The Timberlands projects was to construct 609 social housing units and the HCT failed to hand over the site due to the taxis occupying the site.
- SHRA funding application process for Chantelle project for 1098 units has commenced and HCT is dealing with all the statutory requirements to obtain SHRA Grant.
- The SHRA drawdown for Townlands project amounting to R148 Million has been unlocked.
- The USDG Grant for Chantelle project has been approved by the CoT's Council amounting to R22 Million for 2024/2025 Financial year.

Conclusion:

Based on the above mitigation strategies, the Entity will be able to continue to meet its contracted and commitment financial obligations for the unforeseeable future.

55. Related parties

Name of entity	% Equity interest
Investment in associates: 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 39 Remuneration of Top Management refer to Note 39 Remuneration of Councillors refer to Note 38 and 64

Tshwane Economic Development Agency:

TEDA benefited from the use of the following services provided by City of Tshwane 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 benefited from the following services provided by related party at costs.

- 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
- Use the service of the VAT specialist at no cost
- Litigation on Townlands represented by Geldenhuis Malatji.
- COT Group Audit and Risk Forensic investigation on UIFW.

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	2024	2023	2024	2023
55. Related parties (continued)				
Related party balances				
Amounts included in Trade receivable (Trade Payable) regarding related parties				
TASEZ: Amounts owed to City of Tshwane by Related party			262 810 650	-
TASEZ: Amounts owed by City of Tshwane to Related party			(56 083 144)	(105 224 365)
Related party transactions				
Payments made to Related Party				
TASEZ : Payments made Bulk Infrastructure			-	122 410 348
Refer to Note 16 for the Equity Accounting of Investment in associate: TASEZ				
56. Commitments				
Authorised capital expenditure				
Approved and contracted for				
• Infrastructure assets	1 699 903 933	4 796 307 411	1 652 802 933	4 566 099 416
• Community assets	46 261 443	220 692 898	46 261 443	220 692 898
• Other assets	27 473 808	15 201 636	26 940 262	14 668 090
• Intangible assets	673 636 504	757 471 259	673 636 504	757 471 259
	2 447 275 688	5 789 673 204	2 399 641 142	5 558 931 663
*Prior year was restated, as previously omitted.				
Total capital commitments				
Approved and contracted	2 447 275 688	5 789 673 204	2 399 641 142	5 558 931 663
Authorised operational expenditure				
Already contracted for but not provided for				
• Operational expenditure	678 248	644 244	-	-
Total operational commitments				
Already contracted for but not provided for	678 248	644 244	-	-
Total commitments				
Total commitments				
Authorised capital expenditure	2 447 275 688	5 789 673 204	2 399 641 142	5 558 931 663
Authorised operational expenditure	678 248	644 244	-	-
	2 447 953 936	5 790 317 448	2 399 641 142	5 558 931 663
57. Unauthorised expenditure				
Opening balance as previously reported	423 284 508	5 463 973 063	423 284 508	5 463 973 063
Add: Unauthorised expenditure - current	2 146 039 587	423 284 508	2 146 039 587	423 284 508
Less: Amount authorised - prior period	(423 284 507)	(5 463 973 063)	(423 284 507)	(5 463 973 063)
Closing balance	2 146 039 588	423 284 508	2 146 039 588	423 284 508

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Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

57. Unauthorised expenditure (continued)

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

Unauthorised expenditure: Budget overspending - per strategic unit

City Manager	-	152 543 731	-	152 543 731
Community and Social Development Services	-	30 578 112	-	30 578 112
Group Financial Services	855 954 740	229 423 147	855 954 740	229 423 147
Group Legal and Secretarial Services	-	10 739 518	-	10 739 518
Regional Operation & Coordination	366 104 871	-	366 104 871	-
Water and Sanitation	883 474 450	-	883 474 450	-
Share Services	40 505 527	-	40 505 527	-
	2 146 039 588	423 284 508	2 146 039 588	423 284 508

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

Cash	28 793 833	(399 786 641)	28 793 833	(399 786 641)
Non-cash	2 117 245 755	823 071 149	2 117 245 755	823 071 149
	2 146 039 588	423 284 508	2 146 039 588	423 284 508

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
58. Fruitless and wasteful expenditure				
Opening balance as previously reported	2 591 526 008	2 480 501 826	2 587 927 446	2 476 278 538
Add: Expenditure identified - current year	861 951 815	340 817 680	817 509 839	341 442 031
SARS interest reversed	(311 634 244)	-	(311 634 244)	-
Less: write off/ recoveries*	-	(229 793 498)	-	(229 793 123)
Closing balance	3 141 843 579	2 591 526 008	3 093 803 041	2 587 927 446

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

Details of fruitless-and wasteful expenditure

Interest on late payments	627 825 986	179 924 065	627 825 986	179 924 065
Goods or services procured not being utilized	20 369 138	-	20 369 138	-
VAT interest and penalty liability	169 314 715	161 517 966	169 314 715	161 517 966
Court Order- Breach of contract due to failure to hand over site to the contractor	44 441 976	(624 351)	-	-
	861 951 815	340 817 680	817 509 839	341 442 031

59. Irregular expenditure

Opening balance as previously reported	13 143 540 000	12 287 306 800	13 049 779 706	12 256 241 457
Add: Irregular Expenditure - current year	2 490 661 697	2 151 516 192	2 393 253 324	1 989 699 693
Add: Irregular Expenditure - Prior year	-	25 955 873	-	25 955 873
Restatement of prior year	-	18 202 058	-	18 202 058
Less: Amount written off - condoned by the board	(112 490 942)	(96 864 703)	-	-
Less: Amount written off - current	-	(578 154 869)	-	(577 878 869)
Less: Amount written off - prior period	(321 935)	(1 980 845)	-	-
Less: Amount recovered by council - current period	-	(662 440 506)	-	(662 440 506)
Closing balance	15 521 388 820	13 143 540 000	15 443 033 030	13 049 779 706

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Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
59. Irregular expenditure (continued)				
Incidents/cases identified/reported in the current year include those listed below:				
	Disciplinary proceedings	steps taken/criminal		
City				
Non-Compliance with Section 32 of the MFMA	Under investigation		938 132 534	405 290 745
Quotation made outside the 2022 PPR procurement and the SCM Policy	Under investigation		-	27 563 298
Non-compliance with SCM Regulation 36 (Deviations)	Under investigation		149 394 201	667 333 587
Subcontracting more than 25%	Under investigation		139 673 924	18 202 058
Non compliance with Section 112 - Winning bidder not meeting mandatory requirements, Unfair disqualification of bidders	Under investigation		1 018 342 747	887 642 052
Awards made to the bidder known to have committed a corrupt or fraudulent act in competing for the contract	Under investigation		37 220 843	-
Non compliance with SCM regulation 44 - Awards made to employees	Under investigation		24 792 678	1 870 011
SCM Regulation 43 - Awards to persons whose tax matters are not in order	Under investigation		17 642 805	-
Non-Compliance with Section 32 of the MFMA (Irregular expenditure relating to prior year identified in the current year)	Under investigation		-	25 955 873
Misrepresentation by winning bidder as forged documents were submitted to win the tender	Under investigation		2 913 879	-
SCM Regulation 43 - Awards to persons whose tax matters are not in order	Under investigation		65 139 713	-
HCT				
Non-compliance with regulation 22 (1) of Municipal SCM regulation - Bids of LT nature not advertised for 30 day	Investigation concluded and the board recommended write off		4 876 477	6 000 000
Non-compliance with BAC composition - sec 29 & scope variation	Investigation concluded and the board recommended write off		72 851 094	96 864 703
The virement not approved by Council	Under investigation		18 497 131	58 674 987
TEDA				
Bid of a long term nature not advertised for the minimum of 30 days	Written off		-	276 000
Non-compliance with Laws and regulations	To be investigated		1 183 671	-
			2 490 661 697	2 195 673 314
			2 393 253 324	2 033 857 624

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	2024	2023	2024	2023
59. Irregular expenditure (continued)				
Payments to non - S56 managers were deemed to be irregular from prior year period.				
Irregular expenditure to be recovered				
Glad Africa			-	652 073 251
Babore			-	1 276 960
			-	653 350 211

60. 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
- 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:

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
60. Deviation from supply chain management regulations (continued)				
Deviation from tender process (amounts above R200 000)				
City				
Emergency	-	-	-	-
Other exceptional cases	-	934 872	-	934 872
TEDA				
ICT services	148 932	96 226	-	-
Legal services extended	-	1 402 814	-	-
Storage	-	41 550	-	-
Training	34 691	-	-	-
Membership	30 705	-	-	-
Automotive round table event	42 000	-	-	-
HCT				
Nasho membership and training	94 829	64 624	-	-
Repairs: motor vehicles & lifts	1 500 750	104 466	-	-
Licence fees (Pastel Accounting & CaseWare)	139 270	112 487	-	-
Townlands development costs & Electricity	-	13 444 094	-	-
Security service at Townlands	-	600 000	-	-
Deep Cleaning & decontamination	-	8 500	-	-
Tender cancellation	4 496	-	-	-
Waste removal	51 000	-	-	-
Reside Awards	14 375	-	-	-
Access payment to insurance	3 366	-	-	-
	2 064 414	16 809 633	-	-
(1) (b) to ratify any minor breaches of the procurement processes	-	-	-	-
	2 064 414	16 809 633	-	934 872

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

61. 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	Value of award
		30 June 2024	30 June 2023
Elelwani Radali	Engineering Consultant	1 353 899	-
Absalom Sibusiso Ntuli	Storekeeper	-	177 060
Sakisene Tsolofelo Christinah Mahlangu#	Supervisor	3 152 514	-
Setlhare Paul Ledwaba*	General worker	-	151 465
		4 506 413	328 525

* Commission based award

Rates Based as and when in nature tender

62. Contingencies

Indemnification

Capitalised pension value in compliance with Compensation for Occupational Injuries and Diseases Act, 1993	116 743 199	117 814 383	116 743 199	117 814 383
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The capitalised value as at 30 June 2024 R116 743 199.

The capitalised value as at 30 June 2024 which is calculated by the department of Labour amounted to R169 828 028.

Guarantees issued

Guarantees issued in favour of Eskom	-	-	-	-
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Insurance claims

Pending claims iro asset-, motor own damage contractors and electricity claims	52 205 923	58 691 062	52 205 923	58 691 062
Pending claims iro public liabilities	109 018 877	1 727 086 587	109 018 877	1 727 086 587
	161 224 800	1 785 777 649	161 224 800	1 785 777 649

The payment of claims against the City of Tshwane is provided for in the Self Insurance Reserve, which, as at 30 June 2024 has a balance of Rnil.

City of Tshwane Metropolitan Municipality

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

62. Contingencies (continued)

Litigation Matters:

The legal claims listed below are those that have arisen in the normal course of business and represent the possible amounts that could be awarded should the claims prove successful. The amounts have been based on the attorney's best estimates of the possible amount payable.

The payment of claims against the City of Tshwane is provided for in the Self Insurance Reserve, which, as at 30 June 2024 has a balance of R109 018 877.

HCT

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. Due to the significant construction defects it is unlikely that Magic Labour will be successful.

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 R29,295 from the Auditor General on interest charged, SKG Properties on high electricity bill of R1,051,958 and R213,352 from Morota Mokogare on legal fees. The total value of disputed invoices amounts to R1,377,514.

Contingent assets

On the 13 March 2018, the entity terminated the construction contract with Magic Labour Hire & Security Services due to poor performance. Management has quantified the value of latent defects discovered and is claiming R6,801,204.06 from the Magic Labour Hire and construction guarantee which is held by Power Guarantee (Pty) Ltd.

Category A

The materiality of the listing with all cases with the value exceeding R10 million.

Department	Short description of cases	2024	2023
City			
Community and Social Development	Breach of contract non-payment for work done and damages claim in respect of the Loftus Stadium Upgrade for World Cup 2010.	75 503 986	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

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
62. Contingencies (continued)				
Group Shared Services	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.		1 955 738 877	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 Bow regards as 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		283 010 000	283 010 000
Roads and Transport	Damages for unlawful termination of contract		25 499 755	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	80 214 095
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
Community and Social Development	Construction claim for City Hall Construction Cullinan Library. Claims for escalation, preliminary general costs and loss and expenditure		23 157 240	23 157 240
Housing and Sustainable Human Settlement	Claim for specific performance and damages. Claimant awarded tender and given letter of appointment but was not given work.		16 925 581	16 925 581
Group Shared Services	Claim for damages for alleged breach of agreement		1 644 970 578	1 644 970 578
Group Audit and Risk	Claim for compensation for service		11 286 645	11 286 645
Roads and Transport	Claim for payment in respect of services to conduct street light poles		14 824 129	14 824 129
Roads and Transport	Breach of contract- Construction of roads within the city of Tshwane. Work done and contractor never paid. Awaiting court date.		25 762 057	25 762 057
Roads and Transport	Expropriation of land intended for road construction		30 390 000	30 390 000
Group Environment & Agriculture Management	Unlawful cancellation of the contract Unlawful cancellation of the contract. Nosalto is claiming that the CoT unlawfully terminated its contact for household waste removal in Bronkhorstspuit. Nosalto's trucks were stopped from collecting waste. CoT never cancelled any agreement. Nosalto was only requested to replace their flat-bed trucks with compactors. They did not do this but now claim cancellation. CoT filed a plea, Nosalto to apply for trial date. Nosalto amended papers. Plus interest from 14 May 2013.		10 000 000	10 000 000

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Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
62. Contingencies (continued)				
Group Environment & Agriculture Management	Breach of contract-Claim for payment for services rendered and damages. Contractor alleges breach of a contract under tender CB259/2008 by the municipality in utilizing tender CB82/2011 for the same services the contractor had been contracted under CB257/2008. CB82/2011 was to be used only in emergency situations for the collection of waste. Contractor is also claiming for overtime payments under CB82/2011. Plaintiff has served documents to amended it claims from R22 063 517,35 to R46 643 772, 35.		46 643 772	46 643 772
Group Environment & Agriculture Management	Claim for damages due to early termination of contract for waste processing		316 000 000	316 000 000
Community Safety - Metro Police	Tender for the provision of security services at five location in the erstwhile of Kungwini Municipality. Services provided and never paid.		16 720 095	16 720 095
Regional Operations and Coordination	Claim for loss of income for failing to utilise them ito the contract provisions		47 440 027	47 440 027
Housing and Human Settlement Shared Services Department	Claim for rental Clarinah Schubart Park Residents		14 800 000	14 800 000
	Claim for loss of profit due to the bidder being disqualified in Tender SS04-2022/21 & SS05-2020/21 whereas the tender was later reviewed and set aside by the court.		14 158 509	-
Housing Company Tshwane NPC	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.		41 654 856	41 654 856
HCT				
Housing Company Tshwane NPC	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.		-	32 720 530
			5 791 454 403	5 810 016 424

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
62. Contingencies (continued)				
Category B				
The materiality of the listing with all cases not exceeding R10 million.				
Department			2024	2023
Community and Social Development			180 404	180 404
Community Safety - Metro Police			2 126 468	823 942
Corporate and Shared Services			299 644	1 624 184
Electricity			16 604 201	1 080 424
Group Communication and Marketing			879 718	879 718
Group Environment & Agriculture Management			4 960 731	4 956 731
Group Finance Services Department (Supply Chain Management)			6 532 717	6 532 717
Group Financial Services			71 241 883	58 759 411
Group Human Capital Management			33 475 577	33 475 576
Group Legal and Secretariat			4 900 000	5 150 000
Group Property Management			5 411 259	5 355 176
Group Shared Services			4 660 090	4 660 090
Group Utility Services			32 649 357	32 649 356
Housing and Sustainable Human Settlement			28 106 072	24 957 373
Office of the Speaker			2 360 610	2 360 610
Roads and Transport			8 200 422	9 400 425
Regional Operations and Coordination			5 724 103	9 484 039
HCT				
Housing Company Tshwane NPC			1 377 514	255 694
			229 690 770	202 585 870

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

Management has taken a decision to dispose of a significant asset /or a group of assets and liabilities /or a component of the entity that are eligible for disposal as per accounting policy.

Disposals completed during the year:

During the 2023/24 financial year, there was significant disposal of assets or group of assets and liabilities of a company of the entity.

During the current financial year we had disposals/ Auctions which took place on the 30 January 2024. it was the 1st stock take of the city in a while by the newly appointed Riley auctioners, (Pty) Ltd Reg no. 2008/000180/07.

Description of the asset(s), group of assets and liabilities or, component

Carrying values

Carrying values of the assets	12 569 425	156 148	11 828 090	-
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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

64. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	5 065 270	5 158 685	5 065 270	5 158 685
Amount paid - current year	(5 065 270)	(5 158 685)	(5 065 270)	(5 158 685)
	-	-	-	-

Audit fees

Opening balance	-	1 222 240	-	1 222 240
Current year subscription / fee	46 592 388	34 138 092	46 592 388	34 138 092
Amount paid - current year	(44 402 258)	(35 360 332)	(44 402 258)	(35 360 332)
	2 190 130	-	2 190 130	-

PAYE and UIF

Current year subscription / fee	2 042 727 035	2 144 684 033	2 025 433 292	2 127 540 502
Amount paid - current year	(2 042 287 927)	(2 144 684 033)	(2 025 433 292)	(2 127 540 502)
	439 108	-	-	-

Pension and Medical Aid Deductions

Opening balance	-	373 188	-	-
Current year subscription / fee	2 957 001 381	2 965 109 336	2 948 566 151	2 956 934 183
Amount paid - current year	(2 956 165 421)	(2 965 482 524)	(2 948 566 151)	(2 956 934 183)
	835 960	-	-	-

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2024:

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Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
64. Additional disclosure in terms of Municipal Finance Management Act (continued)				
30 June 2024		Outstanding less than 90 days	Outstanding more than 90 days	Total
Baloyi JJ		2 679	41 333	44 012
Boshielo SM & MKF		10 298	5 213	15 511
Chauke HQ		1 795	5 670	7 465
Dzumba KY		20 601	792	21 393
Leshabana LP		11 577	98 212	109 789
Mabogwana MO		2 482	6	2 488
Madonsela MI		221 999	826 185	1 048 184
Makena SM		-	682	682
Makgaleng KG		10 911	5 369	16 280
Malosi T		3 079	1 162	4 241
Manhique RM & AF		14 127	57 511	71 638
Mashapa MA		3 222	14 450	17 672
Mashola M S		26 253	38 596	64 849
Masilela JK		4 550	23 689	28 239
Masuku EN		27 098	27 763	54 861
Mathibedi MT		6 438	82 421	88 859
Mazibuko MS		13 884	37 624	51 508
Mbokane EP		8 620	25 262	33 882
Mehlape-Zimu MM		31 711	100 738	132 449
Mocumi TC		7 647	121 024	128 671
Modise ET		134 704	739 969	874 673
Moloi ED		1 722	16 138	17 860
Phokoje ST		14 657	159 350	174 007
Raphuthi MM		8 324	117 915	126 239
Tlou PP		2 608	23 606	26 214
Violet P		3 753	21 609	25 362
		594 739	2 592 289	3 187 028

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Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
64. 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

These councillors made arrangements to pay off their arrear debt.

City of Tshwane Metropolitan Municipality

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023
65. Distribution losses: Water				
Non-revenue Water (NRW) - kilolitre				
Technical	90 701 678	89 085 371	90 701 678	89 085 371
Non-technical	22 675 419	22 271 343	22 675 419	22 271 343
	113 377 097	111 356 714	113 377 097	111 356 714
Non-revenue Water (NRW) - Rand value				
Technical	1 064 853 592	892 635 414	1 064 853 592	892 635 414
Non-technical	266 213 398	223 158 854	266 213 398	223 158 854
	1 331 066 990	1 115 794 268	1 331 066 990	1 115 794 268

The CoT's current NRW (June 2024) is 34.4%. This equates to a distribution loss of 113 377 097 kl/annum. Approximately 80% of the City's system input volume is sourced from Water Boards (WB), 78% from Rand Water (RW) and 2% from Magalies Water (MW) at a current purchase cost of R12.68/kl and R10.92/kl respectively. The remaining 20% is sourced from own and local sources at approximately R8.14/kl.

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

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Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

65. Distribution losses: Water (continued)

- 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
- Restriction of water supply to non-paying customers

2022/23

The CoT's NRW for 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.

66. Distribution losses: Electricity

Distribution loss: kWh

Technical	598 625 902	600 610 507	598 625 902	600 610 507
Non-technical	1 033 597 394	1 240 587 462	1 033 597 394	1 240 587 462
	1 632 223 296	1 841 197 969	1 632 223 296	1 841 197 969

Distribution loss - Rand value

Technical	927 870 149	803 185 911	927 870 149	803 185 911
Non-technical	1 602 075 961	1 659 015 883	1 602 075 961	1 659 015 883
	2 529 946 110	2 462 201 794	2 529 946 110	2 462 201 794

2023/24

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 city purchases its electricity from Eskom and sells to its customers. The difference between purchase and sales results in electricity distribution losses, which are made of technical and non-technical losses. For the period under review, the total energy losses for Quarter 4 are 25.21% (574,830,789kWh) for the entire 2023/24 financial year are 19.09% (1,632,223,296kWh). The losses are higher than quarter 3 however there was a reduction in the average annual losses from the 2022/23 financial year. The average losses were from 21.46% to 19.09% which a 2.37% reduction.

Technical energy losses are results of electricity losses (kWh) when electricity is 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 result there is certain portion of electricity that is lost during transportation and distribution, and it is termed technical energy losses. NERSA acceptable target for network of Tshwane is set at 7% of the total Energy Distribution Losses (159,637,686kWh) for Quarter 4 and (598,625,902) for the financial year, mainly due to expansion of the licence area to cover areas that had poor infrastructure in 2011 merger. However, the national utilities benchmark is for the technical energy losses to be capped at 6%.

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	2024	2023	2024	2023

Non-technical energy losses, for the month under review (Quarter 4) is 18.21% (415,193,103kWh) and 12.09% (1,033,597,394kWh) for the financial year. The main contributing factors for the non-performance of the non-technical energy losses are due to unserved energy (energy not available) during loadshedding, administrative and technical errors (switching of SAP without looking at implications), high estimates levels of meters, negligence, theft of electricity, tampering with meters and connections which form part of illegal consumption. These are the losses under the control of the city and initiatives should be undertaken to realise losses to the benchmarks level of the MFMA circular 71, which is between 7- 10%. The remaining unsold energy is added to this category of losses.

Non-technical energy losses, for the month under review (Quarter 4) is 18.21% (415,193,103kWh) and 12.09% (1,033,597,394kWh) for the financial year. The main contributing factors for the non-performance of the non-technical energy losses are due to unserved energy (energy not available) during loadshedding, administrative and technical errors (switching of SAP without looking at implications), high estimates levels of meters, negligence, theft of electricity, tampering with meters and connections which form part of illegal consumption. These are the losses under the control of the city and initiatives should be undertaken to realise losses to the benchmarks level of the MFMA circular 71, which is between 7- 10%. The remaining unsold energy is added to this category of losses.

The electricity bulk purchased from Eskom for the 2023/24 financial year was R13 376 426 686 (energy, demand, network, and fixed charges) and the electricity sold by the city amounts to R15 214 617 316 (energy, demand, network, and fixed charges).

In 2023/24 financial year, the Department has implemented the following initiatives to reduce the non-revenue losses:

- Meter audits and normalization of stuck meters
- Meter audits and normalization of stuck meters
- Convention 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

67. 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 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.

City of Tshwane Metropolitan Municipality

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68. Financial instruments

Categories of financial instruments

Group - 2024

Financial assets	At fair value	At amortised cost	Total
Long term receivables	-	472 154 167	472 154 167
Redemption fund asset	89 031 657	-	89 031 657
Trade and other receivables (cost)	-	1 116 282 451	1 116 282 451
Consumer receivables	-	6 919 240 316	6 919 240 316
Cash and cash equivalents	-	1 997 866 675	1 997 866 675
Interest rate swap - Non-current portion	130 045 708	-	130 045 708
	219 077 365	10 505 543 609	10 724 620 974

Financial liabilities

	At fair value	At amortised cost	Total
Loans and bonds	-	9 162 526 870	9 162 526 870
Finance lease obligation	-	94 359 496	94 359 496
Retention creditors	-	570 154 324	570 154 324
Consumer deposits	-	773 337 672	773 337 672
Interest rate swap	3 349 646	-	3 349 646
Service concession arrangement	-	2 567 685 162	2 567 685 162
Payables from exchange transactions	-	15 296 045 229	15 296 045 229
	3 349 646	28 464 108 753	28 467 458 399

Group - 2023

Financial assets

	At fair value	At amortised cost	Total
Investments	-	176 100 896	176 100 896
Long term receivables	-	362 853 513	362 853 513
Redemption fund asset	207 895 138	-	207 895 138
Trade and other receivables (cost)	-	801 721 810	801 721 810
Consumer receivables	-	5 042 800 310	5 042 800 310
Cash and cash equivalents	-	835 778 017	835 778 017
Interest rate swap - Non-current portion	247 940 777	-	247 940 777
	455 835 915	7 219 254 546	7 675 090 461

Financial liabilities

	At fair value	At amortised cost	Total
Loans and bonds	-	9 500 185 105	9 500 185 105
Finance lease obligation	-	143 618 126	143 618 126
Retention creditors	-	603 896 538	603 896 538
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	-	11 960 483 031	11 960 483 031
	9 560 148	25 516 615 504	25 526 175 652

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68. Financial instruments (continued)

Municipality - 2024

Financial assets

	Note(s)	At fair value	At amortised cost	Total
Long term receivables	7	-	476 089 851	476 089 851
Redemption fund asset	9	89 031 657	-	89 031 657
Other receivables from exchange transactions	6	-	2 355 758 065	2 355 758 065
Consumer receivables	5	-	6 919 240 316	6 919 240 316
Cash and cash equivalents	10	-	1 964 893 869	1 964 893 869
Interest rate swaps	18	130 045 708	-	130 045 708
		219 077 365	11 715 982 101	11 935 059 466

Financial liabilities

		At fair value	At amortised cost	Total
Loans and bonds	19	-	9 162 526 870	9 162 526 870
Finance lease obligation	20	-	93 781 735	93 781 735
Retention creditors	21	-	555 122 508	555 122 508
Consumer deposits	24	-	773 337 672	773 337 672
Interest rate swap	18	3 349 646	-	3 349 646
Service concession arrangement	28	-	2 567 685 162	2 567 685 162
Payables from exchange transactions	21	-	15 285 054 617	15 285 054 617
		3 349 646	28 437 508 564	28 440 858 210

Municipality - 2023

Financial assets

		At fair value	At amortised cost	Total
Investments	4	-	176 100 896	176 100 896
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	-	5 042 800 310	5 042 800 310
Cash and cash equivalents	10	-	785 495 915	785 495 915
Interest rate swap - Non-current portion	18	247 940 777	-	247 940 777
		455 835 915	8 151 225 856	8 607 061 771

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68. Financial instruments (continued)

Financial liabilities

		At fair value	At amortised cost	Total
Loans and bonds	19	-	9 500 185 105	9 500 185 105
Finance lease obligation	25	-	142 494 155	142 494 155
Retention creditors	21	-	590 658 461	590 658 461
Consumer deposits	24	-	764 132 255	764 132 255
Interest rate swap	18	9 560 148	-	9 560 148
Service concession arrangement	28	-	2 544 300 449	2 544 300 449
Payables from exchange transactions	21	-	11 957 958 616	11 957 958 616
		9 560 148	25 499 729 041	25 509 289 189

69. 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 City'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 2024 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 City'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 City'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 City 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 City addresses the bias by focusing on floating rate loans in its future loans, and vice versa. Alternatively, the City may choose to employ interest rate swaps to get to the desired ratio.

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

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

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

Variable rate loans : R3 231 632 457 (2023: R1 100 825 159) and

Fixed rate loans: R5 930 874 413 (2023: R7 915 627 618).

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 2024	Floating rate 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			7.65 %	N/A			
Housing loans		12 436 667	13.50 %	30.00			12 436 667
Loan to sport clubs		913 526	5.00 %	10.00			913 526
Sale of land		83 479 836	9.00 %	5.00			83 479 836
Arrangement debtors		231 150 643	11.75 %	3.00			231 150 643
Consumer receivables		6 919 240 316	9.33 %	1.00			6 919 240 316
Receivables from exchange transactions		1 116 282 451					1 116 282 451
Cash and cash equivalents		1 997 866 675					1 997 866 675
Redemption fund asset	89 031 657		8.00 %	7.00			89 031 657
Interest rate swap	130 045 708		10.59 %	4.00			130 045 708
Total financial assets	219 077 365	10 361 370 114					10 580 447 479

City of Tshwane Metropolitan Municipality

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69. Risk management (continued)

Group Liabilities 2024	Floating rate 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
Description							
Interest rate swap		3 349 646	9.31 %	N/A			3 349 646
Finance lease obligation	94 359 496						94 359 496
Retention creditors					570 154 324		570 154 324
Consumer deposits					773 337 672		773 337 672
Service concession arrangement					2 567 685 162		2 567 685 162
Payables from exchange transactions					15 296 045 229		15 296 045 229
Loans and bonds		9 162 526 870	11.81 %				9 162 526 870
Total financial liabilities	94 359 496	9 165 876 516			19 207 222 387		28 467 458 399

Group Assets 2023	Floating rate 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
Description							
Investments		176 100 896	7.65 %	N/A			176 100 896
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		1.00	5 042 800 310
Receivables from exchange transactions		801 721 810	%				801 721 810
Cash and cash equivalents		835 778 017	%				835 778 017
Redemption fund asset	207 895 138		8.90 %	7.00			207 895 138
Interest rate swap	247 940 777		10.59 %	4.00			247 940 777
Total financial assets	455 835 915	7 118 007 463					7 573 843 378

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69. Risk management (continued)

Group Liabilities 2023	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
Description							
Interest rate swap		9 560 148	9.31 %				9 560 148
Finance lease obligation	143 618 126						143 618 126
Retention creditors					603 896 538		603 896 538
Consumer deposits					764 132 255		764 132 255
Service concession arrangement					2 544 300 449		2 544 300 449
Payables from exchange transactions					11 960 483 031		11 960 483 031
Loans and bonds		9 500 185 105	9.33 %				9 500 185 105
Total financial liabilities	143 618 126	9 509 745 253			15 872 812 273		25 526 175 652

Municipality Assets 2024	Floating rate 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
Description							
Investments			7.65 %	N/A			
Housing loans		12 436 667	13.50 %	30.00			12 436 667
Loan to sport clubs		913 526	5.00 %	10.00			913 526
Sale of land Arrangement debtors		83 479 836	9.00 %	5.00			83 479 836
Consumer receivables		231 150 643	11.75 %	3.00			231 150 643
Receivables from exchange transactions		6 919 240 316	9.33 %	1.00			6 919 240 316
Cash and cash equivalents		1 111 980 441					1 111 980 441
Redemption fund asset	89 031 657	1 964 893 869					1 964 893 869
Interest rate swap	130 045 708		10.59 %	4.00			130 045 708
Total financial assets	219 077 365	10 324 095 298					10 543 172 663

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69. Risk management (continued)

Municipality Liabilities 2024	Floating rate 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
Description							
Interest rate swap		3 349 646	9.31 %	N/A			3 349 646
Finance lease obligation	93 781 735						93 781 735
Retention creditors					555 122 508		555 122 508
Consumer deposits					773 337 672		773 337 672
Service concession arrangement					2 567 685 162		2 567 685 162
Payables from exchange transactions					15 285 054 617		15 285 054 617
Loans and bonds		9 162 526 870	11.81 %				9 162 526 870
Total financial liabilities	93 781 735	9 165 876 516			19 181 199 959		28 440 858 210

Municipality Assets 2023	Floating rate 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
Description							
Investments		176 100 896	7.65 %	N/A			176 100 896
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 Arrangement debtors		70 983 319	9.00 %	5.00			70 983 319
Consumer receivables		5 042 800 310	11.75 %	1.00		1.00	5 042 800 310
Receivables from exchange transactions		798 888 098	%				798 888 098
Cash and cash equivalents		785 495 915	%				785 495 915
Redemption fund asset	207 895 138		8.90 %	7.00			207 895 138
Interest rate swap	247 940 777		10.59 %	4.00			247 940 777
Total financial assets	455 835 915	7 064 891 649					7 520 727 564

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69. Risk management (continued)

Municipality Liabilities 2023	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
Description							
Interest rate swap		9 560 148	9.31 %				9 560 148
Finance lease obligation	142 494 155						142 494 155
Retention creditors					590 658 461		590 658 461
Consumer deposits					764 132 255		764 132 255
Service concession arrangement					2 544 300 449		2 544 300 449
Payables from exchange transactions					11 957 958 616		11 957 958 616
Loans and bonds		9 500 185 105	9.33 %				9 500 185 105
Total financial liabilities	142 494 155	9 509 745 253			15 857 049 781		25 509 289 189

Interest rate swaps

Interest rate swaps are primarily used by the City 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 City over the years. However, there are instances where interest rate swaps were taken by the City as part of the liability reduction through a debt redemption fund that the City 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 2024	Fair value	Estimated fair value gain/(loss)
Current asset interest rate swaps	130 045 708	130 045 708
30 June 2023	Fair value	Estimated fair value gain/(loss)
Current asset interest rate swaps	247 940 777	247 940 777

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 City experiences currency risk predominantly as a result of one contract entered into by the City, as a result of timing differences between the date of invoice and date of payment.

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	2024	2023	2024	2023

69. 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 City 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 city has Credit Control and Debt Collection Policies to manage the exposure to risk as a result of defaulting customers. Credit control is those managerial, administration and accounting policies the City applies to keep the exposure at a sustainable level while Debt collection is the actual remedies the City takes to enforce the collection of the amounts due and payable to the municipality.

Financial assets, which potentially subject the Municipality to the risk of non-performance by counter-parties and thereby subject the Municipality to concentrations of credit risk, consist mainly of trade receivables. Credit risk is controlled through the application of a credit control policy and monitoring procedures. Where necessary, the Municipality obtains appropriate deposits and guarantees from debtors to mitigate risk. The Municipality's cash and cash equivalents and short-term deposits are placed with high-credit quality financial institutions.

The Municipality limits its treasury counter-party exposure arising from the money market by only dealing with well-established financial institutions confirmed by the rating agency appointed by the Chief Financial Officer. The Municipality only deals with financial institutions with a short-term credit rating of A+ and long-term credit rating of AA- and higher at an international accredited credit rating agency. The Municipality's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst different types of approved investments and institutions.

Credit risk with respect to trade receivables is limited due to the large number of customers comprising the Municipality's 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 %	58 %	58 %	58 %
Industrial/Commercial	24 %	24 %	24 %	24 %
National and provincial government	4 %	4 %	4 %	4 %
Other consumer receivables	7 %	7 %	7 %	7 %
Long-term receivables	2 %	2 %	2 %	2 %
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 City's obligations is critical for the city 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.

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	2024	2023	2024	2023

69. Risk management (continued)

The implementation of the Financial Recovery Plan (FRP) aims to improve the financial position of the City over the medium term, with most of the ratios expected to fall within the National Treasury benchmarks. The plan as proposed interrogates the entire value chain of municipal operations in the City and its primary objective is to ensure that the City 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 City 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 city applies the following mitigation factors to market risk.

The City investments are diversified amongst the well-established financial institutions. The City abides by National Treasury's investment regulations and the City's Investment policy. Interest rate risk management: The Municipality's interest rate profile consists of fixed and floating rate loans and bank balances which expose the municipality to fair value interest rate risk and cash flow interest rate risk and can be summarised as follows:

Financial assets/liabilities:

Trade and other receivables/payables: At a fixed rate of interest. Management manages interest rate risk by negotiating beneficial rates on floating rate loans and where possible using fixed rate loans. Management also has a policy of balancing the interest on asset loans with the interest payable on liabilities.

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 2024	Fair value	Carrying amount
Liabilities		
Interest rate swaps	3 349 646	3 349 646

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

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 19 and cash and cash equivalents disclosed in Note 10, 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 2024 was 27.5% and 30 June 2023 was 36.7%.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Group		Municipality	
	2024	2023	2024	2023

70. In-kind donations and assistance

The following donations in kind and assistance were provided/(received) for the FY2023/24

2024 Description	Donation provided	Donation received	Total
Description			
Blankets and mattresses	488 119	-	488 119
Fire rescue	1 001 795	-	1 001 795
Refreshments	-	(12 397)	(12 397)
Fridge	-	(8 398)	(8 398)
Fire extinguishers	-	(210 990)	(210 990)
Grand total	1 489 914	(231 785)	1 258 129

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

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 Emergency Services Department 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 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.

71. Events after the reporting date

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

72. Material Losses

Opening balance as previously reported	202 011 634	202 011 634	202 011 634	202 011 634
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Salary payments made to employees for work not done.

The employee has since declared a dispute of unfair dismissal with the South African Local Government Bargaining Council (SALGBC). The dispute referral form was served on the CoT on 22 September 2023. See an attached Annexure B: SALGBC Dispute Referral Form.

The set down for Conciliation is not yet issued by the SALGBC.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

73. Prior period errors

Group - Statement of financial position - 2023

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Assets					
Current Assets					
Inventories	936 609 648	-	-	936 609 648	
Investments	753 936 842	-	(577 835 946)	176 100 896	[1]
Other receivables from exchange transactions	822 076 156	(899 346)	(19 455 000)	801 721 810	
Other receivables from non-exchange transactions	248 968 523	(175 480 916)	19 455 000	92 942 607	[2]
Consumer receivables: Exchange	3 719 518 347	-	-	3 719 518 347	
Consumer receivables: Non exchange	1 323 281 963	-	-	1 323 281 963	
Long-term receivables: short-term portion	177 873 136	-	-	177 873 136	
Current tax receivable	622 062	-	-	622 062	
Cash and cash equivalents	257 942 071	-	577 835 946	835 778 017	[1]
	8 240 828 748	(176 380 262)	-	8 064 448 486	
Non-Current Assets					
Living and non living resources	301 779	(1 690)	-	300 089	
Investment property	2 065 375 530	2 847 998	-	2 068 223 528	
Property, plant and equipment	51 170 804 926	(2 378 009 520)	1 739 130	48 794 534 536	[3]
Intangible assets	1 131 649 776	(84 814 534)	(1 739 130)	1 045 096 112	[4]
Heritage assets	3 371 581 600	(1)	-	3 371 581 599	
Investments in joint ventures	825 075 388	-	-	825 075 388	
Deferred tax	626 897	89 939	-	716 836	
Long term receivables	184 980 377	-	-	184 980 377	
Redemption fund asset	207 895 138	-	-	207 895 138	
Interest rates swaps	247 940 777	-	-	247 940 777	
	59 206 232 188	(2 459 887 808)	-	56 746 344 380	
Total Assets	67 447 060 936	(2 636 268 070)	-	64 810 792 866	
Liabilities					
Current Liabilities					
Loans and bonds	408 869 661	-	-	408 869 661	
Finance lease obligation	40 441 700	9 101 518	-	49 543 218	[5]
Employee benefit obligation	1 824 961 857	1 670 741	(1 775 589)	1 824 857 009	
Operating lease accrual	810 296	82 220	-	892 516	
Unspent conditional grants and receipts	509 350 120	-	-	509 350 120	
Service concession arrangement - Current portion	286 223 928	-	-	286 223 928	
Payables from exchange transactions	12 666 394 851	(32 612 969)	1 775 589	12 635 557 471	[6]
VAT payable	2 911 786 655	(4 642 785)	-	2 907 143 870	
Consumer deposits	764 132 255	-	-	764 132 255	
	19 412 971 323	(26 401 275)	-	19 386 570 048	

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

73. Prior period errors (continued)

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Non-Current Liabilities					
Employee benefit obligation	1 743 862 300	-	-	1 743 862 300	
Loans and bonds	9 091 315 444	-	-	9 091 315 444	
Finance lease obligation	58 263 799	35 811 109	-	94 074 908 [5]	
Operating lease accrual	204 666	33 787	-	238 453	
Provisions	1 330 175 817	236 343	-	1 330 412 160	
Interest rate swaps	9 560 148	-	-	9 560 148	
Service concession arrangement	2 258 076 521	-	-	2 258 076 521	
Redemption fund liability	247 075 556	-	-	247 075 556	
	14 738 534 251	36 081 239		- 14 774 615 490	
Total Liabilities	34 151 505 574	9 679 964		- 34 161 185 538	
Net Assets	33 295 555 362	(2 645 948 034)		- 30 649 607 328	
Revaluation reserve	-	88 029 008	-	88 029 008	
Accumulated surplus (deficit)	33 295 555 362	(2 733 977 039)	-	30 561 578 323	
Total Net Assets	33 295 555 362	(2 645 948 031)		- 30 649 607 331	

Group - Statement of Financial Performance - 2023

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Revenue					
Revenue from exchange transactions					
Service charges	22 082 026 846	-	-	22 082 026 846	
Rental of facilities and equipment	166 269 283	-	-	166 269 283	
Interest received (trading)	1 253 249 568	1	-	1 253 249 569	
Licences and permits	45 134 784	-	-	45 134 784	
Share of profit in associate: TASEZ	95 093 299	95 093 299	(95 093 299)	95 093 299	
Other income	1 240 554 155	(45 020 120)	-	1 195 534 035	
Interest received - investment	217 357 236	-	-	217 357 236	
Total revenue from exchange transactions	25 099 685 171	50 073 180	(95 093 299)	25 054 665 052	
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	7 997 252 757	67 632 411	-	8 064 885 168	
Public contributions and donations	77 434 592	(3 693 760)	-	73 740 832	
Fines, Penalties and Forfeits	151 567 098	-	-	151 567 098	
Total revenue from non-exchange transactions	17 294 825 018	63 938 651		- 17 358 763 669	
Total revenue	42 394 510 189	114 011 831	(95 093 299)	42 413 428 721	

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

73. Prior period errors (continued)

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Expenditure					
Employee costs	(11 327 911 182)	(10 600 754)	-	(11 338 511 936)[6]	
Remuneration of councillors	(131 912 644)	-	-	(131 912 644)	
Depreciation	(2 552 368 304)	128 453 069	-	(2 423 915 235)[3]	
Finance costs	(2 211 922 633)	180 373 101	-	(2 031 549 532)[7]	
Debt Impairment	(3 366 563 441)	-	-	(3 366 563 441)	
Other materials	(627 882 455)	(30 951 899)	-	(658 834 354)[8]	
Bulk purchases	(14 840 951 593)	-	-	(14 840 951 593)	
Contracted Services	(4 250 995 136)	(59 293 605)	(8 406 392)	(4 318 695 133)	
Transfers and Subsidies	(3 272 188)	-	-	(3 272 188)	
General expenses	(1 798 678 032)	(73 111 244)	8 406 392	(1 863 382 884)[5][9]	
Total expenditure	(41 112 457 608)	134 868 668	-	(40 977 588 940)	
Operating surplus					
Gains and (losses) on assets	(130 512 703)	28 557 352	-	(101 955 351)	
Gain or loss on exchange differences	292 877	-	-	292 877	
Fair value adjustments	108 297 255	(285 521)	-	108 011 734	
Actuarial gains/losses	191 170 625	-	-	191 170 625	
Impairment loss	(230 333 951)	-	-	(230 333 950)	
Share of surpluses or deficits from associates or joint ventures accounted for using the equity method	-	(95 093 299)	95 093 299	-	
Loss on redemption fund	(84 087 481)	-	-	(84 087 481)	
Taxation	23 261	89 939	-	113 200	
Surplus for the year	1 136 902 464	182 148 970	-	1 319 051 435	

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Cash Flow Statement					
Cash flows from operating activities	3 772 055 265	108 146 082	-	3 880 201 347	
Cash flows from investing activities	(2 480 164 284)	(153 058 710)	-	(2 633 222 994)	
Cash flows from financing activities	(1 425 191 222)	44 912 628	-	(1 380 278 594)	
Net increase/(decrease) in cash and cash equivalents	-	(133 300 241)	-	(133 300 241)	
Cash and cash equivalents at the beginning of the year	969 078 258	-	-	969 078 258	
Cash and cash equivalents at the end of the year	835 778 017	-	-	835 778 017	

Error 1 - Investments and Cash and Bank

City

The adjustment is due to a reclassification of highly liquid investments into cash and bank.

Error 2 - Other receivables from non-exchange

City

The Adjustment is due to Public contributions which had been incorrectly accounted for.

Error 3 - Property, plant and equipment

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

73. Prior period errors (continued)

City

The adjustment is due to retirement of some of the costs of the infrastructure assets which had been previously capitalised.

Error 4 - Intangible assets

City

Restatements are mainly due to capitalisation of assets relating to the prior year and the associated depreciation correction. On intangible AUCs there were also an amount expensed for operational cost, and lastly there was also a reclassification on AUCs previous linked to another class

Error 5 - Finance lease obligation

City

The correction of vehicles which had been expensed. These vehicles were initially on lease rental.

Error 6 – Payables

HCT

Townlands phase one construction costs transferred from Assets Under Construction (AUC) to PPE was overstated in the previous financial year ended 30 June 2023 by R11,477,816.67 due to the capital disputed invoice which was subsequently resolved. The invoice relates to the accrual for the year ended 30 June 2023. The depreciation was incorrectly computed resulted to an adjustment of R3.4 million. Additionally the error triggered a reversal of the impairment loss recognised in previous financial year amounted to R76 million and the revaluation surplus of R53 million was released.

Error 6 - Employee costs

City

Due to the correction of overtime paid and acting allowances.

Error 7 - Finance costs

City

The adjustments is due to interest on rehabilitaion of landfills.

Error 8 - Other materials

City

The adjustment is due to fuel Audit finding.

Error 9 – General expenses

TEDA

Operating expense from office space rental of R4 484 430 after prior year error adjustment is also separately disclosed in the face of the statement of financial performance previously it was disclosed under general expense.

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

73. Prior period errors (continued)

City

Statement of financial position - 2023

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Assets					
Current Assets					
Inventories	936 609 648	-	-	936 609 648	
Investments	753 936 842	-	(577 835 946)	176 100 896 [1]	
Other receivables from exchange transactions	818 343 098	-	(19 455 000)	798 888 098	
Other receivables from non-exchange transactions	248 968 523	(175 795 085)	19 455 000	92 628 438 [2]	
Consumer receivables: Exchange	3 719 518 347	-	-	3 719 518 347	
Consumer receivables: Non exchange	1 323 281 963	-	-	1 323 281 963	
Long-term receivables: short-term portion	177 873 136	-	-	177 873 136	
Cash and cash equivalents	207 659 969	-	577 835 946	785 495 915 [1]	
	8 186 191 526	(175 795 085)	-	8 010 396 441	
Non-Current Assets					
Living and non living resources	301 779	(1 690)	-	300 089	
Investment property	2 065 375 530	2 847 998	-	2 068 223 528	
Property, plant and equipment	50 201 004 919	(2 409 801 073)	1 739 130	47 792 942 976 [3][6]	
Intangible assets	1 131 016 720	(84 811 322)	(1 739 130)	1 044 466 268 [4]	
Heritage assets	3 371 581 600	(1)	-	3 371 581 599	
Investments in controlled entities	1 000	-	-	1 000	
Investments in joint ventures	825 075 388	-	-	825 075 388	
Long term receivables	184 980 377	-	-	184 980 377	
Redemption fund asset	207 895 138	-	-	207 895 138	
Interest rates swaps	247 940 777	-	-	247 940 777	
	58 235 173 228	(2 491 766 088)	-	55 743 407 140	
Total Assets	66 421 364 754	(2 667 561 173)	-	63 753 803 581	
Liabilities					
Current Liabilities					
Loans and bonds	408 869 661	-	-	408 869 661	
Finance lease obligation	39 610 903	9 101 518	-	48 712 421 [5]	
Employee benefit obligation	1 821 514 428	-	-	1 821 514 428	
Unspent conditional grants and receipts	509 350 120	-	-	509 350 120	
Service concession arrangement - Current portion	286 223 928	-	-	286 223 928	
Payables from exchange transactions	12 637 290 076	(19 153 085)	-	12 618 136 991	
VAT payable	2 910 527 205	(4 642 785)	-	2 905 884 420	
Consumer deposits	764 132 255	-	-	764 132 255	
	19 377 518 576	(14 694 352)	-	19 362 824 224	

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

73. Prior period errors (continued)

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Non-Current Liabilities					
Employee benefit obligation	1 743 862 300	-	-	1 743 862 300	
Loans and bonds	9 091 315 444	-	-	9 091 315 444	
Finance lease obligation	57 970 625	35 811 109	-	93 781 734 [5]	
Provisions	1 330 175 817	236 343	-	1 330 412 160	
Interest rate swaps	9 560 148	-	-	9 560 148	
Service concession arrangement	2 258 076 521	-	-	2 258 076 521	
Redemption fund liability	247 075 556	-	-	247 075 556	
	14 738 036 411	36 047 452		- 14 774 083 863	
Total Liabilities	34 115 554 987	21 353 100		- 34 136 908 087	
Net Assets	32 305 809 767	(2 688 914 273)		- 29 616 895 494	
Accumulated surplus (deficit)	32 305 809 766	(2 688 914 269)		- 29 616 895 497	
Total Net Assets	32 305 809 766	(2 688 914 269)		- 29 616 895 497	

Statement of Financial Performance - 2023

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Revenue					
Revenue from exchange transactions					
Service charges	22 082 536 989	-	-	22 082 536 989	
Rental of facilities and equipment	152 934 706	-	-	152 934 706	
Interest received (trading)	1 253 249 568	1	-	1 253 249 569	
Licences and permits	45 134 784	-	-	45 134 784	
Share of profit in associate: TASEZ	95 093 299	95 093 299	(95 093 299)	95 093 299	
Other income	1 239 515 183	(45 020 194)	-	1 194 494 989	
Interest received - investment	216 193 227	-	-	216 193 227	
Total revenue from exchange transactions	25 084 657 756	50 073 106	(95 093 299)	25 039 637 563	
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	9 069 425 546	-	-	9 069 425 546	
Transfer revenue					
Government grants & subsidies	7 924 635 258	(1 380 497)	-	7 923 254 761	
Public contributions and donations	9 434 592	-	-	9 434 592	
Fines, Penalties and Forfeits	151 567 098	-	-	151 567 098	
Total revenue from non-exchange transactions	17 155 062 494	(1 380 497)		- 17 153 681 997	
Total revenue	42 239 720 250	48 692 609	(95 093 299)	42 193 319 560	

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

73. Prior period errors (continued)

Figures in Rand	Previously reported	Adjustment	Re-classification	Restated	Reference
Expenditure					
Employee costs	(11 242 050 360)	(10 543 990)	-	(11 252 594 350)[6]	
Remuneration of councillors	(131 912 644)	-	-	(131 912 644)	
Depreciation	(2 550 371 952)	138 989 178	-	(2 411 382 774)[3]	
Finance costs	(2 211 768 972)	180 373 101	-	(2 031 395 871)[7]	
Debt Impairment	(3 365 289 194)	-	-	(3 365 289 194)	
Other materials	(627 882 455)	(30 951 899)	-	(658 834 354)[8]	
Bulk purchases	(14 840 951 593)	-	-	(14 840 951 593)	
Contracted Services	(4 306 048 849)	1 312 985	-	(4 304 735 864)	
Transfers and Subsidies	(100 723 760)	-	-	(100 723 760)	
General expenses	(1 772 289 359)	(64 371 746)	-	(1 836 661 105)[5]	
Total expenditure	(41 149 289 138)	214 807 629	-	(40 934 481 509)	
Operating surplus					
Gains and (losses) on assets	(130 323 273)	28 557 352	-	(101 765 921)	
Gain or loss on exchange differences	292 877	-	-	292 877	
Fair value adjustments	108 011 734	-	-	108 011 734	
Actuarial gains/losses	191 170 625	-	-	191 170 625	
Impairment loss	(230 333 951)	-	-	(230 333 950)	
Share of surpluses or deficits from associates or joint ventures accounted for using the equity method	-	(95 093 299)	95 093 299	-	
Loss on redemption fund	(84 087 481)	-	-	(84 087 481)	
Surplus for the year	945 161 643	196 964 291	-	1 142 125 935	
Cash Flow Statement					
Cash flows from operating activities	3 622 241 210	53 104 714	-	3 675 345 924	
Cash flows from investing activities	(2 338 630 434)	(98 017 358)	-	(2 436 647 792)	
Cash flows from financing activities	(1 424 425 022)	44 912 644	-	(1 379 512 378)	
Net increase/(decrease) in cash and cash equivalents	-	(140 814 246)	-	(140 814 246)	
Cash and cash equivalents at the beginning of the year	926 310 161	-	-	926 310 161	
Cash and cash equivalents at the end of the year	785 495 915	-	-	785 495 915	

Error 1 - Investments and Cash and Bank

The adjustment is due to a reclassification of highly liquid investments into cash and bank.

Error 2 - Other receivables from non-exchange

The Adjustment is due to Public contributions which had been incorrectly accounted for.

Error 3 - Property, plant and equipment

The adjustment is due to retirement of some of the costs of the infrastructure assets which had been previously capitalised.

Error 4 - Intangible assets

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

73. Prior period errors (continued)

Restatements are mainly due to capitalisation of assets relating to the prior year and the associated depreciation correction. On intangible AUCs there were also an amount expensed for operational cost, and lastly there was also a reclassification on AUCs previous linked to another class

Error 5 - Finance lease obligation

The correction of vehicles which had been expensed. These vehicles were initially on lease rental.

Error 6 - Employee costs

Due to the correction of overtime paid and acting allowances.

Error 7 - Finance costs

The adjustments is due to interest on rehabilitaion of landfills.

Error 8 - Other materials

The adjustment is due to fuel Audit finding.

74. Segment information

General information

Group - 2024

Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Assets					
Non-current assets	11 104 305 189	18 922 702 345	19 105 585 554	7 286 157 537	56 418 750 625
Current Assets	730 767 833	208 033 081	5 604 647 634	4 860 593 516	11 404 042 064
Total segment assets	11 835 073 022	19 130 735 426	24 710 233 188	12 146 751 053	67 822 792 689
Total assets as per SoFP					67 822 792 689
Liabilities					
Non-current Liabilities	(2 476 408 224)	(4 278 966 552)	(3 589 725 326)	(4 493 116 546)	(14 838 216 648)
Current Liabilities	(4 215 749 097)	(2 807 354 619)	(4 566 738 954)	(8 691 894 502)	(20 281 737 172)
Total segment liabilities	(6 692 157 321)	(7 086 321 171)	(8 156 464 280)	(13 185 011 048)	(35 119 953 820)
Total liabilities as per SoFP					(35 119 953 820)
Net Assets	5 142 915 701	12 044 414 255	16 553 768 908	(1 038 259 995)	32 702 838 869

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

74. Segment information (continued)

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	-	17 260 334	24 324 131 896	16 480 843	24 357 873 073
Rental of facilities and equipment	74 032 178	50 227 950	81 731	84 420 641	208 762 500
Interest received (trading)	983 870	325 800	1 094 287 300	1 002 833 955	2 098 430 925
Licences and permits	-	43 618 141	-	-	43 618 141
Share of profit in associate: TASEZ	-	-	-	55 756 392	55 756 392
Revenue from service concession arrangements - exchange	-	-	-	50 872 192	50 872 192
Other income	62 626 217	813 125 551	239 758 168	246 983 957	1 362 493 893
Interest received - investment	492 538	4 760 500	-	237 379 612	242 632 650
Total revenue from exchange transactions	138 134 803	929 318 276	25 658 259 095	1 694 727 592	28 420 439 766
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	-	-	-	9 806 515 525	9 806 515 525
Interest - Taxation revenue	-	88 651	-	-	88 651
Transfer revenue					
Government grants & subsidies	773 608 044	1 010 042 456	991 894 804	5 350 385 267	8 125 930 571
Public contributions and donations	-	-	-	6 704 994	6 704 994
Fines, Penalties and Forfeits	237 368 650	236 914	-	3 552 325	241 157 889
Total revenue from non-exchange transactions	1 010 976 694	1 010 368 021	991 894 804	15 167 158 111	18 180 397 630
Expenditure					
Employee related costs	(4 864 719 907)	(1 672 555 633)	(2 562 297 885)	(2 426 761 104)	(11 526 334 529)
Remuneration of councillors	-	-	-	(133 389 734)	(133 389 734)
Depreciation and amortisation	(199 585 705)	(1 029 849 960)	(532 874 589)	(394 634 634)	(2 156 944 888)
Finance costs	(239)	(9 024 010)	(255 535 345)	(2 238 252 381)	(2 502 811 975)
Debt Impairment	(110 474 362)	(21 129 410)	(2 361 465 836)	(2 047 353 218)	(4 540 422 826)
Other materials	(53 609 559)	(334 918 863)	(87 231 238)	(502 360 899)	(978 120 559)
Bulk purchases	-	-	-	(17 059 154 350)	(17 059 154 350)
Contracted Services	(1 209 020 427)	(813 462 391)	(1 170 824 827)	(623 591 204)	(3 816 898 849)
Transfers and Subsidies	(287 074)	-	-	(1 765 444)	(2 052 518)
General expenses	(119 922 393)	(187 157 976)	(80 526 098)	(1 356 896 789)	(1 744 503 256)
Total expenditure	(6 557 619 666)	(4 068 098 243)	(7 050 755 818)	(26 784 159 757)	(44 460 633 484)
Gain or loss on disposal of assets and liabilities	(1 720 593)	(112 209)	(4 856 626)	(36 604 739)	(43 294 167)
Gain or loss on exchange differences	-	-	-	(803 977)	(803 977)
Fair value adjustments	-	-	-	(107 974 164)	(107 974 164)
Impairment loss	(45 494 455)	(657 622)	(10 503 985)	(1 347 338)	(58 003 400)
Interest rate swap valuation	-	-	-	4 270 125	4 270 125
Actuarial gains/(losses)	-	-	-	172 520 258	172 520 258
Taxation	-	(1 887 988)	-	-	(1 887 988)
Surplus for the year	(5 455 723 217)	(2 131 069 765)	19 584 037 470	(9 892 213 889)	2 105 030 599

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

74. Segment information (continued)

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	11 187 033 996	19 025 716 716	19 208 274 427	7 325 319 241	56 746 344 380
Current Assets	542 423 208	142 857 995	3 951 898 732	3 427 268 551	8 064 448 486
Total segment assets	11 729 457 204	19 168 574 711	23 160 173 159	10 752 587 792	64 810 792 866
Total assets as per SoFP					64 810 792 866
Liabilities					
Non-current Liabilities	(2 465 788 405)	(4 260 647 641)	(3 574 331 162)	(4 473 848 282)	(14 774 615 490)
Current Liabilities	(4 077 398 630)	(2 737 262 705)	(4 464 350 819)	(8 107 557 894)	(19 386 570 048)
Total segment liabilities	(6 543 187 035)	(6 997 910 346)	(8 038 681 981)	(12 581 406 176)	(34 161 185 538)
Total liabilities as per SoFP					(34 161 185 538)
Net Assets	5 186 270 169	12 170 664 365	15 121 491 178	(1 828 818 384)	30 649 607 328

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	22 051 438 177	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	598 924 276	1 253 249 569
Licences and permits	-	45 134 784	-	-	45 134 784
Share of profit in associate: TASEZ	-	-	-	95 093 299	95 093 299
Other income	48 478 310	719 450 979	210 628 432	216 976 314	1 195 534 035
Interest received - investment	258 261	4 118 343	-	212 980 632	217 357 236
Total revenue from exchange transactions	97 990 808	828 389 039	22 915 681 066	1 212 604 139	25 054 665 052
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	842 980 208	992 126 039	974 300 295	5 255 478 626	8 064 885 168
Public contributions and donations	64 306 240	-	-	9 434 592	73 740 832
Fines, Penalties and Forfeits	149 185 571	148 900	-	2 232 627	151 567 098
Total revenue from non-exchange transactions	1 056 472 019	992 316 743	974 300 295	14 335 674 612	17 358 763 669
Total revenue	1 154 462 827	1 820 705 782	23 889 981 361	15 548 278 751	42 413 428 721

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

74. Segment information (continued)

Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Expenditure					
Employee related costs	(4 784 258 571)	(1 648 404 695)	(2 519 562 445)	(2 386 286 225)	(11 338 511 936)
Remuneration of councillors	-	-	-	(131 912 644)	(131 912 644)
Depreciation and amortisation	(215 996 097)	(1 161 663 826)	(601 096 845)	(445 158 466)	(2 423 915 234)
Finance costs	-	(8 779 223)	(246 648 361)	(1 776 121 948)	(2 031 549 532)
Debt Impairment	(77 364 242)	(15 688 408)	(1 753 368 374)	(1 520 142 417)	(3 366 563 441)
Other materials	(36 109 883)	(225 591 877)	(58 756 496)	(338 376 098)	(658 834 354)
Bulk purchases	-	-	-	(14 840 951 593)	(14 840 951 593)
Contracted Services	(1 349 467 577)	(933 487 570)	(1 328 284 453)	(707 455 533)	(4 318 695 133)
Transfers and Subsidies	(289 575)	-	-	(2 982 613)	(3 272 188)
General expenses	(103 856 099)	(197 520 750)	(87 505 390)	(1 474 500 638)	(1 863 382 877)
Total expenditure	(6 567 342 044)	(4 191 136 349)	(6 595 222 364)	(23 623 888 175)	(40 977 588 932)
Gain or loss on disposal of assets and liabilities	(2 500 307)	(208 119)	(11 625 406)	(87 621 519)	(101 955 351)
Gain or loss on exchange differences	-	-	-	292 877	292 877
Fair value adjustments	-	-	-	108 011 734	108 011 734
Impairment loss	(10 070 953)	(11 579 696)	(184 958 782)	(23 724 519)	(230 333 950)
Interest rate swap valuation	-	-	-	(84 087 481)	(84 087 481)
Actuarial gains/(losses)	-	-	-	191 170 625	191 170 625
Taxation	-	113 200	-	-	113 200
Surplus for the year	(5 425 450 477)	(2 382 105 182)	17 098 174 809	(7 971 567 707)	1 319 051 443

Municipality - 2024

Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Assets					
Non-current assets	10 133 074 523	18 920 581 100	19 105 585 554	7 286 157 536	55 445 398 713
Current Assets	706 546 934	188 389 457	5 604 910 748	4 860 593 516	11 360 440 655
Total segment assets	10 839 621 457	19 108 970 557	24 710 496 302	12 146 751 052	66 805 839 368
Total assets as per SoFP					66 805 839 368
Liabilities					
Non-current Liabilities	(2 476 408 224)	(4 278 463 761)	(3 589 725 326)	(4 493 116 546)	(14 837 713 857)
Current Liabilities	(4 142 189 745)	(2 804 486 545)	(4 567 083 238)	(8 691 894 499)	(20 205 654 027)
Total segment liabilities	(6 618 597 969)	(7 082 950 306)	(8 156 808 564)	(13 185 011 045)	(35 043 367 884)
Total liabilities as per SoFP					(35 043 367 884)
Net Assets	4 221 023 488	12 026 020 251	16 553 687 738	(1 038 259 993)	31 762 471 484

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

74. Segment information (continued)

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	-	17 260 334	24 324 651 001	16 480 843	24 358 392 178
Rental of facilities and equipment	40 477 831	50 227 950	81 731	84 420 641	175 208 153
Interest received (trading)	983 870	325 800	1 094 287 300	1 002 833 955	2 098 430 925
Licences and permits	-	43 618 141	-	-	43 618 141
Share of profit in associate: TASEZ	-	-	-	55 756 392	55 756 392
Revenue from service concession arrangements - exchange	-	-	-	50 872 192	50 872 192
Other income	54 000 159	818 950 363	239 758 168	246 983 957	1 359 692 647
Interest received - investment	-	3 580 628	-	237 379 612	240 960 240
Total revenue from exchange transactions	95 461 860	933 963 216	25 658 778 200	1 694 727 592	28 382 930 868
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	-	-	-	9 807 460 751	9 807 460 751
Transfer revenue					
Government grants & subsidies	714 015 204	1 010 042 456	991 894 804	5 350 385 267	8 066 337 731
Public contributions and donations	-	-	-	6 704 994	6 704 994
Fines, Penalties and Forfeits	237 368 650	236 914	-	3 552 325	241 157 889
Total revenue from non-exchange transactions	951 383 854	1 010 279 370	991 894 804	15 168 103 337	18 121 661 365
Expenditure					
Employee related costs	(4 823 597 376)	(1 630 798 329)	(2 562 297 885)	(2 426 761 104)	(11 443 454 694)
Remuneration of councillors	-	-	-	(133 389 734)	(133 389 734)
Depreciation and amortisation	(181 359 165)	(1 028 831 409)	(532 874 589)	(394 634 636)	(2 137 699 799)
Finance costs	-	(8 936 349)	(255 535 345)	(2 238 252 381)	(2 502 724 075)
Debt Impairment	(102 479 277)	(21 129 410)	(2 361 465 836)	(2 047 353 218)	(4 532 427 741)
Other materials	(53 609 559)	(334 918 863)	(87 231 238)	(502 360 899)	(978 120 559)
Bulk purchases	-	-	-	(17 059 154 350)	(17 059 154 350)
Contracted Services	(1 181 265 369)	(818 755 561)	(1 170 824 827)	(623 591 204)	(3 794 436 961)
Transfers and Subsidies	(287 075)	(96 610 156)	-	(2 956 859)	(99 854 090)
General expenses	(82 545 772)	(170 203 245)	(80 526 098)	(1 356 896 786)	(1 690 171 901)
Total expenditure	(6 425 143 593)	(4 110 183 322)	(7 050 755 818)	(26 785 351 171)	(44 371 433 904)
Gain or loss on disposal of assets and liabilities	(979 295)	(73 040)	(4 856 626)	(36 604 739)	(42 513 700)
Gain or loss on exchange differences	-	-	-	(803 977)	(803 977)
Fair value adjustments	-	-	-	(107 974 164)	(107 974 164)
Impairment loss	(571 939)	(657 622)	(10 503 985)	(1 347 338)	(13 080 884)
Interest rate swap valuation	-	-	-	4 270 125	4 270 125
Actuarial gains/(losses)	-	-	-	172 520 258	172 520 258
Surplus for the year	(5 379 849 113)	(2 166 671 398)	19 584 556 575	(9 892 460 077)	2 145 575 987

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

74. Segment information (continued)

Municipality - 2023

Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Assets					
Non-current assets	10 187 537 863	19 022 275 609	19 208 274 427	7 325 319 241	55 743 407 140
Current Assets	498 195 556	132 835 889	3 952 096 444	3 427 268 552	8 010 396 441
Total segment assets	10 685 733 419	19 155 111 498	23 160 370 871	10 752 587 793	63 753 803 581
Total assets as per SoFP					63 753 803 581
Liabilities					
Non-current Liabilities	(2 465 334 788)	(4 259 332 305)	(3 573 673 612)	(4 475 743 158)	(14 774 083 863)
Current Liabilities	(4 049 762 614)	(2 741 908 378)	(4 465 175 207)	(8 105 978 024)	(19 362 824 223)
Total segment liabilities	(6 515 097 402)	(7 001 240 683)	(8 038 848 819)	(12 581 721 182)	(34 136 908 086)
Total liabilities as per SoFP					(34 136 908 086)
Net Assets	4 170 636 017	12 153 870 815	15 121 522 052	(1 829 133 389)	29 616 895 495

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	598 924 276	1 253 249 569
Licences and permits	-	45 134 784	-	-	45 134 784
Share of profit in associate: TASEZ	-	-	-	95 093 299	95 093 299
Other income	47 439 338	719 450 905	210 628 432	216 976 314	1 194 494 989
Interest received - investment	-	3 212 595	-	212 980 632	216 193 227
Total revenue from exchange transactions	83 358 998	827 483 217	22 916 191 209	1 212 604 139	25 039 637 563
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	-	-	-	9 069 425 546	9 069 425 546
Transfer revenue					
Government grants & subsidies	701 349 801	992 126 039	974 300 295	5 255 478 626	7 923 254 761
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	850 535 372	992 274 939	974 300 295	14 336 571 391	17 153 681 997
Total revenue	933 894 370	1 819 758 156	23 890 491 504	15 549 175 530	42 193 319 560

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

74. Segment information (continued)

Figures in Rand	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration (Non-Segment)	Total
Expenditure					
Employee related costs	(4 743 146 718)	(1 603 598 961)	(2 519 562 445)	(2 386 286 226)	(11 252 594 350)
Remuneration of councillors	-	-	-	(131 912 644)	(131 912 644)
Depreciation and amortisation	(204 578 008)	(1 160 549 455)	(601 096 845)	(445 158 466)	(2 411 382 774)
Finance costs	-	(8 625 562)	(246 648 361)	(1 776 121 948)	(2 031 395 871)
Debt Impairment	(76 089 995)	(15 688 408)	(1 753 368 374)	(1 520 142 417)	(3 365 289 194)
Other materials	(36 109 883)	(225 591 877)	(58 756 496)	(338 376 098)	(658 834 354)
Bulk purchases	-	-	-	(14 840 951 593)	(14 840 951 593)
Contracted Services	(1 340 129 102)	(928 866 776)	(1 328 284 453)	(707 455 533)	(4 304 735 864)
Transfers and Subsidies	(289 575)	(97 451 572)	-	(2 982 613)	(100 723 760)
General expenses	(89 700 112)	(184 954 962)	(87 505 390)	(1 474 500 641)	(1 836 661 105)
Total expenditure	(6 490 043 393)	(4 225 327 573)	(6 595 222 364)	(23 623 888 179)	(40 934 481 509)
Gain or loss on disposal of assets and liabilities	(6 272 837)	(467 857)	(31 108 917)	(63 916 310)	(101 765 921)
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)	(137 555 466)	(18 009 125)	(230 333 950)
Interest rate swap valuation	-	-	-	(84 087 481)	(84 087 481)
Actuarial gains/(losses)	-	-	-	191 170 625	191 170 625
Surplus for the year	(5 563 051 939)	(2 480 176 554)	17 126 604 757	(7 941 250 329)	1 142 125 935

City of Tshwane Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

74. Segment information (continued)

The Group has resolved to provide reportable segment information for the three key business units: community and public safety, economic and environmental services and trading services.

The segments are categorized based on the nature of service delivered. Segments were aggregated for reporting purposes.

The Group operates throughout the Tshwane jurisdiction as determined by the Municipal Demarcation Board, the Municipality 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.

Reportable segments	Principal activities and operations
Municipal governance and administration	All aspects of governance and the centralised financial administration of the Group. Various transactions are managed and administered centrally.
Community and public safety	Community and social services, sport and recreation facilities, crime prevention, traffic enforcement, public housing and health. These activities are performed by various departments with aligned objectives.
Economic and environmental services	Urban planning and development, transport, road maintenance and environmental protection. These activities are performed by various departments with aligned objectives.
Trading Services	
<i>Water management</i>	Providing residents, business and industry with clean, safe and reliable drinking water. This entails many diverse activities, from the management of water catchment areas and water storage, to distribution.
<i>Wastewater management</i>	Treating wastewater and safely disposing of it back into the environment.
<i>Waste management</i>	Collecting and disposing of waste in a safe manner, as required by legislation. Ensuring the general cleanliness of the municipality's streets, public spaces and rivers.
<i>Energy sources</i>	Distributing electricity to residential, commercial and industrial customers in Tshwane, and providing the link between Eskom and electricity consumers. Constructing and maintaining the equipment that transforms the power supply for consumers' needs.