CITY OF TSHWANE METROPOLITAN MUNICIPALITY

Audited Consolidated Financial Statements
for the year ended 30 June 2020

City of Tshwane Metropolitan Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2020

General Information

Legal form of entity	Category A municipality in terms of Section 1 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) read with Section 155(1) of the Constitution of the Republic of South Africa, 1996
Nature of business and principal activities	The principal activities of the City of Tshwane Metropolitan Municipality are to:- • Provide democratic and accountable government to the local communities; • Ensure sustainable service delivery to communities; • Promote social and economic development; • Provide local communities with equitable access to municipal services; • Promote and undertake development in the municipality; • Promote a safe and healthy environment; and • Encourage the involvement of communities in local government affairs.
Executive Mayor	Randall Williams Stevens Mokgalapa (resigned February 2020)
Speaker	Rachel Mathebe
Chief Whip	Christiaan van den Heever
Mayoral committee	
Members of the mayoral committee	Mare-Lise Fourie (MMC: Financial Services) Sakkie du Plooy (MMC: Health Services) Dana Wannenburg (MMC: Environment and Agriculture Management) Karen Meyer (MMC: Community Safety and Emergency Services) Phillip Nel(MMC: Utility Services) Sylvester Phokoje (MMC: Human Capital Management and Shared Services Thabisile Vilakazi(MMC: Community and Social Development Services) Bruce Lee(MMC: Economic Development and Spatial Planning) Mpho Mehlape-Zimu (MMC: Housing and Human Settlement) Dikeledi Selowa (MMC: Roads and Transport)
Administration Body	22 March 2020- 30 June 2020
Lead Administrator	Mpho Nawa
Administrators	Lesedi Mere Lefadi Makibinyane Rianda Kruger Lebogang Mahaye Gilberto Martins Thuli Mashanda Shiva Makotoko Mavela Alford Dlamini
Mayoral committee	July 2019- 21 March 2020 Anniruth Kissoonduth (Derrick) (MMC: Health Services) Abel Matshidiso Tau (MMC: Utility Services) Richard Moheta (MMC: Human Capital Management and Shared Services) Isak Petrus du Plooy (MMC: Community and Social Development Services) Isak Jacobus Pietersen (MMC: Economic Development and Spatial Planning) Samuel Maimane (MMC: Housing and Human Settlement) (from 3 July 2019 Sheila Lynn Senkubuge (Ms) (MMC: Roads and Transport)(resigned 30 November 2019) Mare-Lise Fourie (Ms) (MMC: Financial Services)

General Information

	Dana Wannenburg (MMC: Environment and Agriculture Management)
Grading of local authority	Category A Grade 6 urban municipality (demarcation code - TSH)
Accounting Officer	Mmaseabata Mutlaneng (acting) Telephone: 012 358 4901
Chief Financial Officer (CFO)	Umar Banda CA (SA) Telephone: 012 358 8100
Registered office	Tshwane House 320 Madiba Street PRETORIA 0002
Postal address	PO Box 408 PRETORIA 0002
Bankers	ABSA
Auditors	Auditor-General South Africa (AGSA)
Legislation governing the Municipality's operations	
	Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) Housing Act, 1997 (Act 107 of 1997) Constitution of the Republic of South Africa, 1996 Property Rates Act, 2004 (Act 6 of 2004) Division of Revenue Act, 2016 (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 number 2001/029821/08) Tshwane Economic Development Agency Soc Ltd (TEDA) (Registration number 2006/019396/07)
Entities dormant/disestablished	Sandspruit Works Association Soc Ltd (Registration number 1999/019160/08). Was disestablished on 30 June 2017 in terms of a Council Resolution of 27 October 2016. Final deregistration dated 14 Fevruary 2019

City of Tshwane Metropolitan Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2020

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Abbreviations

AGSA	Auditor-General South Africa
AARTO	Administrative Adjudication of Road Traffic Offences
AUC	Assets under construction
BAC	Bid Adjudication Committee
CFO	Chief Financial Officer
COGTA	Department of Co-operative Governance and Traditional Affairs
COID	Compensation for Occupational Injuries and Diseases
COO	Chief Operations Officer
DBSA	Development Bank of South Africa
DME	Department Minerals and Energy
DoRA	Division of Revenue Act
DPSA	Department of Public Service and Administration
EDSM	Electricity demand side management
EPWP	Expanded Public Works Programme
FMG	Finance Management Grant
FSP	Financial sustainability plan
GDHS	Gauteng Department of Human Settlement
GDoT	Gauteng Department of Transport
GLGH	Gauteng Local Government and Housing
GRAP	Generally Recognised Accounting Practice
GSO	Governance and Support Officer
HCT	Housing Company Tshwane
HSDG	Human Settlement Development Grant
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IDC	Interactive Digital Centre
IFRS	International Financial Reporting Standards
IGRAP	Interpretations on Generally Recognised Accounting Practice
INEP	Integrated National Electrification Programme
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
JCE(s)	Jointly controlled entity(ies)
LGSETA	Local Government Sector Education and Training Authority

Abbreviations

MEC	Member of the Executive Council
MFMA	Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)
MPRA	Municipal Property Rates Act
mSCOA	Municipal Standard Chart of Accounts
NDPG	Neighbourhood Development Partnership Grant
NRW	Non-revenue water
PPE	Property, plant and equpment
PTNG	Public Transport Network Grant
PTNOG	Public Transport Network Operating Grant
RTMC	Road Traffic Management Corporation
RUL	Remaining useful life
SALA	South African Local Authorities Pension Fund
SALGA	South African Local Government Association
SHRA	Social Housing Regulatory Authority
STC	Secondary Tax on Companies
TEDA	Tshwane Economic Development Agency
TRT	Tshwane Rapid Transit
TTC	Tsela Tshweu Consortium
UIF	Unemployment Insurance Fund
UIFW	Unauthorised, irregular, fruitless and wasteful expenditure
USDG	Urban Settlement Development Grant
VAT	Value-Added Tax
WULA	Water use licence application

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the group’s cash flow forecast for the year to 30 June 2021 and, in the light of this review and the current financial position, she is satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the municipality genarating sufficient revenue for continued funding of operations. The audited consolidated financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

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

The audited consolidated financial statements set out on page 7 - 206 which have been prepared on the going concern basis, were approved by the accounting officer on 30 November 2020 and were signed on its behalf by:

Mmaseabata Mutlaneng
(Acting) City Manager

Umar Banda CA(SA)
Chief financial officer

Pretoria
Monday, 30 November 2020

City of Tshwane Metropolitan Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2020

Statement of Financial Position as at 30 June 2020

		Group		Municipality	
	Note(s)	2020	2019 Restated*	2020	2019 Restated*
Assets					
Current Assets					
Inventories	3	687 779 661	718 880 669	687 779 661	718 880 669
Consumer receivables from exchange transactions	4	4 978 842 969	3 885 876 553	4 978 842 969	3 885 876 553
Consumer receivables from non-exchange transactions	4	1 150 286 500	980 798 075	1 150 286 500	980 798 075
Other receivables from exchange transactions	5	704 182 974	863 318 207	773 791 441	861 536 351
Other receivables from non-exchange transactions	5	412 995 866	349 622 749	400 574 835	332 006 234
Long term receivable :short-term portion	6	132 119 244	111 175 936	132 119 244	111 175 936
VAT receivable	16	721 773	2 639 410	-	-
Redemption fund asset	7	1 329 639 759	888 647 222	1 329 639 759	888 647 222
Investment	8	649 748 890	3 627 053 125	631 159 290	3 619 286 445
Cash and cash equivalents	9	277 865 652	334 174 925	216 844 652	264 614 430
Current tax receivable	27	1 721 608	727 084	-	-
		10 325 904 896	**11 762 913 955**	**10 301 038 351**	**11 662 821 915**
Non-Current Assets					
Long term receivable : Long term portion	6	1 658 296	43 911 767	1 658 296	43 911 767
Redemption fund asset	7	466 851 283	284 066 583	466 851 283	284 066 583
Property, plant and equipment	10	41 364 281 858	40 261 521 581	41 119 115 597	40 118 153 837
Investment property	11	1 066 106 203	1 066 408 489	1 066 106 202	1 066 408 489
Intangible assets	12	796 221 024	698 532 076	796 203 444	698 505 577
Heritage assets	13	3 370 081 069	3 372 111 070	3 370 081 069	3 372 111 070
Interest rate swap asset	14	31 298 484	-	31 298 484	-
Deferred tax	25	1 162 582	159 621	-	-
Investments in controlled entities		-	-	1 000	1 000
		47 097 660 799	**45 726 711 187**	**46 851 315 375**	**45 583 158 323**
Total Assets		**57 423 565 695**	**57 489 625 142**	**57 152 353 726**	**57 245 980 238**
Liabilities					
Current Liabilities					
Payables from exchange transactions	15	8 402 206 737	7 470 131 914	8 381 711 237	7 431 997 269
VAT payable	16	2 025 176 819	2 445 901 619	2 025 176 819	2 445 901 619
Consumer deposits	17	673 376 886	558 775 598	673 376 886	558 775 598
Unspent conditional grants and receipts	18	486 607 374	296 901 711	486 607 374	296 901 711
Loans and bonds	19	746 696 839	906 627 762	746 696 839	906 627 762
Finance lease obligation	20	333 766 246	321 161 158	333 096 282	321 161 158
Employee benefit obligation	21	198 677 412	163 162 670	198 677 412	163 162 670
Service concession arrangement	23	249 166 667	242 016 667	249 166 667	242 016 667
Operating lease liability	24	382 577	75 833	-	-
Employee benchmark obligation	72	852 484 577	-	852 484 577	-
Councillor remuneration obligation		21 069 249	-	21 069 249	-
		13 991 614 541	**12 404 754 932**	**13 968 063 342**	**12 366 544 454**
Non-Current Liabilities					
Interest rate swap liability	14	413 339 043	219 999 785	413 339 043	219 999 785
Loans and bonds	19	11 347 537 099	10 663 063 567	11 347 537 099	10 663 063 567
Finance lease obligation	20	261 720 005	510 102 502	259 106 534	510 102 502
Employee benefit obligation	21	1 665 376 886	1 672 265 229	1 665 376 886	1 672 265 229
Provisions	22	1 284 400 029	1 007 468 013	1 284 400 029	1 007 468 013
Service Concession arrangement	23	1 961 384 293	1 708 781 631	1 961 384 293	1 708 781 631
		16 933 757 355	**15 781 680 727**	**16 931 143 884**	**15 781 680 727**
Total Liabilities		**30 925 371 896**	**28 186 435 659**	**30 899 207 226**	**28 148 225 181**
Net Assets		**26 498 193 799**	**29 303 189 483**	**26 253 146 500**	**29 097 755 057**
Net Assets	29&28	26 498 193 799	29 303 189 483	26 253 146 500	29 097 755 057

* See Note 63

City of Tshwane Metropolitan Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2020

Statement of Financial Performance

	Note(s)	Group		Municipality	
		2020	2019 Restated*	2020	2019 Restated*
Revenue					
Revenue from exchange transactions					
Service charges	30	18 360 668 070	18 608 938 079	18 360 974 164	18 609 258 394
Rental of facilities and equipment		125 562 926	149 666 701	116 048 135	140 766 860
Interest received: outstanding consumer debtors		818 454 181	860 901 524	818 319 416	860 736 503
Licences and permits		37 338 520	46 618 296	37 338 520	46 618 296
Other income	32	731 045 135	701 251 002	730 559 785	700 744 457
Investment revenue	33	237 164 170	392 896 387	235 584 312	391 948 285
Gain on foreign exchange transactions		104 860	361 654	104 860	361 654
Gain on redemption fund investment		182 784 700	110 492 276	182 784 700	110 492 276
Total revenue from exchange transactions		**20 493 122 562**	**20 871 125 919**	**20 481 713 892**	**20 860 926 725**
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	31	7 424 488 155	7 116 106 912	7 424 886 562	7 116 482 763
Transfer revenue					
Government grants, subsidies, awards and donations	36	6 212 076 393	6 514 814 403	6 185 522 134	6 514 814 403
Public contributions and donations		100 066 098	199 301 514	100 066 098	199 301 514
Fines, penalties and forfeits	37	397 398 256	314 688 657	397 398 256	314 688 657
Total revenue from non-exchange transactions		**14 134 028 902**	**14 144 911 486**	**14 107 873 050**	**14 145 287 337**
Total revenue		**34 627 151 464**	**35 016 037 405**	**34 589 586 942**	**35 006 214 062**
Expenditure					
Employee-related cost	38	(11 675 553 952)	(9 093 168 509)	(11 615 144 658)	(9 050 783 953)
Remuneration of councillors	39	(126 485 895)	(126 684 958)	(126 485 895)	(126 684 958)
Depreciation and amortisation	41	(2 049 579 972)	(2 083 691 892)	(2 048 785 339)	(2 081 992 324)
Impairment loss/reversal of impairments	42	(93 496 146)	(212 691 197)	(93 496 146)	(212 691 197)
Finance costs	43	(1 511 803 090)	(1 497 922 972)	(1 511 565 646)	(1 497 851 735)
Debt impairment	44	(3 242 572 007)	(1 804 217 115)	(3 241 407 060)	(1 803 186 397)
Other materials		(570 785 667)	(555 132 321)	(570 785 667)	(555 132 321)
Bulk purchases	45	(11 960 627 129)	(10 880 698 035)	(11 960 621 470)	(10 880 597 476)
Contracted services	46	(3 718 499 279)	(3 304 248 717)	(3 691 811 455)	(3 311 445 770)
Transfers and subsidies	47	(34 477 277)	(46 743 213)	(144 933 696)	(137 168 303)
Loss on disposal of assets and liabilities		(43 235 747)	(66 917 460)	(43 149 991)	(66 867 224)
Fair value adjustments		(161 499 310)	(197 395 260)	(161 499 310)	(197 395 260)
General expenses	48	(2 242 977 710)	(2 621 318 507)	(2 224 509 169)	(2 605 433 461)
Total expenditure		**(37 431 593 181)**	**(32 490 830 156)**	**(37 434 195 502)**	**(32 527 230 379)**
(Deficit) surplus before taxation		**(2 804 441 717)**	**2 525 207 249**	**(2 844 608 560)**	**2 478 983 683**
Taxation	26	(553 967)	(100 270)	-	-
(Deficit) surplus for the year		**(2 804 995 684)**	**2 525 106 979**	**(2 844 608 560)**	**2 478 983 683**

* See Note 63

Statement of Changes in Net Assets for the year ended 30 June 2020

	Accumulated surplus	Total net assets
Group		
Opening balance as previously reported	24 930 165 347	24 930 165 347
Prior year adjustment	1 847 716 612	1 847 716 612
Balance at 01 July 2018 as restated*	**26 777 881 959**	**26 777 881 959**
Changes in net assets		
Surplus for the year	2 525 307 519	2 525 307 519
Net income (losses) recognised directly in net assets	-	-
Total recognised income and expenses for the year	-	-
Total changes	2 525 307 519	2 525 307 519
Opening balance as previously reported	27 913 211 821	27 913 211 821
Correction of errors	1 460 705 878	1 460 705 878
Balance at 1 July 2019 as restated*	**29 303 189 483**	**29 303 189 483**
Changes in net assets		
Deficit for the year	(2 804 995 684)	(2 804 995 684)
Total changes	(2 804 995 684)	(2 804 995 684)
Balance at 30 June 2020	**26 498 193 799**	**26 498 193 799**
Note(s)	28&63	
Municipality		
Opening balance as previously reported	24 771 054 759	24 771 054 759
Prior year adjustment	1 847 716 612	1 847 716 612
Balance at 01 July 2018 as restated*	**26 618 771 371**	**26 618 771 371**
Changes in net assets		
Surplus for the year	2 478 983 683	2 478 983 683
Total changes	2 478 983 683	2 478 983 683
Opening balance as previously reported	27 637 049 180	27 637 049 180
Adjustments		
Correction of errors	1 460 705 870	1 460 705 870
Balance at 1 July 2019 as restated*	**29 097 755 049**	**29 097 755 049**
Changes in net assets		
Surplus/(Deficit) for the year	(2 844 608 551)	(2 844 608 551)
Total changes	(2 844 608 551)	(2 844 608 551)
Balance at 30 June 2020	**26 253 146 498**	**26 253 146 498**
Note(s)	28&63	

* See Note 63

Cash Flow Statement for the financial year ended 30 June 2020

		Group		Municipality	
		2020	2019 Restated*	2020	2019 Restated*
Cash flows from operating activities					
Receipts					
Cash receipts from ratepayers and service charges		21 464 479 947	25 369 303 241	21 465 184 448	25 368 849 009
Cash receipts from other revenue sources		674 677 213	131 712 779	664 867 837	143 655 500
Grants: Operating		4 491 771 985	4 269 322 608	4 491 771 985	4 269 322 608
Grants: Capital		1 988 195 144	2 089 119 435	1 971 078 630	2 089 119 435
Interest income		295 987 908	385 762 113	294 251 083	384 814 011
Taxation Refunds		393 387	100 270	-	-
		28 915 505 584	32 245 320 446	28 887 153 983	32 255 760 563
Payments					
Cash paid to employees		(10 632 145 798)	(9 043 411 266)	(10 573 143 197)	(9 001 026 710)
Cash paid to suppliers		(16 583 237 103)	(16 910 496 052)	(16 552 602 746)	(16 884 411 132)
Finance costs (interest paid)		(1 162 667 137)	(1 538 410 885)	(1 162 318 015)	(1 538 339 648)
Transfers and grants		(34 477 277)	(46 743 213)	(144 933 696)	(137 168 303)
Taxes on surpluses	26&27	(1 836 905)	-	-	-
		(28 414 364 220)	(27 539 061 416)	(28 432 997 654)	(27 560 945 793)
Net cash flows from operating activities	50	**501 141 364**	**4 706 259 030**	**454 156 329**	**4 694 814 770**
Cash flows from investing activities					
Purchase of property, plant and equipment	10	(2 915 862 048)	(3 421 404 141)	(2 871 160 437)	(3 408 560 893)
Proceeds on disposal of assets		4 650 431	34 227 968	4 650 431	34 223 619
Purchase of investment property	11	(13 777 507)	-	(13 777 507)	-
Purchase of other intangible assets	12	(154 315 800)	(5 762 846)	(154 315 800)	(5 759 597)
Repayment of loans from economic entities		-	-	-	-
Increase /decrease in long-term receivables		(21 310 163)	18 723 201	(21 310 163)	18 723 201
Increase /decrease in financial assets		857 741 838	(331 816 403)	857 741 838	(331 816 403)
Capital contribution to redemption fund		(440 992 537)	(467 570 833)	(440 992 537)	(467 570 833)
Net cash flows from investing activities		**(2 683 865 786)**	**(4 173 603 054)**	**(2 639 164 175)**	**(4 160 760 906)**
Cash flows from financing activities					
Proceeds from Long term borrowings		1 500 000 000	1 500 000 000	1 500 000 000	1 500 000 000
Repayment of other financial liabilities(lease Liability)	19	(348 527 876)	(322 863 793)	(348 527 876)	(322 863 793)
Repayment of service concession arrangements		(207 855 650)	(221 326 797)	(207 855 650)	(221 326 797)
Repayment of other financial liabilities		(936 763 721)	(748 422 425)	(936 763 721)	(746 880 320)
Movement in other liabilities		-	(29 689 647)	-	(29 689 793)
Net cash flows from financing activities		**6 852 753**	**177 697 338**	**6 852 753**	**179 239 297**
Net increase/(decrease) in cash and cash equivalents		**(2 175 871 669)**	**710 353 314**	**(2 178 155 092)**	**713 293 307**
Cash and cash equivalents at the beginning of the year		3 103 066 077	2 392 712 763	3 025 738 902	2 312 445 595
Cash and cash equivalents at the end of the year	9	**927 194 407**	**3 103 066 077**	**847 583 810**	**3 025 738 902**

Budget on Cash Basis

* See Note 63

Cash Flow Statement

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

* See Note 63

City of Tshwane Metropolitan Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council-approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Group - 2020											
Financial performance											
Property rates	7 490 492 531	(26 681 259)	7 463 811 272	-		7 463 811 272	7 424 488 155		(39 323 117)	99 %	99 %
Service charges	20 605 313 414	(47 049 703)	20 558 263 711	-		20 558 263 711	18 360 668 070		(2 197 595 641)	89 %	89 %
Investment revenue	196 887 428	-	196 887 428	-		196 887 428	237 164 170		40 276 742	120 %	120 %
Transfers recognised - operational	4 726 160 457	302 531 777	5 028 692 234	-		5 028 692 234	4 737 186 029		(291 506 205)	94 %	100 %
Other own revenue	2 446 994 608	-	2 446 994 608	-		2 446 994 608	2 392 754 676		(54 239 932)	98 %	98 %
Total revenue (excluding capital transfers and contributions)	**35 465 848 438**	**228 800 815**	**35 694 649 253**	**-**		**35 694 649 253**	**33 152 261 100**		**(2 542 388 153)**	**93 %**	**93 %**
Employee costs	(10 513 510 397)	(165 347 000)	(10 678 857 397)	-	(214 000 000)	(10 892 857 397)	(11 675 553 952)	-	(782 696 555)	107 %	111 %
Remuneration of councillors	(142 093 151)	-	(142 093 151)	-	-	(142 093 151)	(126 485 895)	-	15 607 256	89 %	89 %
Depreciation and asset impairment	(2 132 962 653)	9 869	(2 132 952 784)			(2 132 952 784)	(2 143 076 118)	-	(10 123 334)	100 %	100 %
Finance charges	(1 502 320 725)	116 072 559	(1 386 248 166)	-	-	(1 386 248 166)	(1 511 803 090)	-	(125 554 924)	109 %	101 %
Debt impairment	(1 639 519 100)	-	(1 639 519 100)			(1 639 519 100)	(3 242 572 007)	-	(1 603 052 907)	198 %	198 %
Materials and bulk purchases	(12 773 541 265)	(151 953 033)	(12 925 494 298)	-	4 247 507	(12 921 246 791)	(12 531 412 796)	-	389 833 995	97 %	98 %
Contracted Services	(4 101 493 803)	(280 986 258)	(4 382 480 061)	-	-	(4 382 480 061)	(3 718 499 279)	-	663 980 782	85 %	91 %
Transfers and grants	(57 340 240)	5 224 591	(52 115 649)	-	207 840 019	155 724 370	(34 477 277)	-	(190 201 647)	(22)%	60 %
Loss on Disposal of PPE	-	(182 241)	(182 241)	-	-	(182 241)	(43 235 747)	-	(43 053 506)	23 724 %	- %
fair value adjustment	-	-	-	-	-	-	(161 499 310)	-	(161 499 310)	- %	- %
Other expenditure	(2 583 457 685)	248 360 700	(2 335 096 985)	-	1 912 474	(2 333 184 511)	(2 242 977 710)	-	90 206 801	96 %	87 %
Total expenditure	**(35 446 239 019)**	**(228 800 813)**	**(35 675 039 832)**	**-**	**-**	**(35 675 039 832)**	**(37 431 593 181)**	**-**	**(1 756 553 349)**	**105 %**	**106 %**
Surplus/(deficit)(excluding capital transfers and contributions)	**19 609 419**	**2**	**19 609 421**	**-**		**19 609 421**	**(4 279 332 081)**		**(4 298 941 502)**	**(21 823)%**	**(21 823)%**

Statement of Comparison of Budget and Actual Amounts

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council-approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	2 203 953 010	(521 696 788)	1 682 256 222	-		1 682 256 222	1 474 039 328		(208 216 894)	88 %	67 %
Contributions recognised - capital and contributed assets	30 000 000	7 000 000	37 000 000	-		37 000 000	851 036		(36 148 964)	2 %	3 %
Surplus/(deficit) after capital transfers and contributions	**2 253 562 429**	**(514 696 786)**	**1 738 865 643**	**-**		**1 738 865 643**	**(2 804 441 717)**		**(4 543 307 360)**	**(161)%**	**(124)%**
Taxation	-	-	-	-		-	(553 967)		(553 967)	- %	- %
	-	**-**	**-**	**-**		**-**	**-**		**-**	**- %**	**- %**
Capital expenditure and funds sources											
Sources of capital funds											
Transfers recognised - capital	2 333 629 160	(514 696 788)	1 818 932 372	-		1 818 932 372	1 517 003 251		(301 929 121)	83 %	65 %
Borrowing	1 500 000 000	-	1 500 000 000	-		1 500 000 000	1 080 893 588		(419 106 412)	72 %	72 %
Internally generated funds	244 835 241	5 182 470	250 017 711	-		250 017 711	207 168 170		(42 849 541)	83 %	85 %
Public contributions and donations	170 000 000	(5 182 470)	164 817 530	-		164 817 530	145 344 059		(19 473 471)	88 %	85 %
Total sources of capital funds	**4 248 464 401**	**(514 696 788)**	**3 733 767 613**	**-**		**3 733 767 613**	**2 950 409 068**		**(783 358 545)**	**79 %**	**69 %**

Statement of Comparison of Budget and Actual Amounts

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council-approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Cash flows											
Net cash from (used) operating	4 656 579 086	(2 350 537 215)	2 306 041 871	-		2 306 041 871	501 141 364		(1 804 900 507)	22 %	11 %
Net cash from (used) investing	(4 322 214 791)	772 699 555	(3 549 515 236)	-		(3 549 515 236)	(2 683 865 786)		865 649 450	76 %	62 %
Net cash from (used) financing	469 284 382	135 348 328	604 632 710	-		604 632 710	6 852 753		(597 779 957)	1 %	1 %
Net increase/(decrease) in cash and cash equivalents	**803 648 676**	**(1 442 489 332)**	**(638 840 656)**	**-**		**(638 840 655)**	**(2 175 871 669)**		**(1 537 031 014)**	**341 %**	**(271)%**
Cash and cash equivalents at the beginning of the year	3 537 943 204	(593 082 463)	2 944 860 741	-		2 944 860 741	3 103 066 077		158 205 336	105 %	88 %
Cash and cash equivalents at year end	**4 341 591 880**	**(2 035 571 795)**	**2 306 020 085**	**-**		**2 306 020 085**	**927 194 407**		**(1 378 825 678)**	**40 %**	**21 %**

City of Tshwane Metropolitan Municipality

Audited Consolidated Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council-approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Municipality - 2020											
Financial performance											
Property rates	7 490 492 531	(26 681 259)	7 463 811 272	-		7 463 811 272	7 424 886 562		(38 924 710)	99 %	99 %
Service charges	20 605 313 414	(47 049 703)	20 558 263 711	-		20 558 263 711	18 360 974 164		(2 197 289 547)	89 %	89 %
Investment revenue	196 254 242	-	196 254 242	-		196 254 242	235 584 312		39 330 070	120 %	120 %
Transfers recognised - operational	4 726 160 457	302 531 777	5 028 692 234	-		5 028 692 234	4 710 631 770		(318 060 464)	94 %	100 %
Other own revenue	2 422 988 215	-	2 422 988 215	-		2 422 988 215	2 382 619 771		(40 368 444)	98 %	98 %
Total revenue (excluding capital transfers and contributions)	**35 441 208 859**	**228 800 815**	**35 670 009 674**	**-**		**35 670 009 674**	**33 114 696 579**		**(2 555 313 095)**	**93 %**	**93 %**
Employee costs	(10 444 652 495)	(165 347 000)	(10 609 999 495)	-	(214 000 000)	(10 823 999 495)	(11 615 144 658)	-	(791 145 163)	107 %	111 %
Remuneration of councillors	(142 093 151)	-	(142 093 151)	-	-	(142 093 151)	(126 485 895)	-	15 607 256	89 %	89 %
Debt impairment	(1 639 519 100)	-	(1 639 519 100)			(1 639 519 100)	(3 241 407 060)	-	(1 601 887 960)	198 %	198 %
Depreciation and asset impairment	(2 130 502 326)	9 870	(2 130 492 456)			(2 130 492 456)	(2 142 281 485)	-	(11 789 029)	101 %	101 %
Finance charges	(1 502 183 707)	116 072 559	(1 386 111 148)	-	-	(1 386 111 148)	(1 511 565 646)	-	(125 454 498)	109 %	101 %
Materials and bulk purchases	(12 800 702 055)	(151 953 033)	(12 952 655 088)	-	4 247 507	(12 948 407 581)	(12 531 407 137)	-	417 000 444	97 %	98 %
Contracted Services	(4 069 242 493)	(280 986 254)	(4 350 228 747)	-	207 840 019	(4 142 388 728)	(3 691 811 455)	-	450 577 273	89 %	91 %
Transfers and subsidies	(163 190 835)	5 224 591	(157 966 244)	-	-	(157 966 244)	(144 933 696)	-	13 032 548	92 %	89 %
Loss on Disposal of PPE	-	(182 241)	(182 241)	-	-	(182 241)	(43 149 991)	-	(42 967 750)	23 677 %	- %
Other expenditure	(2 529 600 775)	248 360 700	(2 281 240 075)	-	1 912 474	(2 279 327 601)	(2 224 509 169)	-	54 818 432	98 %	88 %
fair value adjustment	-	-	-	-	-	-	(161 499 310)	-	(161 499 310)	- %	- %
Total expenditure	**(35 421 686 937)**	**(228 800 808)**	**(35 650 487 745)**	**-**	**-**	**(35 650 487 745)**	**(37 434 195 502)**	**-**	**(1 783 707 757)**	**105 %**	**106 %**
Surplus/(deficit)	**19 521 922**	**7**	**19 521 929**	**-**		**19 521 929**	**(4 319 498 923)**		**(4 339 020 852)**	**(22 126)%**	**(22 126)%**

Statement of Comparison of Budget and Actual Amounts

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council-approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	2 203 953 010	(521 696 788)	1 682 256 222	-		1 682 256 222	1 474 039 328		(208 216 894)	88 %	67 %
Contributions recognised - capital and contributed assets	30 000 000	7 000 000	37 000 000	-		37 000 000	851 036		(36 148 964)	2 %	3 %
Surplus/(deficit) for the year	**-**	**-**	**-**	**-**		**-**	**(2 844 608 551)**		**(2 844 608 551)**	**DIV/0 %**	**DIV/0 %**
Capital expenditure and funds sources											
Sources of capital funds											
Transfers recognised - capital	2 213 953 010	(522 613 249)	1 691 339 761	-		1 691 339 761	1 490 448 992		(200 890 769)	88 %	67 %
Public contributions and donations	170 000 000	(5 182 470)	164 817 530	-		164 817 530	145 344 059		(19 473 471)	88 %	85 %
Borrowing	1 500 000 000	-	1 500 000 000	-		1 500 000 000	1 080 893 588		(419 106 412)	72 %	72 %
Internally generated funds	159 843 129	(2 844 863)	156 998 266	-		156 998 266	123 155 046		(33 843 220)	78 %	77 %
Total sources of capital funds	**4 043 796 139**	**(530 640 582)**	**3 513 155 557**	**-**		**3 513 155 557**	**2 839 841 685**		**(673 313 872)**	**81 %**	**70 %**

Statement of Comparison of Budget and Actual Amounts

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council-approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Cash flows											
Net cash from (used) operating	4 656 579 085	(2 350 537 214)	2 306 041 871	-		2 306 041 871	454 156 329		(1 851 885 542)	20 %	10 %
Net cash from (used) investing	(4 322 214 791)	772 699 554	(3 549 515 237)	-		(3 549 515 237)	(2 639 164 175)		910 351 062	74 %	61 %
Net cash from (used) financing	469 284 382	135 348 328	604 632 710	-		604 632 710	6 852 753		(597 779 957)	1 %	1 %
Net increase/(decrease) in cash and cash equivalents	**803 648 676**	**(1 442 489 332)**	**(638 840 656)**	**-**		**(638 840 656)**	**(2 178 155 092)**		**(1 539 314 436)**	**341 %**	**- %**
Cash and cash equivalents at the beginning of the year	3 537 943 204	(593 082 463)	2 944 860 741	-		2 944 860 741	3 025 738 902		80 878 161	- %	- %
Cash and cash equivalents at year end	**4 341 591 880**	**(2 035 571 795)**	**2 306 020 085**	**-**		**2 306 020 085**	**847 583 810**		**(1 458 436 275)**	**37 %**	**20 %**

The explanations for major variances between the budget and the actual for the period under review are done in Note 70.

The explanations for changes between the original budget and the final budget for the period under review are done in Note 70.

Summary of significant accounting policies

1. Basis of preparation of annual financial statements

The audited consolidated financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003). The accounting framework as prescribed is determined in Directive 5 issued by the Accounting Standards Board.

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

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these audited consolidated financial statements, is disclosed below. Certain accounting policies are supported by reasonable and prudent judgements and estimates.

1.1 Presentation currency

These audited consolidated financial statements are presented in South African Rand, which is the functional currency of the economic entity and amounts have been rounded to the nearest Rand.

1.2 Going concern assumption

These consolidated annual financial statements have been prepared based on the expectation that the group will continue to operate as a going concern for at least the next 12 months. Refer to Note 60. The basis presumes that funds will be available for future operations and that the realisation of assets and settlement of liabilities, contingent liabilities and commitments will occur in the ordinary course of business.

1.3 Transfer of functions between entities under common control

Assets acquired/[transferred] and liabilities assumed [relinquished]

The recognition of assets and liabilities is subject to the following conditions:

The assets acquired and the liabilities assumed are part of what had been agreed in terms of the binding arrangement (if applicable), rather than the result of separate transactions.

Other criteria for the entity (as acquirer)

The assets acquired and liabilities assumed that qualify for recognition as set out in the binding arrangement meet the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements and the recognition criteria in the applicable Standards of GRAP at the transfer date.

Costs that the economic entity expects, but which it is not obliged to incur in the future to effect its plan to exit an activity of the transferor or to terminate the employment of, or relocate the transferor's employees, are not accounted for as part of the liabilities at the transfer date. The economic entity does not recognise those costs as part of a transfer of functions. Instead, the economic entity recognises these costs in its audited consolidated financial statements after the transfer has occurred, in accordance with the applicable Standards of GRAP.

Summary of significant accounting policies

1.3 Transfer of functions between entities under common control (continued)

Accounting by the entity as acquirer

Initial recognition and measurement

As of the transfer date, the economic entity recognises the purchase consideration paid to the transferor and all the assets acquired and liabilities assumed in a transfer of functions. The assets acquired and liabilities assumed are measured at their carrying amounts.

The difference between the carrying amounts of the assets acquired, the liabilities assumed and the consideration paid to the transferor is recognised in accumulated surplus or deficit.

Acquisition-related costs

The group accounts for acquisition-related costs as expenses in the period in which the costs are incurred and the services are received, with the exception of the costs incurred to issue debt or equity securities, which are recognised in accordance with the Standard of GRAP on Financial Instruments.

Subsequent measurement

The economic entity subsequently measures any assets acquired and any liabilities assumed in a transfer of functions in accordance with the applicable Standards of GRAP.

At the transfer date, the economic entity classifies or designates the assets acquired and liabilities assumed as necessary to apply other Standards of GRAP subsequently. The economic entity makes those classifications or designations on the basis of the terms of the binding arrangement, economic conditions, its operating or accounting policies and other relevant conditions that exist at the transfer date. An exception is that the economic entity classifies the following contracts on the basis of the contractual terms and other factors at the inception of the contract (or, if the terms of the contract have been modified in a manner that would change its classification, at the date of that modification, which might be the transfer date):

- classification of a lease contract as either an operating lease or a finance lease in accordance with the Standard of GRAP on Leases; and
- classification of a contract as an insurance contract in accordance with the International Financial Reporting Standard on Insurance Contracts.

1.4 Significant judgements and sources of estimation uncertainty

The preparation of these consolidated annual financial statements in conformity with GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in the notes to the financial statements, where applicable.

Receivables /Investments and/or loans

The group assesses its trade receivables, investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, judgements have to be made as to whether there were observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The impairment is measured at the reporting date taking into account the different classes of debtors and the history of payment success of debtors.

Summary of significant accounting policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Impairment of consumer receivables, long-term receivables and other receivables

The group assesses its consumer debtors, other receivables and long-term receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, judgements have to be made as to whether there were observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The group has developed a detailed impairment model used for assessing whether there is objective evidence that consumer receivables, housing receivables and long-term receivables should be impaired. The impairment model is in line with the requirements of GRAP 104, as it categorises debtors into similar credit risk characteristics and assesses them for impairment.

The group employed the services of a professional actuary to calculate the present value of the future cash flows of the receivables discounted at the receivables' original effective rate. The Projected Unit Credit discounted cash flow method was used in calculating the present value of the future cash flows. Prior payment patterns were considered to calculate the probability of debt being repaid in future periods, with the necessary adjustments. In determining these assumptions, it was assumed the payments per account in the payment data provided were first allocated to the oldest debt incorporated. A discount rate assumption of 10,25% to discount future cash flows to 30 June 2020 was used.

Probability to debt

The ultimate impact of COVID-19 on the economy and debt collections is highly uncertain with an anticipated decrease in the of City of Tshwane's debt repayments and ultimate increase in impairments. The City has partly implicitly allowed for this impact by updating and calculating the repayment probabilities considering payments made during the pandemic. This however is expected to only partially allow for the long-term impact of COVID-19. The City has therefore shown the potential impact of the pandemic by considering more severe assumptions.Prior payment patterns are used to calculate the probability of debt being repaid in future periods, with the necessary adjustments. We have weighted the probabilities more to payments for the year ended 30 June 2020 than previous years. This implicitly allows for the lower payments as a result of COVID-19, which occurred from April to June 2020. It was assumed that the payments per account in the payment data provided were first allocated to the oldest debt incorporated in the age analyses provided.In order to project the impact of COVID-19, we have adjusted the repayment probabilities per risk category after considering prior payment patterns before and during the pandemic in order to foresee the future within each category..

Allowance for slow-moving, damaged and obsolete stock

An allowance is made for stock to be written down to the lower of cost or net realisable value. Management has made estimates of the selling price and direct cost to sell on certain inventory items. In cases of inventories held for distribution through a non-exchange transaction or held for consumption in the production process of goods to be distributed at no charge or for a nominal charge, the write-down is the lower of cost and current replacement cost. The write down is included in the operational surplus (general expense). Refer to Note 3.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

Impairment of non-cash-generating assets

The group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality then estimates the recoverable service amount of the non-cash-generating asset. The recoverable service amount of non-cash-generating assets has been determined on the higher of value-in-use calculations and fair value less cost to sell. These calculations require the use of estimates and assumptions.

The excess of the carrying amounts over the recoverable service amount is recognised as impairment loss in the statement of financial performance.

Provisions

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

Summary of significant accounting policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

The estimates are discounted at a discount rate that reflects current market assessments of the time value of money. Additional disclosure of these estimates of provisions is included in Note 22 - Provisions.

Summary of significant accounting policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of Assets (property, plant and equipment ,investment and intangible assets)

The group's management determines the estimated useful lives and related depreciation charges and amortisation charge for assets. This estimate is based on industry norms. The industry norm is adjusted for entity-specific considerations. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 21.

Effective interest rate

The group uses the weighted average cost of capital (WACC) to discount future cash flows in the calculation of provisions (refer to Note 22.)

The group has certain borrowings which are linked to the Jibar rate which fluctuated from 6,15% to 8,733% for the year under review. Refer to Note 19.

Budget information

The group deems a 10% deviation on operational revenue and expenditure and a 5% or more for capital expenditure between budget and actual amounts to be material. These percentages are based on management's estimate and is considered to be appropriate. All material differences are explained in the notes to the consolidated annual financial statements.

1.5 Biological assets (game) - disclosed under property, plant and equipment

Biological assets (game) - disclosed under property, plant and equipment - are measured at their fair value less point-of-sale costs. These animals do not form part of agricultural activity and are therefore classified as part of Property, plant and Equipment in terms of GRAP 17 and not GRAP 27. In terms of paragraph 42 of GRAP 17 a class of property, plant and equipment is a grouping of assets of a similar nature or function in an entity's operations. This class of property, plant and equipment is however not measured at cost as the rest of the assets under property, plant and equipment, but are measured at fair value.

The fair value of livestock is determined based on market prices of livestock of similar age, breed and genetic merit.

A gain or loss arising on initial recognition of biological assets that form part of an agricultural activity - is included as a surplus or deficit for the period in which it arises.

Biological assets (game) are derecognised when the group disposes thereof or when it is no longer probable that future economic benefits or service potential will be generated from the biological asset game). Any gain or loss that arises at the point of derecognition is recognised in surplus or deficit at the point of derecognition.

1.6 Investment property

Investment property is recognised as an asset when it is probable that the future economic benefits or service potential that is associated with the investment property will flow to the economic entity, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or to service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Land held for a currently undetermined future use is recognised as investment property.

The gain or loss on the disposal or retirement of investment property is determined as the difference between the sales proceeds and the carrying value of the asset on the date of disposal and is recognised in the surplus or deficit for the year.

In terms of GRAP 16: Investment property, all useful lives of investment properties are reviewed annually on an indicator basis.

Summary of significant accounting policies

1.6 Investment property (continued)

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal instalments over the useful life of the property, which is as follows:

Item	Useful life (years)
Property - land	Indefinite
Property - buildings	6 - 50

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential is expected from its disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner- occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

The economic entity separately discloses expenditure to repair and maintain investment property in the notes to the audited consolidated financial statements (see Note 11).

The economic entity discloses relevant information relating to assets under construction or development in the notes to the audited consolidated financial statements (see Note 11).

1.7 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the economic entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of the continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

1.7 Property, plant and equipment (continued)

Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Depreciation is calculated at cost, using the straight-line method over the estimated useful lives of the assets. The residual value, depreciation method and useful life, if not significant, are reassessed annually on an indicator basis with the effect of any changes in estimate accounted for on a prospective basis. The depreciation rates are based on the following estimated useful lives:

Asset category	Depreciation method	Useful life (years)
Land	Not depreciated	Indefinite
Infrastructure	Straight line	
• **Roads and storm water**		4 - 60
• Electricity		5 - 65
• Water		4 - 100
• Sewer		1 - 100
• Solid waste		9 - 17
• Network and telecommunication		2 -37
• Waste water purification works		4 - 100
• Security		1 -41
• Airport		5 - 56
Community	Straight line	
• Buildings		2 - 60
• Recreational facilities		4 - 51
• Library books		4 - 15
Other property, plant and equipment	Straight line	
• Furniture and fittings		1 - 41
• Water craft		2 - 16
• Office equipment		1 - 41
• Plant and equipment		1 - 41
• Buildings		1 - 61
• Specialised vehicles		1 - 46
• Other vehicles		1 - 106
• Computer equipment		1 - 45
• Livestock		7 - 16
• Other equipment		1 - 42
• Books		3 - 16
Housing	Straight line	
• Housing		15 - 91
Service concession	Straight line	
• Building (Tshwane House)		25
Leased assets	Straight line	
• Vehicles, equipment, etc		3 - 20

The Data Dictionary contained in the Asset Management Policy contains the details of the components and their specific useful life estimates.

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

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 change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the group to amend the previous estimate unless expectations differ from the previous 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 method used reflects the pattern in which the asset's future economic benefits or service potential is expected to be consumed by the economic entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

Summary of significant accounting policies

1.7 Property, plant and equipment (continued)

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

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

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

Assets which the economic entity holds for rentals to others and subsequently routinely sells as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The economic entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see Note 10).

The economic entity discloses relevant information relating to assets under construction or development in the notes to the financial statements (see Note 10).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential over the total life of the asset in excess of the most recently assessed standard of performance of the existing asset will flow to the group. All other repairs and maintenance are charged to surplus or deficit for the year in which they are incurred.

The group tests for impairment where there is an indication that an asset might be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount) it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to surplus or deficit for the year.

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is ready for use.

1.8 Site rehabilitation and restoration cost

The municipality has an obligation to rehabilitate and restore items of property, plant and equipment. Such obligations are referred to as "rehabilitation provisions"'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of rehabilitation and restoration of the site on which it is located, the obligation for which the municipality incurs such costs either when the item is acquired or as a consequence of having used the item during a particular period.

As the related asset is measured using the cost model:-
(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
(c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.9 Intangible assets

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that is attributable to the asset will flow to the economic entity; and
- the cost or fair value of the asset can be measured reliably.

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

Expenditure which enhances and extends the benefits of computer software programs beyond the original life of the software is capitalised. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives. Costs associated with the maintenance of existing computer software programs are expensed as incurred.

Summary of significant accounting policies

1.9 Intangible assets (continued)

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits or service potential;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

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.

In terms of GRAP 31: Intangibles, all useful lives of intangible assets are reviewed annually on an indicator basis.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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

Item	Useful life
Computer software, other	3 - 30 years
Servitudes	indefinate

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

The economic entity discloses relevant information relating to assets under construction or development (if applicable) in the notes to the financial statements (see Note 12).

The economic entity discloses relevant information relating to the repair and maintenance of intangible assets in the notes to the financial statements (see Note 12).

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential is 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 asset is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.10 Internal reserves

Self-insurance reserve

A self-insurance reserve was established and, subject to external insurance where deemed necessary, covers claims that might occur. Premiums are charged to the respective services, taking into account the claims history and replacement value of the insured assets.

Contributions to and from the reserve are transferred via the statement of changes in net assets to the reserve in line with the amount provided for in the operating budget.
- The total amount of insurance premiums paid to external insurers is regarded as an expense and must be shown as such in surplus or deficit for the year. These premiums do not affect the self-insurance reserve.
- Claims received from external insurers are utilised in the calculation of a profit or loss on the scrapping of damaged assets and are therefore effectively recorded in surplus or deficit for the year.
- Claims received to meet repairs of damages on assets are reflected as income in surplus or deficit for the year.

Summary of significant accounting policies

1.10 Internal reserves (continued)

The self-insurance reserve is based on recognised insurance industry principles. To determine the level of capacity required, an agreed methodology has been adopted. The calculation of the required capacity of the self-insurance reserve is consistently applied annually based on the following methodology:

- Determination of the forecast surplus (free) capacity within the self-insurance reserve.
- The following liabilities are taken into account in determining this surplus capacity:
  Reported known outstanding claims and statistically forecast losses for the remainder of the underwriting period (IBNR = claims incurred but not yet reported).Probability and quantification of a catastrophic loss.
- Comparison of the surplus (free) capacity to the declared value of the highest service delivery asset to determine the shortfall that exists based on the assumption that sufficient capacity will be built up to cover that asset through the Self-insurance reserve over an agreed period of time.
- Spread the shortfall over a five-year period (in terms of the Long-term Insurance Strategy).
- Adjust for inflation with the agreed relevant indices.
- Determine the annual premium contribution to reach the target capacity over a five-year period.
- Apply a probability and affordability factor to the ideal premium contribution to determine the budgeted premium contribution over a five-year period.

Compensation for occupational injuries and diseases (COID) reserve

The Municipality has been exempted from making contributions to the Compensation Commissioner for Occupational Injuries and Diseases (COID). In terms of this exemption the Municipality established a COID reserve to offset claims from employees. Amounts are transferred to the COID reserve from the accumulated surplus based on the statutory rate of contributions set out in the Compensation for Occupational Injuries and Diseases Act, 1993 (Act 130 of 1993) as well as additional amounts deemed necessary to ensure that the balance of the reserve is adequate to offset potential claims.

Contributions to the COID reserve are based on 1% of the annual remuneration of employees that qualify for COID benefits. All employees earning more than a predetermined amount per annum are reinsured by what is called a "COID wrap-around" policy. Claims are paid as determined by the Compensation Commissioner and are reflected in surplus or deficit for the year. Claims are settled by transferring a corresponding amount from the COID reserve to the accumulated surplus in the statement of changes in net assets.

The Compensation Commissioner required a ceded investment or guarantee. This amount is calculated annually by the Department of Labour. The Municipality opted to supply the Compensation Commissioner with a bank guarantee .

1.11 Housing development fund

Sections 15(5) and 16 of the Housing Act, 1997 (Act 107 of 1997), which came into operation on 1 April 1998, require that the Municipality maintain a separate housing operating account. This legislated separate operating account will be known as the Housing Development Fund. The Housing Act also requires in terms of Section 14(4)(d)(iii)(aa) read with, inter alia, Section 16(2) that the net proceeds of any letting, sale of property or alienation, financed previously from government housing funds, be paid into a separate operating account and be utilised by the Municipality for housing development, subject to the approval of the MEC responsible for housing. Loans from national and provincial government that were used to finance housing selling schemes were extinguished on 1 April 1998 and transferred to the Housing Development Fund. The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The Housing Development Fund must have its own separate bank account or allocated investments and must be backed by cash or related assets.
- Any contributions to or from the fund must be shown as transfers in the statement of changes in net assets.
- Interest earned on the investments backing up this fund must be recorded as part of interest earned in surplus or deficit for the year and can be transferred via the statement of changes in net assets to the Housing Development Fund.

1.12 Heritage assets

The economic entity separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see Note 13).

The economic entity discloses relevant information relating to assets under construction or development in the notes to the financial statements (see Note 13).

Heritage assets are measured at cost.

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

Subsequent to initial measurement, heritage assets are carried at cost less any accumulated impairment losses.

1.12 Heritage assets (continued)

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

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

The economic entity derecognises heritage assets on disposal, or when no future economic benefits or service potential is expected from its use or disposal.

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

1.13 Investments in controlled entities

1.14 Financial instruments

Classification

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

Class	Category
Exchange:	
Consumer receivables: Services	Financial asset measured at amortised cost
Other receivables	Financial asset measured at amortised cost
Long-term receivables: Housing loans	Financial asset measured at amortised cost
Long-term receivables: Loans to sport clubs	Financial asset measured at amortised cost
Long-term receivables: Sale of land	Financial asset measured at amortised cost
Long-term receivables: Arrangement debtors	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Investments (short-term deposits of three months and less)	Financial asset measured at amortised cost
Investments (long-term of more than three months)	Financial asset measured at amortised cost
Interest rate swap	Financial asset measured at fair value
Redemption fund assets	Financial asset measured at fair value

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

Class	Category
Exchange:	
Long-term loans: Term loans	Financial liability measured at amortised cost
Long-term loans: Local registered stock	Financial liability measured at amortised cost
Long-term loans: Annuity loans	Financial liability measured at amortised cost
Long-term loans: Municipal bonds	Financial liability measured at amortised cost
Trade payables:	
Payables from exchange transactions	Financial liability measured at amortised cost
Retention creditors	Financial liability measured at amortised cost
Deposits	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at amortised cost
Lease liabilities	Financial liability measured at amortised cost
Service concession arrangement	Financial liability measured at amortised cost
Interest rate swap liability	Financial liability measured at fair value
Redemption fund liabilities	Financial liability measured at fair value

1.14 Financial instruments (continued)

Initial recognition

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

The group recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The group measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability not subsequently measured at fair value.

The group first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the group analyses a concessionary loan into its component parts and accounts for each component separately. The group accounts for that part of a concessionary loan that is:

Ÿ a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or

Ÿ non-exchange revenue in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The group measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value;
- Financial instruments at amortised cost;
- Financial instruments at cost (if applicable).

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

The group does not apply hedge accounting.

Fair value measurement considerations

The fair value of a financial liability with a demand feature (eg a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The group does not reclassify a financial instrument while it is issued or held unless it is:

- a combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the group cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the group reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Summary of significant accounting policies

1.14 Financial instruments (continued)

Impairment and uncollectability of financial assets

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

Financial assets measured at amortised cost

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

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

Derecognition

Financial assets

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognises 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 group has retained substantially all the risks and rewards of ownership of the transferred asset, the group continues to recognise the transferred asset in its entirety and recognises a financial liability for the consideration received. In subsequent periods, the group 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 group removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — ie when the obligation specified in the contract is discharged, cancelled, expires or waived.

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

Presentation

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

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

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

Summary of significant accounting policies

1.15 Tax

Current tax assets and liabilities

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting surplus nor the taxable profit/(tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that the 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 which at the time of the transaction affects neither the accounting surplus nor the 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 the future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or expense and included in surplus or deficit for the period, except to the extent that the tax arises from:
Ÿ a transaction or event which is recognised, in the same or a different period, as net assets; or
Ÿ 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.

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.

The City of Tshwane Metropolitan Municipality is exempt from tax in terms of Section 10(1)cB(i)(ff) of the Income Tax Act, 1962 (Act 58 of 1962).

The Housing Company Tshwane HCT) is exempt from tax in terms of Section 10(1)cA(ii) of the Income Tax Act.

The Tshwane Economic Development Agency (TEDA) has been registered for tax since the 2013/14 financial year.

1.16 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and building elements, the group assesses the classification of each element separately.

Finance leases - lessor

The group recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the group’s net investment in the finance lease.

Summary of significant accounting policies

1.16 Leases (continued)

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Finance leases - lessee

The group leases certain property, plant and equipment. Leases of property, plant and equipment where the group assumes substantially all the risks and rewards of ownership are classified as finance leases. The group will not incur a foreign currency lease liability other than that allowed by the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003).

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

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

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

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

Any contingent rents are expensed in the period in which they are incurred.

The finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The difference between the amounts recognised as revenue and the contractual receipts is recognised as an operating lease asset or liability.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in the statement of financial performance.

When assets are leased out under an operating lease, the assets are included in the statement of financial position based on the nature of the asset.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease asset or liability.

Operating leases are those leases which do not fall within the scope of the above definition of finance leases. Payments made under operating leases are charged against income on a straight-line basis over the period of the lease.

The operating lease liability is derecognised when the group's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the group no longer anticipates economic benefits to flow from the asset.

1.17 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.

Summary of significant accounting policies

1.17 Inventories (continued)

Inventories (consumable stores, raw materials, work in progress and finished goods) are measured at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for:
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility.

Water inventory

Water is regarded as inventory when the Municipality purchases water in bulk with the intention to resell it to consumers or to use it internally, or where the Municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes, etc). However, water in dams that are filled by natural resources that has not yet been treated, and that is under the control of the Municipality but cannot be measured reliably as there is no cost attached to the water, is therefore not recognised in the statement of financial position. The basis of determining the cost of water purchased and not yet sold at the reporting date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates.

Derecognition of inventory

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.18 Value-added tax (VAT)

The group is registered with the South African Revenue Services (SARS) for VAT on the payment basis in accordance with Section 15(2) of the VAT Act, 1991 (Act 89 of 1991). The group accounts for VAT on the cash basis.

Tshwane Economic Development Agency:The entity is registered with the South African Revenue Services (SARS) for VAT on the invoice basis, in accordance with the VAT Act.

Housing Company Tshwane: The entity pays VAT on the invoice basis under category C - every month.

VAT output refers to tax charged by the Municipality and the entities on a taxable supply and is declared in Part A of the VAT 201 return. Input tax and other deductions are deducted from the output tax liability to arrive at the net VAT payable (or refundable) for any particular tax period.

Revenue, expenses and assets are recognised net of the amount of VAT except:
- where the VAT incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables that are stated with the amount of VAT included.

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

1.19 Grants-in-aid (expense)

The group annually awards grants to individuals and organisations based on merit. When making these transfers, the group does not:

- Ÿ receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Ÿ expect to be repaid in future; or
- Ÿ expect a financial return, as would be expected from an investment.

These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred.

1.20 Impairment of non-cash-generating assets

1.21 Impairment of non-cash-generating assets

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The group assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the group estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also annually 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 by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating asset's remaining service potential.

The present value of the remaining service potential of a non-cash-generating asset is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset’s gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

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

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the group recognises a liability only to the extent that it is a requirement in the Standards of GRAP.

After recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset’s revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life (RUL).

Summary of significant accounting policies

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

Reversal of an impairment loss

The group assesses, at each reporting date, whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the group estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life (RUL).

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occurs when there is clear evidence that such a redesignation is appropriate.

1.22 Share capital / contributions from owners

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

1.23 Employee benefits

Termination benefits are employee benefits payable as a result of either:
- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Short-term employee benefits

When an employee has rendered service to the group during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the group recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The group measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The group recognises the expected cost of bonus, incentive and performance-related payments when the group has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Multi-employer plans and/or state plans and/or composite social security programmes

The group classifies a multi-employer plan and/or state plan and/or composite social security programme as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the group accounts for it in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the group accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the group accounts for the plan as if it was a defined contribution plan.

Summary of significant accounting policies

1.23 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

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

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the group recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money are consistent with the currency and estimated term of the obligation.

Post-employment benefits: Defined benefit plans

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the group recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, and are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

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

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

The group accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the group's informal practices. Informal practices give rise to a constructive obligation where the group has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the group's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- The present value of the defined benefit obligation at the reporting date;
- Minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- Plus any liability that may arise as a result of a minimum funding requirement.

The amount determined as a defined benefit liability may be negative (an asset). The group measures the resulting asset at the lower of:

- The amount determined above; and
- The present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

1.23 Employee benefits (continued)

Any adjustments arising from the limit above are recognised in surplus or deficit.

The group determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the consolidated annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

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).

The group uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefits to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted separately for each plan on an annual basis by independent actuaries. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The group recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the group re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The group offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money are consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and

Summary of significant accounting policies

1.23 Employee benefits (continued)

- 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, eg, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other post-retirement obligations

The group provides post-retirement health care benefits and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The Municipality also provides a gratuity and housing subsidy on retirement to certain employees. The cost for the benefits will be an expense through surplus or deficit.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- The present value of the defined benefit obligation at the reporting date;
- Minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The group shall recognise the net total of the following amounts as expense or revenue, except to the extent that another standard requires or permits their inclusion in the cost of an asset:

- Current service cost;
- Interest cost;
- The expected return on any plan assets and on any reimbursement right recognised as an asset;
- Actuarial gains and losses, which shall all be recognised immediately;
- Past service cost, which shall all be recognised immediately; and
- The effect of any curtailments or settlements.

Tshwane Economic Development Agency (TEDA)

TEDA has a pension fund defined contribution plan where employees pay a fixed amount and the employer pays for the administration fees. The entity further has a group risk plan where employees pay a fixed amount and the employer pays the administration fees which is considered to be a defined contribution plan.

1.24 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.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are measured at the present value of the expenditures expected to be incurred to settle the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the group settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in Note 59.

1.24 Provisions and contingencies (continued)

Levies

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time (ie if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time).

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The economic entity recognises an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

The following provisions exist within the group:

Ÿ **Clearing of alien vegetation**
In terms of the Conservation of Agricultural Resources Act, 1983 (Act 43 of 1983) the provision for the clearing of alien vegetation was established in 2005/06 as a start to address the backlogs that exist.

Ÿ **Landfill sites**
The group has an obligation to rehabilitate its landfill sites in terms of its licence stipulations. A provision was established in 2007/08. The amount of the provision is recognised at the present value of the expenditure expected to be required to settle the obligation and is carried at amortised cost.

Ÿ **Quarries**
In terms of Section 52(2)(d) of the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002) the City of Tshwane is required to rehabilitate its quarries and borrow pits after these quarries and borrow pits have been closed. The amount of the provision is recognised at the present value of the expenditure expected to be required to settle the obligation and is carried at amortised cost.

Ÿ **Legal proceedings**

A provision for legal cost with regard to certain cases is created due to the fact that it was probable (more likely than not) that a present obligation exist at the reporting date and that the municipality will be liable for the legal cost in these cases. The history and nature of these cases further indicate that the liability is more of a long-term nature. The cases included in the provision are still pending and disclosing details will prejudice the position of the municipality in a dispute with other parties on the subject matter. Refer to note 22.

Certain legal claims that have arisen in the normal course of business are disclosed due to a possible outflow in settlement. The amounts disclosed as contingencies are based on the attorney's best estimates of the possible amounts payable.

1.25 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.

The Group discloses capital commitments in the notes to the annual financial statements, A distinction is made between approved and contracted for AND approved but not yet contracted for

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

- GRAP 1 – Presentation of Financial Statements (GRAP 1) requires the disclosure of unrecognised contractual commitments
- GRAP 17 – Property, Plant and Equipment (GRAP 17) requires the disclosure of contractual commitments for the acquisition of property, plant and equipment

1.25 Commitments (continued)

- GRAP 31 – Intangible Assets (GRAP 31) requires the disclosure of contractual commitments for the acquisition of intangible assets.

1.26 Revenue from exchange transactions

Revenue is recognised when it is probable that future economic benefits or service potential will flow to the municipality and these benefits can be measured reliably.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/goods sold, the value of which approximates the consideration received or receivable.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be 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:
(a) the amount of revenue can be measured reliably;
(b) it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
(c) the stage of completion of the transaction at the reporting date can be measured reliably;
(d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
Ÿ The group has transferred to the purchaser the significant risks and rewards of ownership of the goods;
Ÿ The group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
Ÿ The amount of revenue can be measured reliably;
Ÿ It is probable that the economic benefits or service potential associated with the transaction will flow to the group; and
Ÿ The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
Ÿ It is probable that the economic benefits or service potential associated with the transaction will flow to the group;
Ÿ The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

Service charges

Service charges relating to electricity, water and sanitation are based on consumption. Waste removal is based on the size of the bin and the number of times it is collected. Meters are read and billed on a monthly basis and revenue is recognised when invoiced. Estimates of consumption are made monthly when meter readings have not been performed. The estimates of consumption are recognised as revenue when invoiced. Adjustments to estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognised as revenue in the invoicing period. Waste removal services are billed on a monthly basis.

Services provided on a prepaid basis

Various services are provided on a prepaid basis in which case no formal billing takes place and revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date.

Income from agency services

Income from agency services is recognised on a monthly basis, limited to the agency fees, once the income collected on behalf of agents has been quantified. The income recognised is in terms of an agency agreement. Amounts collected on behalf of the principal are accounted for as a liability in the statement of financial position.

Housing rental and installments

Summary of significant accounting policies

1.26 Revenue from exchange transactions (continued)

Income in respect of housing rental and installments are accrued monthly in advance. Finance income from the sale of housing by way of installment sales agreements or finance leases is recognised on a time-proportionate basis.

Collection charges

Collection charges are recognised when such amounts are incurred/earned.

Rental of facilities and equipment

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Interest income

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:
Ÿ It is probable that the economic benefits or service potential associated with the transaction will flow to the group, and
Ÿ The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Interest earned on investments is recognised on a time-proportionate basis that takes into account the effective yield on the investments. Interest earned on outstanding debtors is recognised on a time-proportionate basis.

1.27 Revenue from non-exchange transactions

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

Revenue received from conditional grants, donations and funding is recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. A liability is recognised to the extent that the criteria, conditions or obligations have not been met.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

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

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, is recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Taxes (property rates for municipalities)

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

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Transferred assets are measured at their fair value as at the date of acquisition.

Summary of significant accounting policies

1.27 Revenue from non-exchange transactions (continued)

Fines

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

Public contributions, sponsorships and donations, including goods in kind

Public contributions, sponsorships and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in kind

The municipality recognises services in kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Grants, donations and receipts

Revenue received from conditional grants, donations and funding is recognised as revenue to the extent that the group 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.

1.28 Operating expenses

The definition of expenses encompasses expenses that arise from the ordinary activities of the group.

Under the accrual basis of accounting, expenses are recognised when incurred, usually when goods are received or services are rendered. This may not be when the goods or services are actually paid for.

The point at which an expense is recognised is dependent on the nature of the transaction or other event that gives rise to the expense.

1.29 Translation of foreign currencies

Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the group (ie South African rand) using the rate of exchange prevailing on the date of the transaction. Trade creditors denominated in foreign currency are reported at the statement of financial position date by using the exchange rate at that date. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded during the period are recognised as revenue or as expense in the period in which they arise.

Where a transaction is covered by a forward exchange contract, the rate specified in the contract is used. The group will not incur a foreign currency liability other than that allowed by the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003).

1.30 Comparative amounts

Where necessary, comparative amounts have been reclassified to conform to changes in presentation in the current year. Refer to Note 63.

1.30 Comparative amounts (continued)

Where accounting errors have been identified in the current financial year, the correction is made retrospectively as far as it is practical and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as it is practical and the prior year comparatives are restated accordingly.

The comparative amounts (accounting policy and disclosures) may not be consistent with the current year accounting policies and disclosures due to the implementation of the amended GRAP standards.

1.31 Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by the group otherwise than in accordance with Section 15 or 11(3) of the Municipal Finance Management Act (Act 56 of 2003), and includes:

- overspending of the total amount appropriated in the group's approved budget;
- overspending of the total amount appropriated for a vote in the approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- a grant by the group other than in accordance with the Municipal Finance Management Act.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense.

The group follows the guidance provided in annexure D of MFMA Circular no 68 to account for Council decision to recover or write-off unauthorised expenditure.

1.32 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure which is made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in surplus or deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense.

The group follows the guidance provided in annexure D of MFMA Circular no 68 to account for Council decision to recover or write-off fruitless and wasteful expenditure.

1.33 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), or the Public Office Bearers Act, 1998 (Act 20 of 1998), or in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure.

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

The City follows the guidance provided in annexure D of MFMA Circular no 68 to account for Council decision to recover or write-off irregular expenditure.

1.34 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.

1.35 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Summary of significant accounting policies

1.35 Accounting by principals and agents (continued)

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The economic entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the economic entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the economic entity concludes that it is not the agent, then it is the principal in the transactions.

The economic entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:
- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the economic entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The economic entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the economic entity is an agent.

Recognition

The economic entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The economic entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The economic entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.36 Budget information

A 10% deviation on operational revenue and expenditure versus the final budget are seen as material and for capital expenditure the percentage deviation is 5%. This percentage is based on management's estimate and is considered to be appropriate. All material differences are explained in the notes to the annual financial statements.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives. The approved budget covers the fiscal period from 1 July 2019 to 30 June 2020.

The audited consolidated financial statements and the budget are on the same basis of accounting (ie accrual basis); Therefore a comparison with the budgeted amounts for the reporting period has been included in the Statement of comparison of budget and actual amounts (appropriation statement in terms of Circular 67 of the National Treasury). The statement of comparison of budget and actual information has been included in the audited consolidated financial statements as the recommended disclosure when the audited consolidated financial statements and the budget are on the same basis of accounting as determined by the National Treasury.

Summary of significant accounting policies

1.37 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control
.
The City controls two municipal entities (TEDA and HCT) and has investment in joint venture (TAHSEZ). These forms part of related parties.Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Management is considered a related party, and comprises Councillors, Executive Mayor, Mayoral Committee Members, City Manager and all other Section 56 and 57 employees (refer to Note 38, 39 and 40).

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

The group 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 . (refer to Note 62).

1.38 Events after the reporting date

The group will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The group will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Summary of significant accounting policies

1.39 Service concession arrangements: Entity as grantor

Recognition of asset and liability

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

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

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

Financial liability model

Where the group has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition or upgrade of a service concession asset, the group accounts for the liability as a financial liability.

The group allocates the payments to the operator and accounts for them according to their substance as a reduction in the liability recognised, a finance charge and charges for services provided by the operator.

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

Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments from the group to the operator are allocated by reference to the relative fair values of the service concession asset and the services.

Where the asset and service components are not separately identifiable, the service component of payments from the group to the operator is determined using estimation techniques.

Grant of a right to the operator model

Where the group does not have an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition or upgrade of a service concession asset, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the group accounts for the liability as the unearned portion of the revenue arising from the exchange of assets between the group and the operator.

The group recognises revenue and reduces the liability according to the substance of the service concession arrangement.

Dividing the arrangement

If the group pays for the construction, development, acquisition or upgrade of a service concession asset partly by incurring a financial liability and partly by the grant of a right to the operator, it accounts separately for each part of the total liability.

Other liabilities, contingent liabilities and contingent assets

The group accounts for other liabilities, contingent liabilities and contingent assets arising from a service concession arrangement in accordance with the policy on Provisions, Contingent liabilities and contingent assets, and Financial instruments.

Summary of significant accounting policies

1.39 Service concession arrangements: Entity as grantor (continued)

Other revenues

The group accounts for revenues from a service concession arrangement, other than those relating to the grant of a right to the operator model, in accordance with the Standard of GRAP on Revenue from exchange transactions.

Recognition of the performance obligation and the right to receive a significant interest in a service concession asset

If the group controls a significant residual interest in a service concession asset at the end of the service concession arrangement through ownership, beneficial entitlement or otherwise, and the arrangement does not constitute a finance or an operating lease, the group recognises its right to receive the residual interest (ie a receivable) in the service concession asset at the commencement of the arrangement.

The right to receive a residual interest in the service concession asset to be received at the end of the arrangement is an exchange consideration. This is because the group will receive an asset in exchange for granting the operator access to the asset while providing a mandated function on its behalf in accordance with the substance of the arrangement.

In terms of the policy on revenue from exchange transactions, the exchange consideration is recognised and measured at fair value. The value of the receivable (the right to the residual interest in the asset) that is receivable at the end of the service concession arrangement reflects the value of the service concession asset as if it were already in the age and in the condition expected at the end of the service concession arrangement.

When the group recognises the right to receive a residual interest in the service concession asset, it also recognises its performance obligation for granting the operator access to the service concession asset in accordance with the substance of the arrangement. The value of the performance obligation is the same as the receivable interest recognised at the commencement of the service concession arrangement.

The performance obligation is reduced and revenue is recognised based on the substance of the arrangement.

Where service concession arrangements include provisions to adjust the arrangements for changes, the effect of such changes is deemed to have taken place at the inception of the service concession arrangements.

1.40 Interest in jointly controlled assets

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

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

1.41 Investments in Municipal Entities

In the municipality's separate annual financial statements, investments in municipal entities are carried at cost.

1.42 Investment in joint ventures

A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control.
Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the ventures).
Investment in joint venture is accounted at cost in the separate financial statement of the municipality

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year the group has incorporated and applied the following effective new standards and interpretations that became effective during the 2019/20 Financial year

No.	Title of Standard/Description	Effective Date	Reference
GRAP 20	Related Parties	1 July 2019	Refer to Summary of significant accounting policies 1.35
GRAP 32	Service Concession Arrangements: Grantor	1 July 2019	Refer to Summary of significant accounting policies 1.37
GRAP 108	Statutory Receivables	1 July 2019	Refer to transitional provision note
GRAP 109	Accounting by Principals and Agents	1 July 2019	Refer to Summary of significant accounting policies 1.33
IGRAP 17	Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	1 July 2019	Refer to Summary of significant accounting policies 1.37
IGRAP 19	Liabilities to Pay Levies	1 July 2019	Refer to Summary of significant accounting policies 1.22
IGRAP 18	Recognition and Derecognition of Land	1 July 2019	

Notes to the Audited Consolidated Financial Statements

2. New standards and interpretations (continued)

2.2 Standards and interpretations issued, but not yet effective

The group has not applied the following standards and interpretations, as they are only effective for the group's Financial periods beginning on or after 1 July 2020

No.	Title of Standard/Description	Effective Date	Impact
GRAP 104	Financial Instruments (Amended)	The Effective date is not yet set by the Minister of Finance.	The Municipality will apply this standard in accounting for financial instruments.
GRAP 34	Separate Financial Statements	1 July 2020	The Municipality will apply this Standard in accounting for investments in controlled entities, joint ventures and associates, to present separate financial statements
GRAP 35	Consolidated Financial Statements	1 July 2020	The municipality will apply this Standard in the preparation and presentation of consolidated financial statements for the economic entity
GRAP 36	Investments in Associates and Joint Ventures	1 July 2020	The Municipality will apply this standard in accounting for investments in associates and joint ventures.
GRAP 37	Joint Arrangements	1 July 2020	The Municipality will apply this Standard in determining the type of joint arrangement in which it is involved and in accounting for the rights and obligations of the joint arrangement.
GRAP 38	Disclosure of Interests in Other Entities	1 July 2020	The Municipality will apply this Standard in disclosing information about its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated
GRAP 110	Living and Non-living Resources	1 July 2020	The Municipality will apply this Standard to the recognition, measurement, presentation and disclosure of living resources except those living resources.
GRAP 1	Presentation of Financial Statements(Amended)	1 July 2020	The Municipality will apply the requirement of the Standard in presenting the financial statements
GRAP 18	Segment Reporting	1 July 2020	The Municipality will apply the requirement of the Standard to present financial information of each segment as identied by the mucipality

Notes to the Audited Consolidated Financial Statements

2. New standards and interpretations (continued)

IGRAP 1	Applying The Probability Test On Initial Recognition Of Revenue	1 July 2020	The Municipality will apply the requirements of IGRAP 1 on Initial Recognition Of Revenue
IGRAP 20	Accounting for Adjustments to Revenue	1 July 2020	The Municipality will apply the requirements of IGRAP 20 on measurement of revenue
Guideline	Guideline on Accounting for Landfill Sites 2020	Not yet effective	The guideline will be applied to account for Landfill Sites.
Guideline	Guideline on The Application of Materiality to Financial Statements 2020	Not yet effective	The Municipality will develop its own materiality framework based on the guideline.

3. Inventories

Raw materials and components	420 748 103	460 242 104	420 748 103	460 242 104
Water for distribution	17 352 485	27 940 369	17 352 485	27 940 369
Fuel (diesel and petrol)	108 828 203	94 872 511	108 828 203	94 872 511
Bus tickets	4 618 233	3 351 617	4 618 233	3 351 617
Plants (nursery)	82 615	127 917	82 615	127 917
Quarries	1 419 740	2 801 732	1 419 740	2 801 732
Coal (power stations)	138 881 884	140 345 254	138 881 884	140 345 254
	691 931 263	729 681 504	691 931 263	729 681 504
Inventories (write-downs)	(4 151 602)	(10 800 835)	(4 151 602)	(10 800 835)
	687 779 661	**718 880 669**	**687 779 661**	**718 880 669**

Inventory pledged as security

No inventory is pledged as security.

2019/20:
According to Logistic Division the value of the theft and damaged inventory increased significantly from prior year to current year, whilst shortages and obsolete inventory improved form prior year.According to the Utility Services Department based on the measurement of the coal at the power stations, the coal deteriorated, however showing a significant improvement on the amount needed to be written down compared to prior yea**r.**

2018/19 financial year:

According to the Utility Services Department and the measurement of the coal at the power stations, the coal deteriorated and therefore the amount below has been written down.

The write down of the general inventory is only done at year end. The amount shown below is the net of surpluses and losses.

Write-down of inventory (included in general expenditure)				
Surplus inventory (items identified during stock take)	1 659	402 226	1 659	402 226
Shortages	(108 961)	(3 180 369)	(108 961)	(3 180 369)
Theft	(393 261)	-	(393 261)	-
Revaluation of inventory	(257 309)	(366 414)	(257 309)	(366 414)
Damaged inventory	(1 309 518)	(167 693)	(1 309 518)	(167 693)
Obsolete Inventory	(666 986)	(2 206 025)	(666 986)	(2 206 025)
Coal inventory (power stations) write down	(1 417 226)	(5 282 485)	(1 417 226)	(5 282 485)
Rounding difference	-	(75)	-	(75)
	(4 151 602)	**(10 800 835)**	**(4 151 602)**	**(10 800 835)**

	Group		Municipality	
	2020	2019	2020	2019
4. Consumer receivables				
Gross balances				
Rates	3 443 062 846	2 818 522 951	3 443 062 846	2 818 522 951
Electricity	4 103 914 992	2 163 694 501	4 103 914 992	2 163 694 501
Water	3 381 698 244	2 852 326 949	3 381 698 244	2 852 326 949
Other fees and levies	1 535 821 476	1 161 904 749	1 535 821 476	1 161 904 749
Sewerage	652 775 172	506 184 388	652 775 172	506 184 388
Solid waste	934 479 894	817 988 410	934 479 894	817 988 410
Interest	3 067 592 662	2 478 049 079	3 067 592 662	2 478 049 079
Regional services levies	(89 092 690)	(146 819 610)	(89 092 690)	(146 819 610)
	17 030 252 596	**12 651 851 417**	**17 030 252 596**	**12 651 851 417**
Less: Allowance for impairment				
Rates	(2 292 776 346)	(1 837 724 876)	(2 292 776 346)	(1 837 724 876)
Electricity	(1 731 758 130)	(902 132 154)	(1 731 758 130)	(902 132 154)
Water	(2 167 349 638)	(1 618 633 757)	(2 167 349 638)	(1 618 633 757)
Other fees and levies	(1 494 737 302)	(849 483 142)	(1 494 737 302)	(849 483 142)
Sewerage	(408 843 650)	(285 965 212)	(408 843 650)	(285 965 212)
Solid waste	(608 998 716)	(479 504 870)	(608 998 716)	(479 504 870)
Interest	(2 196 659 345)	(1 811 732 778)	(2 196 659 345)	(1 811 732 778)
	(10 901 123 127)	**(7 785 176 789)**	**(10 901 123 127)**	**(7 785 176 789)**
Net balance				
Rates	1 150 286 500	980 798 075	1 150 286 500	980 798 075
Electricity	2 372 156 862	1 261 562 347	2 372 156 862	1 261 562 347
Water	1 214 348 606	1 233 693 192	1 214 348 606	1 233 693 192
Other fees and levies	41 084 174	312 421 607	41 084 174	312 421 607
Sewerage	243 931 522	220 219 176	243 931 522	220 219 176
Solid waste	325 481 178	338 483 540	325 481 178	338 483 540
Interest	870 933 317	666 316 301	870 933 317	666 316 301
Arrangement debtors	(89 092 690)	(146 819 610)	(89 092 690)	(146 819 610)
	6 129 129 469	**4 866 674 628**	**6 129 129 469**	**4 866 674 628**
Included in above is receivables from exchange transactions				
Electricity	2 372 156 862	1 261 562 347	2 372 156 862	1 261 562 347
Water	1 214 348 606	1 233 693 192	1 214 348 606	1 233 693 192
Other fees and levies	41 084 174	312 421 607	41 084 174	312 421 607
Sanitation	243 931 522	220 219 176	243 931 522	220 219 176
Refuse	325 481 178	338 483 540	325 481 178	338 483 540
Interest	870 933 317	666 316 301	870 933 317	666 316 301
Arrangement Debtors	(89 092 690)	(146 819 610)	(89 092 690)	(146 819 610)
	4 978 842 969	**3 885 876 553**	**4 978 842 969**	**3 885 876 553**
Included in above is receivables from non-exchange transactions (taxes and transfers)				
Rates	1 150 286 499	980 798 075	1 150 286 499	980 798 075
Gross balance	**6 129 129 468**	**4 866 674 628**	**6 129 129 468**	**4 866 674 628**
Rates				
Current (0 -30 days)	754 519 892	582 054 618	754 519 892	582 054 618
31 - 60 days	135 025 480	94 714 625	135 025 480	94 714 625
61 - 90 days	108 377 815	58 547 081	108 377 815	58 547 081
91 - 120 days	67 907 112	55 629 770	67 907 112	55 629 770
121 - 150 days	66 901 103	57 606 733	66 901 103	57 606 733

	Group		Municipality	
	2020	2019	2020	2019
4. Consumer receivables (continued)				
151 - 180 days	74 579 811	53 972 465	74 579 811	53 972 465
181 -365 days	341 388 846	322 076 493	341 388 846	322 076 493
> 365 days	1 894 362 787	1 593 921 166	1 894 362 787	1 593 921 166
	3 443 062 846	**2 818 522 951**	**3 443 062 846**	**2 818 522 951**
Electricity				
Current (0 -30 days)	1 944 871 688	1 000 995 653	1 944 871 688	1 000 995 653
31 - 60 days	199 628 158	54 505 977	199 628 158	54 505 977
61 - 90 days	199 755 176	20 014 122	199 755 176	20 014 122
91 - 120 days	217 577 986	19 502 504	217 577 986	19 502 504
121 - 150 days	69 818 358	30 817 205	69 818 358	30 817 205
151 - 180 days	107 918 836	31 205 212	107 918 836	31 205 212
181 - 365	227 520 515	153 295 733	227 520 515	153 295 733
> 365 days	1 136 824 275	853 358 095	1 136 824 275	853 358 095
	4 103 914 992	**2 163 694 501**	**4 103 914 992**	**2 163 694 501**
Water				
Current (0 -30 days)	808 965 651	704 636 156	808 965 651	704 636 156
31 - 60 days	129 395 264	111 588 189	129 395 264	111 588 189
61 - 90 days	158 859 084	48 249 468	158 859 084	48 249 468
91 - 120 days	83 494 560	33 984 074	83 494 560	33 984 074
121 - 150 days	90 092 140	70 203 971	90 092 140	70 203 971
151 - 180 days	80 924 771	51 516 961	80 924 771	51 516 961
181 - 365	439 669 099	329 376 542	439 669 099	329 376 542
> 365 days	1 590 297 675	1 502 771 588	1 590 297 675	1 502 771 588
	3 381 698 244	**2 852 326 949**	**3 381 698 244**	**2 852 326 949**
Other fees and levies				
Current (0 -30 days)	147 344 196	94 211 350	147 344 196	94 211 350
31 - 60 days	40 506 221	23 784 083	40 506 221	23 784 083
61 - 90 days	40 188 205	6 811 321	40 188 205	6 811 321
91 - 120 days	63 204 795	10 537 850	63 204 795	10 537 850
121 - 150 days	22 292 440	60 601 430	22 292 440	60 601 430
151 - 180 days	33 972 036	25 097 893	33 972 036	25 097 893
181-365 days	172 824 648	82 504 552	172 824 648	82 504 552
> 365 days	1 015 488 935	858 356 270	1 015 488 935	858 356 270
	1 535 821 476	**1 161 904 749**	**1 535 821 476**	**1 161 904 749**
Sanitation				
Current (0 -30 days)	167 513 743	124 779 840	167 513 743	124 779 840
31 - 60 days	26 865 733	21 294 405	26 865 733	21 294 405
61 - 90 days	35 002 056	12 674 045	35 002 056	12 674 045
91 - 120 days	16 811 712	8 390 509	16 811 712	8 390 509
121 - 150 days	18 223 674	15 470 551	18 223 674	15 470 551
151 - 180 days	14 417 228	10 126 947	14 417 228	10 126 947
181-365 days	78 926 033	67 287 240	78 926 033	67 287 240
> 365 days	295 014 993	246 160 851	295 014 993	246 160 851
	652 775 172	**506 184 388**	**652 775 172**	**506 184 388**
Refuse				
Current (0 -30 days)	159 512 305	149 545 475	159 512 305	149 545 475
31 - 60 days	23 575 848	29 735 402	23 575 848	29 735 402
61 - 90 days	27 055 051	22 030 819	27 055 051	22 030 819
91 - 120 days	23 370 524	18 016 747	23 370 524	18 016 747
121 - 150 days	19 013 379	20 651 917	19 013 379	20 651 917
151 - 180 days	17 770 454	14 718 746	17 770 454	14 718 746
181-365 days	88 481 630	97 938 221	88 481 630	97 938 221

		Group		Municipality	
		2020	2019	2020	2019
4.	**Consumer receivables (continued)**				
	> 365 days	575 700 703	465 351 083	575 700 703	465 351 083
		934 479 894	**817 988 410**	**934 479 894**	**817 988 410**
	Interest				
	Current (0 -30 days)	159 115 471	182 732 920	159 115 471	182 732 920
	31 - 60 days	65 589 231	78 760 465	65 589 231	78 760 465
	61 - 90 days	88 077 198	65 024 935	88 077 198	65 024 935
	91 - 120 days	66 539 543	40 312 876	66 539 543	40 312 876
	121 - 150 days	76 520 213	91 710 175	76 520 213	91 710 175
	151 -180 days	65 541 158	58 160 821	65 541 158	58 160 821
	181-365 days	393 900 864	340 245 515	393 900 864	340 245 515
	> 365 days	2 152 308 984	1 621 101 372	2 152 308 984	1 621 101 372
		3 067 592 662	**2 478 049 079**	**3 067 592 662**	**2 478 049 079**
	Ageing: Total gross debtors				
	Current (0 -30 days)	4 141 842 944	2 838 956 010	4 141 842 944	2 838 956 010
	31 - 60 days	620 585 935	414 383 145	620 585 935	414 383 145
	61 - 90 days	657 314 584	233 351 791	657 314 584	233 351 791
	91 - 120 days	538 906 232	186 374 331	538 906 232	186 374 331
	121 - 150 days	362 861 307	347 061 983	362 861 307	347 061 983
	151 - 180 days	395 124 295	244 799 045	395 124 295	244 799 045
	181 -365 days	1 742 711 636	1 392 724 296	1 742 711 636	1 392 724 296
	>365 days	8 659 998 353	7 141 020 426	8 659 998 353	7 141 020 426
		17 119 345 286	**12 798 671 027**	**17 119 345 286**	**12 798 671 027**
	Consumer receivables - past due and impaired				
	121 - 150 days	3 121 650 098	653 029 492	3 121 650 098	653 029 492
	151 - 180 days	7 779 473 030	7 132 147 297	7 779 473 030	7 132 147 297
		10 901 123 128	**7 785 176 789**	**10 901 123 128**	**7 785 176 789**
	Consumer receivables - past due and not impaired				
	60 days and beyond	396 593 241	414 383 147	396 593 241	414 383 147
	120 -150 days	345 035 824	233 351 791	345 035 824	233 351 791
	151- 180 days	393 763 182	186 374 330	393 763 182	186 374 330
	181- 365 days	362 939 930	347 061 982	362 939 930	347 061 982
	+365 days	229 447 867	993 366 977	229 447 867	993 366 977
		1 727 780 044	**2 174 538 227**	**1 727 780 044**	**2 174 538 227**

	Group		Municipality	
	2020	2019	2020	2019

4. Consumer receivables (continued)

Summary of debtors by customer classification

Consumers				
Household/Residential	9 442 279 911	7 969 496 588	9 442 279 911	7 969 496 588
Industrial/Commercial	5 717 973 007	3 777 134 116	5 717 973 007	3 777 134 116
National and Provicial Government	1 147 605 068	571 990 777	1 147 605 068	571 990 777
Other	811 487 300	480 049 546	811 487 300	480 049 546
	17 119 345 286	**12 798 671 027**	**17 119 345 286**	**12 798 671 027**
Household				
Current (0 - 30 days)	2 174 453 125	1 971 617 546	2 174 453 125	1 971 617 546
31 - 60 days	256 748 099	218 786 552	256 748 099	218 786 552
61 - 90 days	310 964 441	151 202 573	310 964 441	151 202 573
91 - 120 days	177 907 181	102 662 720	177 907 181	102 662 720
121 - 150 days	205 016 072	204 160 753	205 016 072	204 160 753
151 - 180 days	188 219 890	127 692 294	188 219 890	127 692 294
181 - 365 days	1 047 161 876	847 529 271	1 047 161 876	847 529 271
365 + days	5 081 809 227	4 345 844 879	5 081 809 227	4 345 844 879
	9 442 279 911	**7 969 496 588**	**9 442 279 911**	**7 969 496 588**
Industrial/Commercial				
Current (0 - 30 days)	2 041 398 428	1 295 699 006	2 041 398 428	1 295 699 006
31 - 60 days	248 365 173	130 705 248	248 365 173	130 705 248
61 - 90 days	244 055 295	59 226 347	244 055 295	59 226 347
91 - 120 days	259 728 540	60 338 633	259 728 540	60 338 633
121 - 365 days	112 020 859	88 506 068	112 020 859	88 506 068
151-180 days	136 191 434	76 790 547	136 191 434	76 790 547
181 -365 days	503 343 194	380 659 581	503 343 194	380 659 581
>365 days	2 172 870 084	1 685 208 686	2 172 870 084	1 685 208 686
	5 717 973 007	**3 777 134 116**	**5 717 973 007**	**3 777 134 116**
National and Provisional				
Current (0 -30 days)	592 164 769	286 360 390	592 164 769	286 360 390
31 - 60 days	76 002 410	38 490 582	76 002 410	38 490 582
61 - 90 days	67 919 490	7 353 030	67 919 490	7 353 030
91 - 120 days	70 616 688	10 061 619	70 616 688	10 061 619
121 - 150 days	25 731 588	30 112 685	25 731 588	30 112 685
151 - 180 days	37 349 132	20 234 714	37 349 132	20 234 714
181 - 365 days	79 005 437	53 933 459	79 005 437	53 933 459
> 365 days	198 815 554	125 444 298	198 815 554	125 444 298
	1 147 605 068	**571 990 777**	**1 147 605 068**	**571 990 777**
Other				
Current (0 -30 days)	93 592 412	47 395 265	93 592 412	47 395 265
31 - 60 days	2 743 852	(4 348 180)	2 743 852	(4 348 180)
61 - 90 days	(4 830 370)	(3 452 227)	(4 830 370)	(3 452 227)
91 - 120 days	(700 117)	(789 355)	(700 117)	(789 355)
120 -150 days	(612 861)	(1 706 101)	(612 861)	(1 706 101)
151 -180 days	9 778 477	(456 095)	9 778 477	(456 095)
181 -365 days	6 156 895	1 323 097	6 156 895	1 323 097
> 365 days	705 359 012	442 083 142	705 359 012	442 083 142
	811 487 300	**480 049 546**	**811 487 300**	**480 049 546**
Reconciliation of allowance for impairment				
Balance at beginning of the year	(7 785 176 789)	(8 172 340 918)	(7 785 176 789)	(8 172 340 918)

		Group		Municipality	
		2020	2019	2020	2019
4.	**Consumer receivables (continued)**				
	Contributions to allowance	(1 393 997 460)	(1 287 638 518)	(1 393 997 460)	(1 287 638 518)
	Adjustments to allowance - review of impairment at year end	(2 276 277 380)	(865 211 385)	(2 276 277 380)	(865 211 385)
	Debt impairment written off against allowance - council resolution 27 June 2019	-	2 439 840 263	-	2 439 840 263
	Debt impairment written off against allowance	718 235 873	112 244 216	718 235 873	112 244 216
	Write back/corrections against allowance	2 275 932 892	(12 070 447)	2 275 932 892	(12 070 447)
	Reversal of accrual	(2 439 840 263)	-	(2 439 840 263)	-
		(10 901 123 127)	**(7 785 176 789)**	**(10 901 123 127)**	**(7 785 176 789)**
5.	**Other receivables**				
	AARTO fine debtor	1 361 349 339	1 043 157 980	1 361 349 339	1 043 157 980
	RTMC: AARTO debtor	1 256 293	1 256 293	1 256 293	1 256 293
	Creditors with debit balances reclassification	-	26 222 683	-	26 222 683
	Housing debtors	89 669 522	79 013 218	89 669 522	79 013 218
	Insurance claim: Fraud	2 496 909	11 809 028	2 496 909	11 809 028
	Pre-payment: Infrastructure Sanral	113 323 994	113 323 994	113 323 994	113 323 994
	Lease revenue	28 919 020	29 094 551	28 919 020	29 094 551
	Waste management	6 276 365	5 086 919	6 276 365	5 086 919
	Sundry Rentals	157 029 120	160 220 614	157 029 120	160 220 614
	Sundry Persons	372 708 911	381 290 567	443 009 005	381 290 614
	Miscellaneous	380 126 330	408 801 728	378 271 008	406 034 218
	HCT: Government grants	12 421 031	17 616 515	-	-
	Year End Grant debtor	5 759 774	8 513 075	5 759 774	8 513 075
	Public Contributions	143 157 319	142 207 319	143 157 319	142 207 319
	Overpayment of Creditors	10 628 393	-	10 628 393	-
	Miscellaneous	-	-	-	-
		2 685 122 320	**2 427 614 484**	**2 741 146 061**	**2 407 230 506**
	Included in receivables from exchange transactions				
	various debtors	1 304 335 883	1 363 070 668	1 372 780 654	1 354 303 158
	Less impairment	(600 152 909)	(499 752 461)	(598 989 212)	(492 766 807)
		704 182 974	**863 318 207**	**773 791 442**	**861 536 351**
	Included in receivables from non- exchange transactions				
	ARRTO fines	1 361 349 339	1 043 157 980	1 361 349 339	1 043 157 980
	RTMC:ARRTO debtor	1 256 293	1 256 293	1 256 293	1 256 293
	grant debtor	5 759 774	8 513 075	5 759 774	8 513 075
	HCT government grant	12 421 031	17 616 515	-	-
	Less impairment allowance	(967 790 571)	(720 921 114)	(967 790 571)	(720 921 114)
		412 995 866	**349 622 749**	**400 574 835**	**332 006 234**
	Pre payment: Sanral				
	> 365 days	113 323 994	113 323 994	113 323 994	113 323 994
	Housing debtors				
	31 - 60 days	10 656 303	8 706 812	10 656 303	8 706 812
	61 - 90 days	-	17 123 725	-	17 123 725
	121 - 365 days	25 830 537	53 182 681	25 830 537	53 182 681
	> 365 days	53 182 681	-	53 182 681	-
		89 669 521	**79 013 218**	**89 669 521**	**79 013 218**
	Creditors with debit balances				
	+365 days	-	26 222 683	-	26 222 683

	Group		Municipality	
	2020	2019	2020	2019
5. Other receivables (continued)				
Miscellaneous				
Current (0 -30 days)	-	11 747 274	-	11 747 274
31-365 days	380 126 330	370 513 173	378 271 008	367 745 663
121-365 days	-	26 541 281	-	26 541 281
	380 126 330	**408 801 728**	**378 271 008**	**406 034 218**
Lease revenue				
Current	5 461 366	-	5 461 366	-
31-60 days	-	29 094 551	-	29 094 551
61-90	23 457 654	-	23 457 654	-
	28 919 020	**29 094 551**	**28 919 020**	**29 094 551**
AARTO Fine debtor				
Current (0-30 days)	46 617 895	20 292 017	46 617 895	20 292 017
31-60 days	52 085 418	25 047 825	52 085 418	25 047 825
61-90 days	55 029 771	27 554 625	55 029 771	27 554 625
91-120 days	47 941 060	21 519 350	47 941 060	21 519 350
121-365 days	194 168 356	146 016 175	194 168 356	146 016 175
>365 days	965 506 839	802 727 988	965 506 839	802 727 988
	1 361 349 339	**1 043 157 980**	**1 361 349 339**	**1 043 157 980**
Waste Management				
31-60 days	-	1 211 694	-	1 211 694
61-90 days	1 961 432	752 682	1 961 432	752 682
91-120 days	-	685 738	-	685 738
121-365 days	1 894 489	2 436 805	1 894 489	2 436 805
>365 days	2 420 444	-	2 420 444	-
	6 276 365	**5 086 919**	**6 276 365**	**5 086 919**
Sundry rentals				
91-120 days	157 029 120	160 220 614	157 029 120	160 220 614
Sundry Persons				
31-60 days	65 884 057	-	65 884 057	-
91-120 days	-	115 077 928	-	115 077 928
121-365 days	-	23 126 564	-	23 126 564
>365 days	528 784 927	313 814 331	377 124 948	243 086 122
	594 668 984	**452 018 823**	**443 009 005**	**381 290 614**
Public contribution				
121-365	-	1 031 921	-	1 031 921
>365 days	143 157 319	141 175 398	143 157 319	141 175 398
	143 157 319	**142 207 319**	**143 157 319**	**142 207 319**
Insurance claim: fraud				
91-120 days	-	11 809 028	-	11 809 028
>365 days	2 496 909	-	2 496 909	-
	2 496 909	**11 809 028**	**2 496 909**	**11 809 028**
RTM: AARTO debtor				
>365 days	1 256 293	1 256 293	1 256 293	1 256 293
Year end grant debtor				

	Group		Municipality	
	2020	2019	2020	2019
5. Other receivables (continued)				
31-60 days	-	8 513 075	-	8 513 075
>	5 759 774	-	5 759 774	-
	5 759 774	**8 513 075**	**5 759 774**	**8 513 075**
Overpayment of creditors				
+365 days	10 628 393	-	10 628 393	-
Reconciliation of provision for impairment of trade and other receivables				
Opening balance	(1 214 673 575)	(1 026 475 432)	(1 213 687 921)	(1 025 332 290)
Additional contribution - review of impairment	(322 784 307)	(37 942 583)	(322 784 307)	(37 942 583)
Contribution to allowance (monthly contribution)	(31 471 252)	(226 013 506)	(30 307 556)	(224 945 557)
Write-off against the allowance	-	7 033 921	-	6 045 714
Corrections of write-offs against allowance	-	68 724 025	-	68 486 795
	(1 568 929 134)	**(1 214 673 575)**	**(1 566 779 784)**	**(1 213 687 921)**

Up to June 2020 an amount of R5 465 762 has been written off with regard to sundry/other debtors against the allowance.

Up to June 2019 an amount of R6 045 714 has been written off with regard to Sundry/Other debtors against the allowance.

6. Long-term receivables

Consumer: Arrangement debtors (refer to note 4)	89 092 690	146 819 610	89 092 690	146 819 610
Housing loans	11 464 609	10 990 613	11 464 609	10 990 613
Loans to sport clubs	1 019 744	1 004 151	1 019 744	1 004 151
Sale of land	109 059 607	73 701 316	109 059 607	73 701 316
	-	232 515 690	-	232 515 690
Current portion of long-term receivables	(132 119 244)	(111 175 936)	(132 119 244)	(111 175 936)
	-	121 339 754	-	121 339 754
Impairment allowance	(76 859 110)	(77 427 987)	(76 859 110)	(77 427 987)
	1 658 296	**43 911 767**	**1 658 296**	**43 911 767**
Reconciliation of impairment allowance				
Balance at the beginning of the year	(77 427 987)	(73 722 678)	(77 427 987)	(73 722 678)
Contribution to allowance during the year	(1 995 579)	(1 843 321)	(1 995 579)	(1 843 321)
Adjustment to contribution - review of impairment	2 564 456	(1 861 988)	2 564 456	(1 861 988)
	(76 859 110)	**(77 427 987)**	**(76 859 110)**	**(77 427 987)**

Consumer: Arrangement debtors

A policy exists which grants consumer debtors 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 Programme. 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

	Group		Municipality	
	2020	2019	2020	2019

Sport clubs that qualified signed a 99-year leasehold agreement with the Municipality at a nominal amount and were provided with financial assistance from the Municipality to build or improve a facility for which the funds are repayable over a period and the club has no claim to the improvements after the expiration of the leasehold agreement.

	Group		Municipality	
	2020	2019	2020	2019

Sale of land debtors

Vacant properties are sold through a process administered by Property Legal Services. 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), are issued. The contract stipulates from when interest is payable (immediately after signing the contract or after 12 months). The interest rate used is the Municipality's mortgage bond rate which currently is 9%. Interest is calculated monthly on the outstanding balance of the property.

As from 1 March 2014 all land sales are conducted on payment of the full amount to the Municipality by the purchaser. No extended payment terms are offered and full payment is required on registration.

AGEING:

Business service levies				
121 - 365 days	89 092 690	109 680 329	89 092 690	109 680 329
> 365 days	-	37 139 281	-	37 139 281
	89 092 690	**146 819 610**	**89 092 690**	**146 819 610**
Housing loans				
91 - 120 days	105 010	-	105 010	-
121 - 365 days	974 554	790 060	974 554	790 060
> 365 days	10 385 045	10 200 553	10 385 045	10 200 553
	11 464 609	**10 990 613**	**11 464 609**	**10 990 613**
Loans to sport clubs				
121 - 365 days	-	556 180	-	556 180
> 365 days	1 019 744	447 971	1 019 744	447 971
	1 019 744	**1 004 151**	**1 019 744**	**1 004 151**
Sale of land				
121 - 365 days	35 009 651	3 059 001	35 009 651	3 059 001
> 365 days	74 049 956	70 642 315	74 049 956	70 642 315
	109 059 607	**73 701 316**	**109 059 607**	**73 701 316**
Total ageing:				
121 - 365 days	-	114 085 570	-	114 085 570
> 365 days	-	118 430 119	-	118 430 119
	-	**232 515 689**	**-**	**232 515 689**
Past due and impaired	76 859 110	77 427 987	76 859 110	77 427 987
Past due and not impaired				
	43 424 400	114 085 570	43 424 400	114 085 570
	80 304 444	4 100 213	80 304 444	41 002 132
	123 728 844	**118 185 783**	**123 728 844**	**155 087 702**

7. Redemption fund

The redemption fund previously referred to as the sinking fund is a financial solution to assist the City of Tshwane (COT) in meeting its financial obligations to repay previously issued bonds and bullet profile loans.The COT pays contributions into the fund so as to enable the Municipality to receive contributions plus growth to repay for the redemption of the bonds and bullet profile loans when they fall due for redemption.

The service of the third party fund manager was in place in the City of Tshwane for two thirds of the 2018/19 financial year as the said contract was terminated. However, the strategy that was adopted and approved by the City of Tshwane still remains in force for its intended duration without any deviation.

The latter is part of the risk management framework adopted by the City of Tshwane. The assets and liabilities are disclosed below.

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

7. Redemption fund (continued)

Collateral:

The total investments pledged as collateral for City of Tshwane Bonds. The investments pledged as collateral cannot be sold until the related liability is settled in full. The terms and conditions are such that the collateralised asset upon maturity should be of the same value as the liability to ensure that the liability can be redeemed.

The Nedbank and FFO collateral is the collateral paid plus accrued interest.

Composition of fund assets and liabilities:

The maturity date of bonds is: 21 December 2026.

The maturity dates are 12 January 2033, 19 January 2028 and 15 June 2028 respectively.
The fair value of the redemption fund portfolio is R1 796 491 042 (2019 = R1 172 713 805).

Other financial assets measured at fair value through profit or loss				
Bonds	199 776 430	198 337 072	199 776 430	198 337 072
Cash collateral-FFO securities(Pty)	13 935 148	13 229 116	13 935 148	13 229 116
Swaps	253 139 705	72 500 395	253 139 705	72 500 395
Non-current assets	**466 851 283**	**284 066 583**	**466 851 283**	**284 066 583**
Other financial assets measured at fair value through profit or loss				
Cash and cash equivalents	1 329 639 759	888 647 222	1 329 639 759	888 647 222
Current assets	**1 329 639 759**	**888 647 222**	**1 329 639 759**	**888 647 222**
Financial assets carried at fair value through profit or loss	1 796 491 042	1 172 713 805	**1 796 491 042**	1 172 713 805
Financial assets carried at fair value through profit or loss				
Derivatives designed and effective as hedging instruments carried at fair value	1 796 491 042	1 172 713 805	1 796 491 042	1 172 713 805

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

8. Investments

Investments at amortised cost				
Short-term investments	420 134	858 161 973	420 134	858 161 973
Short-term investments (highly liquid)	649 328 756	2 768 891 152	630 739 156	2 761 124 472
	649 748 890	**3 627 053 125**	**631 159 290**	**3 619 286 445**
Current assets				
Short-term investments (at amortised cost)	420 134	858 161 973	420 134	858 161 973
Short-term investments (highly liquid) (at amortised cost - refer to Note 9)	649 328 756	2 768 891 152	630 739 156	2 761 124 472
	649 748 890	**3 627 053 125**	**631 159 290**	**3 619 286 445**

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

Market value of listed investments and management's valuation of unlisted investments:				
Insurance Policy DGA 30118 no 28 (insurance policy) (unceded) (highly liquid)	787 960	760 019	787 960	760 019
Insurance Policy DYA 301182 no 29 (insurance policy)(unceded) (highly liquid)	2 469 933	2 382 348	2 469 933	2 382 348
ABSA Money Market investment no 32 interest capitalised monthly) (unceded) (highly liquid)	39 008 903	36 532 769	39 008 903	36 532 769
ABSA Money Market investment no 33 (interest capitalised monthly) (unceded) (highly liquid)	13 670 123	12 802 397	13 670 123	12 802 397
ABSA Money Market investment no 34 (interest capitalised monthly) (unceded) (highly liquid)	10 238 668	9 588 757	10 238 668	9 588 757
ABSA Money Market investment no 35 (interest capitalised monthly) (unceded) (highly liquid)	225 415	211 107	225 415	211 107
Ninety One Money Market investment no 37(interest capitalised monthly) (unceded) (highly liquid)	34 314 876	31 979 967	34 314 876	31 979 967
Ninety One Money Market investment no 38 (interest capitalised monthly) (unceded) (highly liquid)	10 967 703	10 221 421	10 967 703	10 221 421
Ninety One Money Market investment no 39 (interest capitalised monthly) (unceded) (highly liquid)	1 469 278	1 369 303	1 469 278	1 369 303
Stanlib Money Market investment no 40 (interest capitalised monthly) (unceded) (highly liquid)	124 991 185	116 747 280	124 991 185	116 747 280
Stanlib Money Market investment no 41 (interest capitalised monthly) (unceded) (highly liquid)	3 879 568	3 623 687	3 879 568	3 623 687
Investec Money Market investment no 108 (interest capitalised monthly	38 585 913	36 316 354	38 585 913	36 316 354
Standard Bank Money Market investment no 260 (interest capitalised	87 932 490	82 812 447	87 932 490	82 812 447
Standard Bank call investment - shortterm investment (no 408, 414, 415, 484, 495, 496) (highly liquid)	-	810 074 718	-	810 074 718

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*
8. Investments (continued)				
Standard Bank term investment no 502 (highly liquid)	-	155 777 877	-	155 777 877
Nedbank call investment no 412 and 488 - short-term investment (highly liquid)	-	638 136 912	-	638 136 912
Nedbank call investment no497 and 498- short term investment no 497 and 498 (highly liquid)	-	235 000 000	-	235 000 000
ABSA call investment no 338 and 486 - short-term investment (highly liquid)	-	603 683 120	-	603 683 120
Nedbank term investment no 501 - short term investment (highly liquid) 342	106 013 751	260 471 233	106 013 751	260 471 233
ABSA call investment no 494 - short term investment (highly liquid)	-	215 000 000	-	215 000 000
ABSA term investment no 499 - short term investment (highly liquid)	-	147 690 740	-	147 690 740
ABSA term investment no 500 - short term investment (highly liquid	-	207 828 493	-	207 828 493
Stanlib Contingency Fund investment - short-term investment (on call) 106	288 703	275 496	288 703	275 496
ABSA (Short term)(highly liquid)	156 183 391	-	156 183 391	-
Standard Bank (Short term)	131 430	-	131 430	-
TEDA: Short-term deposit Investec Bank	8 320 140	7 766 680	-	-
HCT:Short-term deposit ABSA	10 269 460	-	-	-
	649 748 890	**3 627 053 125**	**631 159 290**	**3 619 286 445**
Average rate of return				
On long-term investments	5,75 %	7,56 %	5,75 %	7,56 %
On short-term investments	5,34 %	7,28 %	5,34 %	7,28 %
Secured and unsecured investments				
Secured investments against long-term loans	-	148 727 247	-	148 727 247
Unsecured investments(unceded)	649 748 890	3 478 325 878	631 159 290	3 478 325 878
	649 748 890	**3 627 053 125**	**631 159 290**	**3 627 053 125**
9. Cash and cash equivalents				
Cash and bank consist of the following:				
Cash on hand	674 861	663 977	659 938	652 763
Bank balances	277 190 791	333 510 948	216 184 714	263 961 667
	277 865 652	**334 174 925**	**216 844 652**	**264 614 430**
Cash and cash equivalents for cash flow purposes:				
Cash and cash equivalents for the purpose of the cash flow statement consist of the following:				
Cash and bank	277 865 652	334 174 925	216 844 652	264 614 430
Short-term investments (highly liquid) (refer to Note 8)	649 328 756	2 768 891 152	630 739 156	2 761 124 472
Cash and cash equivalents (per cash flow statement)	**927 194 408**	**3 103 066 077**	**847 583 808**	**3 025 738 902**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*
9. Cash and cash equivalents (continued)				
Cash and cash equivalents held by HCT that are not available for use by the group	1 352 785	1 227 065	-	-

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

9. Cash and cash equivalents (continued)

The Municipality and municipal entities have the following bank accounts

Account number/description	Bank statement balances			Cash book balances		
	30 June 2020	**30 June 2019**	**30 June 2018**	**30 June 2020**	**30 June 2019**	**30 June 2018**
Absa - 4060738263	303 134 254	143 743 746	395 698 161	144 765 980	150 733 922	405 480 146
FNB - 51420107207	22 935 264	11 623 435	18 575 358	643 255	11 619 517	18 580 558
Standard - 410801453	41 528 032	61 819 233	3 610 255	16 744 427	54 396 970	2 879 645
Tshwane Market - Absa - 4068829119	50 075 389	45 377 217	44 999 356	44 716 858	44 587 730	43 202 868
Nedbank - 1454121963	9 425 006	1 414 753	10 243 582	9 314 193	2 623 528	11 884 187
Municipality	427 097 945	263 978 384	473 126 712	216 184 713	263 961 667	482 027 404
HCT: Absa - 4065722829	5 570 860	7 455 931	3 615 713	5 570 860	7 455 931	3 615 713
HCT: Absa - 4057481879	41 459 707	53 069 156	43 891 948	41 459 707	53 069 156	43 891 948
HCT: Absa - 911408066	103 051	1 227 065	932 217	103 051	1 227 065	932 217
HCT: Townlands - 4091569887	2 145 852	2 146 938	13 911 167	2 145 852	2 146 938	13 911 167
10089094-ZAR_2201-01	1 249 734	-	-	1 249 734	-	-
HCT: Absa -10372656	4 011 836	-	-	4 011 836	-	-
HCT: Absa -10810943	5 007 890	-	-	5 007 890	-	-
TEDA: Absa - 4093241083	11 726 607	5 650 191	17 454 517	11 726 607	5 650 191	17 454 517
Entities	71 275 537	69 549 281	79 805 562	65 704 677	69 549 281	79 805 562
Group total	**498 373 482**	**333 527 665**	**552 932 274**	**281 889 390**	**333 510 948**	**561 832 966**

* See Note 63

Notes to the Audited Consolidated Financial Statements

Figures in Rand

10. Property, plant and equipment

Group	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land: entities	2 300 000	-	2 300 000	2 300 000	-	2 300 000
Buildings: entities	2 311 372	283 956	2 595 328	2 311 372	456 978	2 768 350
Buildings: Asset under construction - entities	230 330 645	-	230 330 645	133 987 611	-	133 987 611
Tshwane House: Service concession (refer to Note 23)	1 010 641 989	-	1 010 641 989	1 129 911 631	(81 605 325)	1 048 306 306
Community service concession (refer to Note 23)	1 038 927 540	-	1 038 927 540	805 437 058	-	805 437 058
Biological assets (game)	12 326 003	-	12 326 003	11 784 538	-	11 784 538
Computer equipment	507 845 194	(418 131 153)	89 714 041	477 255 039	(385 831 072)	91 423 967
Other: AUC	8 443 111 574	(195 375 921)	8 247 735 653	8 640 367 957	(154 983 866)	8 485 384 091
Community assets	3 851 120 627	(1 610 856 666)	2 240 263 961	3 769 460 189	(1 449 015 882)	2 320 444 307
Machinery and equipment	640 650 588	(466 424 668)	174 225 920	607 228 595	(418 051 440)	189 177 155
Libraries Material	301 392 243	(254 529 252)	46 862 991	301 392 243	(240 167 584)	61 224 659
Community: Asset under construction	357 168 436	(7 714 984)	349 453 452	364 758 509	(7 714 984)	357 043 525
Furniture and office equipment	313 231 561	(259 818 382)	53 413 179	312 238 850	(242 846 280)	69 392 570
Libraries Material: AUC	4 913 779	-	4 913 779	4 913 779	-	4 913 779
AUC: Other	802 643 885	(48 253 005)	754 390 880	446 457 421	(52 155 417)	394 302 004
Information and communication infrastructure	1 141 187 678	(808 206 609)	332 981 069	1 087 401 474	(682 472 071)	404 929 403
Opertaional Builidings	1 872 479 076	(957 666 113)	914 812 963	1 865 125 618	(887 749 112)	977 376 506
Rail infrastructure	156 250 212	(39 209 879)	117 040 333	156 250 212	(35 942 389)	120 307 823
Rehabilitation Assets	558 575 802	(506 920 357)	51 655 445	571 793 339	(496 439 777)	75 353 562
Other assets: entities	15 453 238	(5 512 953)	9 940 285	10 624 333	(6 312 554)	4 311 779
Transport assets	1 066 863 241	(608 586 496)	458 276 745	920 415 703	(514 622 636)	405 793 067
Sanitation infrastructure	4 494 774 531	(1 393 976 612)	3 100 797 919	4 258 898 808	(1 266 884 758)	2 992 014 050
Solid waste infrastructure	74 603 865	(30 212 850)	44 391 015	66 659 547	(26 959 916)	39 699 631
Leased assets	1 316 292 234	(768 330 704)	547 961 530	1 278 204 194	(509 816 137)	768 388 057
Roads infrastructure	10 239 264 416	(3 929 386 436)	6 309 877 980	9 976 485 728	(3 540 571 213)	6 435 914 515
Storm waster infrastructure	2 525 414 365	(691 924 229)	1 833 490 136	2 435 074 824	(609 186 447)	1 825 888 377
Electricity infrastructure	10 267 343 489	(4 846 166 543)	5 421 176 946	9 966 441 552	(4 558 724 503)	5 407 717 049
Water supply infrastructure	6 729 187 001	(1 848 681 420)	4 880 505 581	5 420 941 154	(1 691 239 399)	3 729 701 755
Transport: AUC	90 338 209	-	90 338 209	46 165 911	-	46 165 911
Other assets	1 793 241 163	(818 348 167)	974 892 996	1 829 940 681	(746 751 059)	1 083 189 622
Land	2 018 047 344	-	2 018 047 344	1 966 880 553	-	1 966 880 553
Total	**61 878 231 301**	**(20 513 949 443)**	**41 364 281 858**	**58 867 108 424**	**(18 605 586 843)**	**40 261 521 581**

10. Property, plant and equipment (continued)

Municipality

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Electricity infrastructure	10 267 343 489	(4 846 166 543)	5 421 176 946	9 966 441 552	(4 558 724 503)	5 407 717 049
Information and communication infrastructure	1 141 187 678	(808 206 610)	332 981 068	1 087 401 474	(682 472 071)	404 929 403
Rail infrastructure	156 250 212	(39 209 879)	117 040 333	156 250 212	(35 942 389)	120 307 823
Roads infrastructure	10 239 264 416	(3 929 386 436)	6 309 877 980	9 976 485 728	(3 540 571 213)	6 435 914 515
Sanitation infrastructure	4 494 774 531	(1 393 976 612)	3 100 797 919	4 258 898 808	(1 266 884 758)	2 992 014 050
Solid waste infrastructure	74 603 865	(30 212 850)	44 391 015	66 659 547	(26 959 916)	39 699 631
Storm water infrastructure	2 525 414 365	(691 924 228)	1 833 490 137	2 435 074 824	(609 186 447)	1 825 888 377
Water supply	6 729 187 001	(1 848 681 421)	4 880 505 580	5 420 941 154	(1 691 239 399)	3 729 701 755
assets under construction	8 443 111 574	(195 375 921)	8 247 735 653	8 640 367 957	(154 983 866)	8 485 384 091
Computer equipment	507 845 193	(418 131 153)	89 714 040	477 255 039	(385 831 075)	91 423 964
Community assets	3 851 120 627	(1 610 856 666)	2 240 263 961	3 769 460 189	(1 449 015 882)	2 320 444 307
Community: Asset under construction	357 168 436	(7 714 984)	349 453 452	364 758 509	(7 714 984)	357 043 525
Denneboom service concession	1 038 927 540	-	1 038 927 540	805 437 058	-	805 437 058
Furniture and office equipment	313 231 561	(259 818 382)	53 413 179	312 238 850	(242 846 280)	69 392 570
Land	2 018 047 344	-	2 018 047 344	1 966 880 553	-	1 966 880 553
Operational Buildings	1 872 479 076	(957 666 113)	914 812 963	1 865 125 618	(887 749 112)	977 376 506
Library Material	301 392 243	(254 529 252)	46 862 991	301 392 243	(240 167 584)	61 224 659
Libraries: AUC	4 913 779	-	4 913 779	4 913 779	-	4 913 779
Machinery and equipment	640 650 588	(466 424 668)	174 225 920	607 228 595	(418 051 440)	189 177 155
Transport assets	1 066 863 241	(608 586 496)	458 276 745	920 415 703	(514 622 636)	405 793 067
Transport AUC	90 338 209	-	90 338 209	46 165 911	-	46 165 911
Other assets	1 793 241 163	(818 348 167)	974 892 996	1 829 940 681	(746 751 059)	1 083 189 622
Tshwane House: Service concession	1 129 911 631	(119 269 643)	1 010 641 988	1 129 911 631	(81 605 325)	1 048 306 306
Rehabilitation assets	558 575 802	(506 920 357)	51 655 445	571 793 339	(496 439 777)	75 353 562
Leased assets	1 316 292 234	(768 330 704)	547 961 530	1 278 204 194	(509 816 137)	768 388 057
Biological assets (game)	12 326 003	-	12 326 003	11 784 538	-	11 784 538
AUC: Other	802 643 885	(48 253 005)	754 390 880	446 457 421	(52 155 417)	394 302 004
Other: Capitalised	1	-	1	-	-	-
Total	**61 747 105 687**	**(20 627 990 090)**	**41 119 115 597**	**58 717 885 107**	**(18 599 731 270)**	**40 118 153 837**

Reconciliation of property, plant and equipment - Group - 2020

10. Property, plant and equipment (continued)

	Opening balance	Additions	Disposals	Transfers/Purification	Transfers capitalisation	Gains/losses	Depreciation	Impairment loss	Total
Land: entities	2 300 000	-	-	-	-	-	-	-	2 300 000
Buildings: entities	2 768 350	-	-	-	-	-	(173 022)	-	2 595 328
Buildings: AUC - entities	133 987 611	96 343 034	-	-	-	-	-	-	230 330 645
Tshwane House: Service concession (refer to Note 23)	1 048 306 306	-	-	-	-	-	(37 664 318)	-	1 010 641 989
Community service concession (refer to Note 23)	805 437 058	233 490 482	-	-	-	-	-	-	1 038 927 540
Biological assets (game)	11 784 538	-	-	-	-	541 465	-	-	12 326 003
Computer equipment	91 423 967	30 536 346	(180 948)	(44 382)	9 448 610	-	(41 469 552)	-	89 714 041
Land	1 966 880 553	15 500	(17 734)	(2 934 968)	54 103 993	-	-	-	2 018 047 344
Community assets	2 320 444 308	26 192 292	-	-	55 468 145	-	(156 180 356)	(5 660 431)	2 240 263 961
	-	-	-	-	-	-	-	-	-
Machinery and equipment	189 177 155	34 436 979	(84 218)	-	-	-	(49 301 400)	(2 596)	174 225 920
Infrastructure: AUC	8 485 384 091	1 870 581 148	(91 344 792)	(1 985 385 431)	-	-	-	(31 499 362)	8 247 735 654
Community: AUC	357 043 525	48 363 596	-	2 497	(55 956 167)	-	-	-	349 453 451
Furniture and office equipment	69 392 570	3 132 640	(29 232)	44 382	-	-	(19 127 181)	-	53 413 179
Libraries Material: AUC	4 913 779	-	-	-	-	-	-	-	4 913 779
Other: AUC	394 302 004	480 609 802	-	(2 496)	(115 528 146)	-	-	(4 990 281)	754 390 880
Information and communication infrastructure	404 929 403	11 183 859	(1 311)	-	42 652 863	-	(118 904 621)	(6 879 124)	332 981 069
Libraries Material	61 224 659	-	-	-	-	-	(14 361 668)	-	46 862 991
Rail infrastructure	120 307 823	-	-	-	-	-	(3 267 489)	-	117 040 334
Rehabilitation Assets	75 353 562	(13 217 537)	-	-	-	-	(10 480 580)	-	51 655 445
Other assets: entities	4 311 779	6 845 126	(85 756)	-	-	-	(1 167 704)	-	9 903 445
Transport assets	405 793 067	41 541 929	(779 414)	-	108 245 285	-	(89 497 251)	(7 026 869)	458 276 745
Sanitation infrastructure	2 992 014 050	-	(244 644)	-	236 358 451	-	(125 388 597)	(1 941 339)	3 100 797 920
Solid waste infrastructure	39 699 631	-	-	-	7 944 318	-	(3 178 243)	(74 691)	44 391 015
Leased assets	768 344 084	38 408 988	-	-	-	-	(258 791 542)	-	547 961 530
Roads infrastructure	6 435 914 514	7 832 653	-	-	254 946 035	-	(388 815 223)	-	6 309 877 980
Storm water infrastructure	1 825 888 377	4 290 263	-	-	86 049 277	-	(82 737 783)	-	1 833 490 137
Electricity infrastructure	5 407 717 049	123 479 992	(9 337 573)	-	199 059 561	-	(299 075 891)	(666 194)	5 421 176 946
Water supply infrastructure	3 729 701 755	199 651 866	(56 162 876)	-	1 180 887 471	-	(172 454 656)	(1 117 979)	4 880 505 580
Transport AUC	46 165 911	98 275 152	-	-	(54 102 854)	-	-	-	90 338 209
Other assets	1 083 189 622	-	(493 049)	(36 144 000)	-	-	(71 659 578)	-	974 892 995
Operational Builidings	977 376 506	1 104 846	-	-	6 251 606	-	(46 076 378)	(23 843 617)	914 812 963

Notes to the Audited Consolidated Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

40 261 477 607	**3 343 098 956**	**(158 761 547)**	**(2 024 464 398)**	**2 015 828 448**	**541 465**	**(1 989 773 033)**	**(83 702 483)**	**41 364 245 018**

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2019

	Opening balance	Additions	Disposals	Transfers Purification	Transfers Capitalisation	Gain/Losses	Depreciation	Impairment loss	Total
Land:Entities	2 300 000	-	-	-	-	-	-	-	2 300 000
Builiding :Entities	2 941 372	-	-	-	-	-	(173 022)	-	2 768 350
Builiding AUC:Entities	133 987 611	-	-	-	-	-	-	-	133 987 611
Tshwane House	1 085 970 623	-	-	-	-	-	(37 664 317)	-	1 048 306 306
Denneboom Service Concession	378 529 129	425 107 929	-	1 800 000	-	-	-	-	805 437 058
Bilogical Assets	24 815 042	-	-	-	-	(13 030 504)	-	-	11 784 538
Computer Equipment	98 869 703	15 451 445	(291 396)	207 329	24 836 067	-	(47 649 181)	-	91 423 967
Operational Builidings	1 035 519 462	22 450 000	-	(13 684)	1 901 136	-	(82 283 812)	(196 596)	977 376 506
Community Assets	2 452 612 723	17 901 887	(2 890 335)	(47 764 223)	64 058 689	-	(160 229 567)	(3 244 866)	2 320 444 308
Machinery and Equipment	218 751 189	28 032 545	(471 286)	104 042	(1 673 993)	-	(55 565 342)	-	189 177 155
Infrastracture AUC	7 114 585 679	2 574 814 262	(3 550 667)	(5 921 278)	(1 159 203 753)	-	-	(35 340 146)	8 485 384 091
Community Assets AUC	260 518 729	127 122 613	(1 411 186)	-	(29 186 631)	-	-	-	357 043 525
Furmiture and Office	85 194 371	4 632 419	(11 651)	384 028	150 923	-	(20 957 520)	-	69 392 570
AUC: Libraries Material	-	4 913 780	-	-	-	-	-	-	4 913 780
Other: AUC	346 887 838	260 383 053	-	(18 032 564)	(194 936 325)	-	-	-	394 302 002
Information and communication	400 334 648	6 002 794	(37 932)	(56 851)	107 553 338	-	(108 866 594)	-	404 929 403
Library Material	72 226 927	7 864 131	(715 620)	-	-	-	(18 150 780)	-	61 224 658
Land	1 928 087 498	12 007 420	(272 857)	58 492	27 000 000	-	-	-	1 966 880 553
Rail infrastructure	123 575 313	-	-	-	-	-	(3 267 490)	-	120 307 823
Rehabilitation assets	85 021 155	7 807 856	-	-	-	-	(17 475 449)	-	75 353 562
Other: entities	5 205 434	657 884	(54 585)	-	-	-	(1 496 954)	-	4 311 779
Transport assets	472 934 255	-	(4 522 253)	35 771 983	1 363 210	-	(99 754 128)	-	405 793 067
Sanitation infrastructure	2 998 660 855	14 547 371	-	(284)	121 841 927	-	(129 982 718)	(13 053 103)	2 992 014 050
Solid waste infrastructure	42 261 800	-	(5 243)	-	225 402	-	(2 782 328)	-	39 699 631
Leased assets	945 422 568	73 329 485	(2 607 930)	-	-	-	(247 756 066)	-	768 388 057
Roads infrastructure	6 191 402 130	73 475 676	-	8 682 932	526 357 689	-	(364 003 913)	-	6 435 914 514
Storm Water	1 634 890 141	10 888 164	-	-	257 195 798	-	(77 085 726)	-	1 825 888 377
Electricity infrastructure	5 548 459 613	82 245 241	(17 410 085)	(611 695)	86 171 332	-	(290 249 782)	(887 573)	5 407 717 049
Water Supply	3 743 533 737	127 826 310	(59 792 670)	(7 775)	98 476 221	-	(179 639 331)	(694 745)	3 729 701 755
Other assets	1 101 078 298	36 147 500	-	-	-	-	(54 036 176)	-	1 083 189 622
Transport assets :AUC	-	48 013 942	-	-	(1 848 031)	-	-	-	46 165 911
	38 534 577 843	**3 981 623 707**	**(94 045 696)**	**(25 399 548)**	**(69 717 001)**	**(13 030 504)**	**(1 999 070 196)**	**(53 417 029)**	**40 261 521 578**

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Municipality - 2020

	Opening balance	Additions	Disposals	Transfers/Purification	Transfers capitalisation	Gains/losses	Depreciation	Impairment loss	Total
Electricity infrastructure	5 407 717 049	123 479 990	(9 337 571)	-	199 059 563	-	(299 075 891)	(666 194)	5 421 176 946
Information and communication infrastructure	404 929 404	11 183 859	(1 311)	-	42 652 863	-	(118 904 621)	(6 879 126)	332 981 068
Rail infrastructure	120 307 823	-	-	-	-	-	(3 267 490)	-	117 040 334
Roads infrastructure	6 435 914 514	7 832 652	-	-	254 946 035	-	(388 815 223)	-	6 309 877 980
Sanitation infrastructure	2 992 014 050	-	(244 644)	-	236 358 452	-	(125 388 597)	(1 941 341)	3 100 797 920
Solid waste infrastructure	39 699 631	-	-	-	7 944 318	-	(3 178 243)	(74 691)	44 391 015
Storm water	1 825 888 377	4 290 263	-	-	86 049 277	-	(82 737 780)	-	1 833 490 137
Water supply	3 729 701 755	199 651 866	(56 162 876)	-	1 180 887 471	-	(172 454 656)	(1 117 980)	4 880 505 580
Infrastructure: Asset under construction	8 485 384 091	1 870 581 148	(91 344 793)	-	(1 985 385 431)	-	-	(31 499 362)	8 247 735 653
Computer equipment	91 423 963	30 536 346	(180 948)	(44 382)	9 448 610	-	(41 469 547)	-	89 714 042
Community assets	2 320 444 308	26 192 292	-	-	55 468 145	-	(156 180 351)	(5 660 433)	2 240 263 961
AUC: Community Assets	357 043 525	48 363 596	-	2 498	(55 956 167)	-	-	-	349 453 452
Denneboom: Service concession (refer note 23)	805 437 058	233 490 482	-	-	-	-	-	-	1 038 927 540
Furniture and office equipment	69 392 569	3 132 640	(29 232)	44 382	-	-	(19 127 180)	-	53 413 179
Land	1 966 880 553	15 500	(17 734)	(2 934 968)	54 103 993	-	-	-	2 018 047 344
Operational Buildings	977 376 506	1 104 846	-	-	6 251 606	-	(46 076 378)	(23 843 617)	914 812 963
Libraries Material	61 224 659	-	-	-	-	-	(14 361 668)	-	46 862 991
AUC Libraries Material	4 913 779	-	-	-	-	-	-	-	4 913 779
Machinery and equipment	189 177 155	34 436 979	(84 218)	-	-	-	(49 301 400)	(2 596)	174 225 920
Transport assets	405 793 066	41 541 929	(779 415)	-	108 245 285	-	(89 497 251)	(7 026 869)	458 276 745
Transport AUC	46 165 911	98 275 152	-	-	(54 102 854)	-	-	-	90 338 209
Other assets	1 083 189 622	-	(493 049)	-	(36 144 000)	-	(71 659 578)	-	974 892 995
Tshwane House: Service concession (refer note 23)	1 048 306 306	-	-	-	-	-	(37 664 318)	-	1 010 641 989
Rehabilitation assets	75 353 562	(13 217 537)	-	-	-	-	(10 480 580)	-	51 655 445
Leased assets	768 344 084	38 408 988	-	-	-	-	(258 791 542)	-	547 961 530
Biological assets (game)	11 784 538	-	-	-	-	541 465	-	-	12 326 003
Other: Asset under construction	394 302 004	480 609 801	-	(2 497)	(115 528 147)	-	-	(4 990 281)	754 390 880
	40 118 109 862	**3 239 910 792**	**(158 675 791)**	**(2 934 967)**	**(5 700 981)**	**541 465**	**(1 988 432 294)**	**(83 702 490)**	**41 119 115 600**

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - June 2019

	Opening balance	Additions	Disposal	Transfers/purifica tion	Transfers : Capitalisation	Gains/(losses)	Depreciation	Impairment loss	Total
Electricity infrastructure	5 548 459 613	82 245 240	(17 410 085)	(611 695)	86 171 331	-	(290 249 782)	(887 573)	5 407 717 049
Information and communication	400 334 648	6 002 795	(37 932)	(56 852)	107 553 338	-	(108 866 593)	-	404 929 404
Rail infrastructure	123 575 313	-	-	-	-	-	(3 267 490)	-	120 307 823
Roads infrastructure	6 191 402 130	73 475 676	-	8 682 932	526 357 689	-	(364 003 913)	-	6 435 914 514
Sanitation infrastructure	2 998 660 855	14 547 373	-	(285)	121 841 927	-	(129 982 718)	(13 053 102)	2 992 014 050
Solid waste infrastructure	42 261 800	-	(5 243)	225 402	-	-	(2 782 328)	-	39 699 631
Storm water	1 634 890 141	10 888 164	-	-	257 195 798	-	(77 085 726)	-	1 825 888 377
Water supply	3 743 533 737	127 826 314	(59 792 670)	(7 770)	98 476 220	-	(179 639 331)	(694 745)	3 729 701 755
Infrastructure: Asset under construction	7 114 585 679	2 574 814 256	(3 550 666)	(5 921 278)	(1 159 203 754)	-	-	(35 340 146)	8 485 384 091
Computer equipment	98 869 703	15 451 445	(291 396)	24 836 067	207 329	-	(47 649 181)	-	91 423 967
Community assets	2 452 612 723	17 901 887	(2 890 335)	(47 764 223)	64 058 689	-	(160 229 567)	(3 244 866)	2 320 444 308
Community: Asst under construction	260 518 730	127 122 612	(1 411 186)	-	(29 186 631)	-	-	-	357 043 525
Denneboom: Service conession	378 529 129	425 107 929	-	-	1 800 000	-	-	-	805 437 058
Furniture and office equipment	85 194 371	4 632 419	(11 651)	384 028	150 923	-	(20 957 520)	-	69 392 570
Land	1 928 087 498	12 007 420	(272 857)	58 492	27 000 000	-	-	-	1 966 880 553
Operational Buildings	1 035 519 462	22 450 000	-	(13 684)	1 901 136	-	(82 283 812)	(196 596)	977 376 506
Library Materials	72 226 927	7 864 125	(715 615)	-	-	-	(18 150 780)	-	61 224 658
AUC: Libraries Material	-	4 913 780	-	-	-	-	-	-	4 913 780
Machinery and equipment	218 751 189	28 032 545	(471 286)	104 042	(1 673 993)	-	(55 565 342)	-	189 177 155
Transport assets	472 934 255	-	(4 522 253)	35 771 983	1 363 210	-	(99 754 128)	-	405 793 067
AUC: Transport Assets	-	48 013 942	-	-	(1 848 031)	-	-	-	46 165 911
Other assets	1 101 078 298	36 147 500	-	-	-	-	(54 036 176)	-	1 083 189 622
Tshwane House: Service concession (refer note 23)	1 085 970 623	-	-	-	-	-	(37 664 317)	-	1 048 306 306
Rehabilitation assets	85 021 155	7 807 856	-	-	-	-	(17 475 449)	-	75 353 562
Leased assets	945 422 568	73 329 485	(2 607 930)	-	-	-	(247 756 066)	-	768 388 057
Biological assets (game)	24 815 042	-	-	-	-	(13 030 504)	-	-	11 784 538
AUC: Other	346 887 838	260 383 053	-	(18 032 564)	(194 936 325)	-	-	-	394 302 002
	38 390 143 427	**3 980 965 816**	**(93 991 105)**	**(2 345 405)**	**(92 771 144)**	**(13 030 504)**	**(1 997 400 219)**	**(53 417 028)**	**40 118 153 839**

Notes to the Audited Consolidated Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

10. Property, plant and equipment (continued)

Pledged as security

No property, plant and equipment are pledged as security, except for leased assets (refer to Note 20).

Other information

Depreciation on property, plant and equipment (refer to Note 32)				
Property, plant and equipment	1 720 669 259	1 553 534 420	1 719 160 172	1 732 168 704
Rehabilitation assets	10 480 580	17 475 449	10 480 560	17 475 449
Leased assets	282 470 184	247 314 830	258 791 542	247 756 066
	2 013 620 023	**1 818 324 699**	**1 988 432 274**	**1 997 400 219**
Property, plant and equipment in the process of being constructed or developed				
Cumulative expenditure recognised in the carrying value of property, plant and equipment				
Land	231 270 079	133 987 611	-	-
Infrastracture	8 333 010 825	9 212 870 702	9 834 853 519	9 212 870 702
Community	703 433 624	1 521 169 432	391 494 995	368 484 875
Other Property Plant and Equipment	-	373 069 682	1 655 423 596	1 521 169 432
	9 267 714 528	**11 241 097 427**	**11 881 772 110**	**11 102 525 009**
Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected				
Awaiting completion certificate/occupation certificate	-	83 922 808	-	83 922 808
Awaiting appointment of contractor	18 723 589	97 795 534	18 723 589	97 795 534
Awaiting bulk services installation	8 350 000	817 331 610	8 350 000	817 331 610
Awaiting water use licence application (WULA) approval	-	1 370 786	-	1 370 786
Awaiting Eskom connection	-	5 829 628	-	5 829 628
Awaiting building approvals	-	9 989 950	-	9 989 950
Awaiting completion sub-station to connect	-	48 534 670	-	48 534 670
Awaiting final testing process	-	24 822 000	-	24 822 000
Awaiting reservoir construction	-	90 398 254	-	90 398 254
Budget Constraints	52 930 205	987 381 150	4 695 479	987 381 150
Busy with expropriation	-	7 796 146	-	7 796 146
Contractors issues	-	72 062 013	-	72 062 013
Contractor previously abandoned site	-	176 365 007	-	176 365 007
Community protest/unrest	-	111 809 065	-	111 809 065
Consultant contract lapsed	-	168 804 713	-	168 804 713
Delayed due to former legislation	-	28 382 906	-	28 382 906
Encroachment to be resolved	-	54 351 212	-	54 351 212
Consultant contract lapsed	-	28 021 210	-	28 021 210
Poor performance by contractor	-	137 858 020	-	137 858 020
Snag list still in progress	-	114 810 374	-	114 810 374
Waiting for electrification to be completed	-	361 787	-	361 787
HCT :Timberlands-Budget constrain	3 067 014	3 757 999	-	-
HCT :Townlands-poor performance	96 274 192	27 214 836	-	-
HCT: Chantelle-project under construction	7 060 788	43 631 861	-	-
HCT:Sunnyside-budget constrain	1 084 035	-	-	-
[				
	187 489 823	**3 142 603 539**	**31 769 068**	**3 067 998 843**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*
10. 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)				
Awaiting appointment of contractor	28 802 851	-	28 802 851	-
Budget Constraints	2 435 978	380 964 753	2 435 978	380 964 753
Community protest/unrest	34 358 595	42 442 493	34 358 595	42 442 493
Contractor dispute	323 301	-	323 301	-
Contract terminated	2 605 800	-	2 605 800	-
No water connection to the site	-	571 216	-	571 216
Project abandoned	-	3 645 584	-	3 645 584
Poor performance by contractor	-	656 250	-	656 250
Township layout still outstanding	1 190 607	-	1 190 607	-
	69 717 132	**428 280 296**	**69 717 132**	**428 280 296**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

10. 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	497 612 733	525 093 715	497 612 733	525 093 715
General expenses	568 129 119	518 947 369	568 129 119	518 947 369
Other materials	158 913 212	163 303 157	158 913 212	163 303 157
HCT:Employee related costs	1 173 127	1 091 489	-	-
HCT:contracted services	1 498 776	347 562	-	-
HCT:material bought and used	13 966	25 344	-	-
TEDA:Computer Equipment	8 900	-	-	-
TEDA:Leasehold repairs	31 139	-	-	-
TEDA:Vehicles	7 888	-	-	-
TEDA:Office equipment	11 379	-	-	-
	1 227 400 239	**1 208 808 636**	**1 224 655 064**	**1 207 344 241**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

10. Property, plant and equipment (continued)

An entity shall assess at each reporting date whether there is any indication that the entity's expectations about the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity shall revise the expected useful life accordingly. The changes shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors. The list of indicators as contained in paragraph 57 of GRAP 17 was used as guidance.

Treatment of all useful lives to be adjusted: All remaining useful lives that were adjusted for the 2019/2020 financial year are disclosed in the financial statements as a change in estimate in accordance with GRAP 3 (refer to note 63). All changes in estimates occurs prospectively and no prior year adjustments were made. All review of useful life adjustments occurred with effect from 1 July 2019. The following were the reasons for the review of useful life adjustments:
Consumer meters:
For all consumer meters having a remaining useful life (RUL) of less than or equal to 24 months, the RUL as at 1 July 2019, was increased with an additional 25 months as per the methodology.

All other assets: The following condition grading scale was used in 2019/2020 to test the remaining useful lives (RUL) of the assets in comparison to the condition of the asset:

Grade 1: Very good - sound structure, well maintained, only normal maintenance required : Average 91% indicative RUL
Grade 2: Good - Serves needs but minor deterioration (<5%), minor maintenance required : Average 71% indicative RUL
Grade 3: Fair - Marginal, clearly evident deterioration (10 - 20%), significant maintenance required : Average 51% indicative RUL
Grade 4: Poor - Significant deterioration of structure and/or appearance, significant impairment of functionality (20 - 40%, significant renewal/upgrade required : Average 31% indicative RUL
Grade 5: Very poor - Unsound, failed needs reconstruction/replacement (50% needs replacement) : Average 11% indicative RUL
* See Note 59
Consideration was given to the assessment of the asset and where the conditions of assets are indicated as either, very good, good or fair and in these instances the RUL was not adjusted. Where no indication was made by custodian departments it was assumed that the assets are still in use and in a fair condition, hence the expectations do not differ from that of the prior year and therefore no adjustment was made.

In instances where the condition of an asset was indicated as very poor the RUL of the asset was determined using the average percentage as per the grading above, however where the average percentage was applied and the RUL amounted to less than 13 months for assets with a condition of very poor, the RUL for the 2019/2020 financial year was extended to 13 months preventing the asset to depreciate to R0 during the year. Ideally during the 2020/2021 financial year these assets must be disposed of in terms the SCM Policy.

In instances where the condition of the asset was indicated as poor the RUL of the asset was determined using the average percentage as per the grading above, however where the average percentage was applied and the RUL amounted to less than 18 months, the RUL was adjusted to 18 months, and where the RUL when applying the average percentage amounted to less than the RUL as at 1 July 2019, the RUL was decreased to the calculated RUL, however where the average percentage was applied and the RUL resulted in a longer RUL the RUL was left unchanged.

In instances where departments indicated the RUL in years and months, the RUL was amended based on the information provided, if realistic.

For all assets having a RUL of 24 months in case of movable assets and 36 months or less in case of immovable and no indication was made by custodian departments, consideration was given to the change in expectation as at 1 July 2019 and a decision was taken by management to amend the RUL as follows:
(i) For movable assets, the RUL were adjusted to 25 months in order to allow for departments to consider the future use of the assets vs. the replacement of these assets.
(ii)For immoveable assets, the RUL were adjusted with a further 37 months seeing that these assets are used in the ordinary delivery of services to the community. Same as for movable assets the responsible departments will have to consider the future use of the assets vs. the replacement/upgrading thereof.
A total of 1 421 532 assets were affected. The change in annual depreciation is a decrease of R100 851 358.01 (Refer to note 63).

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 group.

11. Investment property

Group	2020

* See Note 63

Figures in Rand

11. Investment property (continued)

	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	1 191 479 428	(195 858 374)	995 621 054	1 208 097 039	(198 396 192)	1 009 700 847
Investment property : AUC	74 037 292	(3 552 143)	70 485 149	60 259 785	(3 552 143)	56 707 642
Total	**1 265 516 720**	**(199 410 517)**	**1 066 106 203**	**1 268 356 824**	**(201 948 335)**	**1 066 408 489**

Municipality	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	1 191 479 428	(195 858 374)	995 621 054	1 208 097 039	(198 396 192)	1 009 700 847
Investment property: Asset under construction	74 037 292	(3 552 143)	70 485 149	60 259 785	(3 552 143)	56 707 642
Total	**1 265 516 720**	**(199 410 517)**	**1 066 106 203**	**1 268 356 824**	**(201 948 335)**	**1 066 408 489**

Reconciliation of investment property - Group - 2020

	Opening balance	Additions	Disposals	Transfers Capitalisation	Transfers Purification	Depreciation	Total
Investment property	1 009 700 848	188 700	(13 840 630)	676 405	2 934 969	(4 039 237)	995 621 054
Investment property: AUC	56 707 642	13 777 507	-	-	-	-	70 485 149
	1 066 408 490	**13 966 207**	**(13 840 630)**	**676 405**	**2 934 969**	**(4 039 237)**	**1 066 106 203**

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

11. Investment property (continued)

Reconciliation of investment property - Group - 2019

	Opening balance	Additions	Disposals	Transfers Purification	Depreciation	Total
Investment property:	1 013 702 904	4 570 200	(2 173 532)	(1 800 000)	(4 598 724)	1 009 700 848
Investment property: AUC	56 707 642	-	-	-	-	56 707 642
	1 070 410 546	**4 570 200**	**(2 173 532)**	**(1 800 000)**	**(4 598 724)**	**1 066 408 489**

Reconciliation of investment property - Municipality - 2020

	Opening balance	Additions	Disposals	Transfers Capitalisation	Transfers Purification	Depreciation	Total
Investment property	1 009 700 848	188 700	(13 840 629)	676 408	2 934 968	(4 039 237)	995 621 05
Investment property :AUC	56 707 642	13 777 507	-	-	-	-	70 485 14
	1 066 408 490	**13 966 207**	**(13 840 629)**	**676 408**	**2 934 968**	**(4 039 237)**	**1 066 106 20**

Reconciliation of investment property - Municipality - 2019

	Opening balance	Additions	Disposals	Transfers Purification	Depreciation	Total
Investment property:	1 013 702 905	4 570 200	(2 173 532)	(1 800 000)	(4 598 724)	1 009 700 848
Investment Property - AUC	56 707 642	-	-	-	-	567 076 642
	1 070 410 547	**4 570 200**	**(2 173 532)**	**(1 800 000)**	**4 598 724**	**1 066 408 490**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

11. Investment property (continued)

Pledged as security

Carrying value of assets pledged as security:

Investment property in the process of being constructed or developed

Carrying value of Investment property that is taking a significantly longer period of time to complete than expected				
Project stoppage due to transactional make-up and contractual disputes	63 760 842	-	63 760 842	-
Awaiting supporting documentation (Completion certificate, processing of invoices/payment)	1 276 450	-	1 276 450	-
	65 037 292	**-**	**65 037 292**	**-**

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.

Expenditure incurred to repair and maintain investment property

General expenses	211 443	1 175 903	211 443	1 175 903

* See Note 63

12. Intangible assets

Group

	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Servitudes:AUC	13 652 241	-	13 652 241	13 652 241	-	13 652 241
Software:AUC	184 118 498	-	184 118 498	38 122 598	-	38 122 598
Computer software, other	550 915 602	(390 932 901)	159 982 701	537 571 123	(326 855 434)	210 715 689
Servitudes	438 450 004	-	438 450 004	436 015 049	-	436 015 049
Computer software: entities	150 396	(132 816)	17 580	178 833	(152 334)	26 499
Total	**1 187 286 741**	**(391 065 717)**	**796 221 024**	**1 025 539 844**	**(327 007 768)**	**698 532 076**

Municipality

	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
AUC: Software	184 118 498	-	184 118 498	38 122 598	-	38 122 598
Computer software	550 915 602	(390 932 901)	159 982 701	537 571 123	(326 855 434)	210 715 689
Servitudes	438 450 004	-	438 450 004	436 015 049	-	436 015 049
AUC: Servitude	13 652 241	-	13 652 241	13 652 241	-	13 652 241
Total	**1 187 136 345**	**(390 932 901)**	**796 203 444**	**1 025 361 011**	**(326 855 434)**	**698 505 577**

Reconciliation of intangible assets - Group - 2020

	Opening balance	Additions	Transfers Capitalisaion	Amortisation	Impairment loss	Total
AUC: Software	38 122 598	145 995 900	-	-	-	184 118 498
AUC: Servitude	13 652 240	-	-	-	-	13 652 240
Computer software	210 715 689	8 319 900	5 024 579	(56 313 800)	(7 763 667)	159 982 701
Servitudes	436 015 049	2 434 955	-	-	-	438 450 004
Computer software: entities	26 499	-	-	(8 919)	-	17 580
	698 532 075	**156 750 755**	**5 024 579**	**(56 322 719)**	**(7 763 667)**	**796 221 023**

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12. Intangible assets (continued)

Reconciliation of intangible assets - Group - 2019

	Opening balance	Additions	Disposals	Transfers capitalisation	Amortisation	Total
AUC:Software	22 239 998	-	-	15 882 600	-	38 122 598
AUC: Servitudes	13 652 241	-	-	-	-	13 652 241
Computer software	276 565 523	5 759 597	(24 464 203)	31 737 619	(78 882 847)	210 715 689
Servitudes	433 893 673	561 899	-	1 559 477	-	436 015 049
Computer software: Entities	52 840	3 249	-	-	(29 590)	26 499
	746 404 275	**6 324 745**	**(24 464 203)**	**49 179 696**	**(78 912 437)**	**698 532 076**

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

12. Intangible assets (continued)

Reconciliation of intangible assets - Municipality - 2020

	Opening balance	Additions	Transfers	Amortisation	Impairment loss	Total
AUC:Software	38 122 598	145 995 900	-	-	-	184 118 498
Computer software	210 715 689	8 319 900	5 024 579	(56 313 809)	(7 763 658)	159 982 701
Servitudes	436 015 049	2 434 955	-	-	-	438 450 004
Computer software: Assets under construction	13 652 241	-	-	-	-	13 652 241
	698 505 577	**156 750 755**	**5 024 579**	**(56 313 809)**	**(7 763 658)**	**796 203 444**

Reconciliation of intangible assets - Municipality - 2019

	Opening balance	Additions	Disposals	Transfers Capitalisation/ purification	Amortisation	Total
AUC:Software	22 239 998	-	-	15 882 600	-	38 122 598
Computer software	276 565 523	5 759 597	(24 464 203)	31 737 619	(78 882 847)	210 715 689
Sevitudes	433 893 673	561 899	-	1 559 477	-	436 015 049
Servitudes	13 652 241	-	-	-	-	13 652 241
	746 351 434	**6 321 496**	**(24 464 203)**	**49 179 696**	**(78 882 847)**	**698 505 577**

Expenditure incurred to repair and maintain intangible assets

Intangible assets in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of Intangible assets				
Contracted services	69 876 105	58 370 796	69 876 105	58 370 796
General expenses	1 168 664	2 120 966	1 168 664	2 120 966
Other material	1 883 247	-	1 883 247	-
	72 928 016	**60 491 762**	**72 928 016**	**60 491 762**

* See Note 63

13. Heritage assets

Group

	2020			2019		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Works of art	471 080 232	-	471 080 232	471 080 232	-	471 080 232
Historical buildings	3 205 534 190	(308 069 760)	2 897 464 430	3 205 534 190	(306 039 760)	2 899 494 430
Other heritage assets	1 536 407	-	1 536 407	1 536 408	-	1 536 408
Heritage: Assets under construction	19 718 699	(19 718 699)	-	19 718 699	(19 718 699)	-
Total	**3 697 869 528**	**(327 788 459)**	**3 370 081 069**	**3 697 869 529**	**(325 758 459)**	**3 372 111 070**

Municipality

	2020			2019		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Works of art	471 080 232	-	471 080 232	471 080 232	-	471 080 232
Historical buildings	3 205 534 190	(308 069 760)	2 897 464 430	3 205 534 190	(306 039 760)	2 899 494 430
Other heritage assets	1 536 407	-	1 536 407	1 536 408	-	1 536 408
Heritage: Assets under construction	19 718 699	(19 718 699)	-	19 718 699	(19 718 699)	-
Total	**3 697 869 528**	**(327 788 459)**	**3 370 081 069**	**3 697 869 529**	**(325 758 459)**	**3 372 111 070**

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

13. Heritage assets (continued)

Reconciliation of heritage assets Group - 2020

	Opening balance	Impairment losses (recognised)/reversed directly in Net assets	Total
Works of art	471 080 232	-	471 080 232
Historical buildings	2 899 494 430	(2 030 000)	2 897 464 430
Other heritage assets	1 536 408	-	1 536 408
	3 372 111 070	**(2 030 000)**	**3 370 081 070**

Reconciliation of heritage assets Group - 2019

	Opening balance	Transfers received	Impairment losses recognised	Total
Works of art	471 080 232	-	-	471 080 232
Historical buildings	3 012 899 230	47 736 860	(161 141 660)	2 899 494 430
Other heritage assets	1 536 408	-	-	1 536 408
	3 485 515 870	**47 736 860**	**(161 141 660)**	**3 372 111 070**

Reconciliation of heritage assets Municipality - 2020

	Opening balance	Impairment losses (recognised)/reversed directly in Net assets	Impairment losses reversed	Total
Works of art	471 080 232	-	-	471 080 232
Historical buildings	2 899 494 430	2 030 000	-	2 897 464 430
Other heritage assets	1 536 408	-	-	1 536 408
	3 372 111 070	**2 030 000**	**-**	**3 370 081 070**

Reconciliation of heritage assets Municipality - 2019

	Opening balance	Transfers received	Impairment losses recognised	Total
Works of art	471 080 232	-	-	471 080 232
Historical buildings	3 012 899 230	47 736 860	(161 141 660)	2 899 494 430
Other heritage assets	1 536 408	-	-	1 536 408
	3 485 515 870	**47 736 860**	**(161 141 660)**	**3 372 111 070**

Pledged as security

Carrying value of heritage assets pledged as security:

[Insert terms and conditions here where terms and conditions are the same]

Heritage assets in the process of being constructed or developed

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

13. Heritage assets (continued)

Expenditure incurred to repair and maintain heritage assets

Expenditure incurred to repair and maintain heritage assets included in Statement of Financial Performance				
Contracted services	-	4 478 483	-	4 478 483

14. Interest-rate swaps

The Group holds derivative financial instruments to hedge its interest rate risk exposures. The Group entered into interest rate swap contracts that entitle it to receive interest at fixed rates/floating rates on notional principal amounts and that oblige the Group to pay interest at variable rates/fixed rates on the same amounts. The interest rate swap allows the Group to raise long-term borrowings at variable rates/fixed rates and effectively swap them into fixed rates/floating rates in terms of the structured finance contractual requirements. The interest-rate swaps are initially measured at fair value on the contract/trade date; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, the interest rate swaps are measured at fair value at each reporting date.

The Municipality entered into interest rate swaps with the following role players:

City of Johannesburg: (Trade number - SWD BSA 14)
Trade date: 1 September 2014 and Settlement date: 1 March 2023
Original Nominal amount: R573 557 919 (Current Nominal amount R 246 357 342)
Fixed rate: 9,75% and variable rate: Jibar + 2,55 basis points
Payable: Semi-annual

City of Johannesburg: (Trade number - SWS BK 2RS)
Trade date: 30 June 2014 and Settlement date: 30 June 2034
Nominal amount: R1 600 000 000
Fixed rate: 11.0% and variable rate: Jibar + 2,50 basis points
Payable: Semi-annual

City of Johannesburg: (Trade number - 12503628)
Trade date: 18 August 2015 (effective date 29 June 2015) and Settlement date: 29 June 2035
Nominal amount: R1 500 000 000
Fixed rate: 11,48% and variable rate: Jibar + 2,4 basis points
Payable: Semi-annual

City of Johannesburg: (Trade number - 12503643)
Trade date: 20 July 2017 and Settlement date: 23 June 2027
Original Nominal amount R1 000 000 000 (Current Nominal amount R 779 576 245)
Fixed rate: 10.55% and variable rate: Jibar + 2,65 basis points
Payable: Semi-annual

Nedbank: (Trade number - 18569588)
Trade date: 1 April 2014 and Settlement date: 30 June 2026
Original Nominal amount:R943 766 167 (Current Nominal amount R 523 681 817)
Fixed rate: 9,31% and variable rate: Jibar + 2,22 basis points
Payable: Semi-annual

Nedbank: (Trade number - 24157050)
Trade date: 1 April 2014 and Settlement date: 30 June 2026
Nominal amount R890 312 448: Current Nominal amount R 523 681 817
Fixed rate: 9,31% and variable rate: Jibar + 2,22 basis points

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

Fair values of financial assets measured or disclosed at fair value

Class 1: Interest-rate swaps

The method to determine the fair value of the interest rate swaps is the discounted cash flow method. Various parameters are used to value the swaps, eg start date, end date, payment dates in between, fixed rate, floating rate spread, payment frequency, yield curve, etc. Cash flows are discounted using the zero curve.

Fair value hierarchy of financial assets at fair value

For financial assets recognised at fair value, disclosure is required of a fair-value hierarchy that reflects the significance of the inputs used to make the measurement. The fair-value hierarchy has the following levels:

Level 1: Represents those assets that are measured using unadjusted quoted prices in active markets for identical assets.

Level 2: Applies inputs other than quoted prices that are observable for the assets, either directly (ie as prices) or indirectly (ie derived from prices).

Level 3: Applies inputs that 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 hierarchy in the year under review. None of the financial assets that are fully performing have been renegotiated in the last year.

Nominal value of financial assets at fair value

The original nominal value of the existing interest rate swaps were R6 507 636 534 as at 30 June 2020.

The current nominal value of the existing interest rate swaps are R 5 173 297 221 as at 30 June 2020.

Interest paid on the interest rate swaps to the amount of R64 298 818.78 were recognised in surplus or deficit during 2019/20 as part of finance cost .

Interest paid on the interest rate swaps to the amount of R47 747 346 were recognised in surplus or deficit during 2018/19 as part of finance cost .

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

Interest rate swap - amounts (in total)				
Interest rate swap asset	31 298 484	-	31 298 484	-
Interest swap liability	(413 339 043)	(219 999 785)	(413 339 043)	(219 999 785)
	(382 040 559)	**(219 999 785)**	**(382 040 559)**	**(219 999 785)**

15. Payables from exchange transactions

Trade payables	4 365 949 523	3 555 084 391	4 363 984 407	3 528 629 954
Payments received in advance - various services	37 604 517	17 453 160	37 604 517	17 453 160
Accrued leave pay	1 100 435 652	868 553 565	1 096 569 740	866 345 963
Other accrued expenses	-	157 789	-	-
Deposits received	46 154 949	46 049 448	45 202 488	45 047 485
Debtors with credit balances - reclassification	966 466 785	955 202 995	966 466 785	955 202 995
Other creditors	1 105 425 226	966 496 280	1 098 781 835	964 817 828
Retention creditors	554 100 882	564 591 426	547 032 262	557 957 024
Accrual 13th cheque	226 069 203	207 950 165	226 069 203	207 950 165
Smart meter take-on account	-	288 592 695	-	288 592 695
	8 402 206 737	**7 470 131 914**	**8 381 711 237**	**7 431 997 269**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

16. VAT payable

VAT refundable	721 773	2 639 410	-	-
VAT payable	(2 025 176 819)	(2 445 901 619)	(2 025 176 819)	(2 445 901 619)
	(2 024 455 046)	**(2 443 262 209)**	**(2 025 176 819)**	**(2 445 901 619)**

VAT is payable on the receipt basis. Only once payment is received from debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the financial year.

17. Consumer deposits

Electricity and water	673 376 886	558 775 598	673 376 886	558 775 598

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)	155 638 135	153 166 265	155 638 135	153 166 265
Township development guarantees	337 390 391	352 547 644	337 390 391	352 547 644
	493 028 526	**505 713 909**	**493 028 526**	**505 713 909**

18. Unspent conditional grants and receipts

Unspent grants and receipts comprise:

Unspent conditional grants and receipts				
Public Transport Network Grant Operations (PTNGO)	14 911 283	-	14 911 283	-
Human Settlement Development Grant (HSDG)	168 138 451	210 369 335	168 138 451	210 369 335
DoRA: HIV/AIDS	7	696 579	7	696 579
Urban Settlement Development Grant (USDG)	189 148 307	50 891 019	189 148 307	50 891 019
Public Transport Network Grant (PTNG)	37 665 058	-	37 665 058	-
Informal Settlements Upgrading Partnership	42 779 776	-	42 779 776	-
Neighbourhood Development Partnership Grant (NDPG)	1 268 000	-	1 268 000	-
Recapitalisation of Community Libraries Grant	13 736 165	2 837 315	13 736 165	2 837 315
Tirelo Bosha grant	384 498	384 498	384 498	384 498
Gautrans	11 961 294	11 961 294	11 961 294	11 961 294
Social Infrastructure Grant	4 517 156	3 344 403	4 517 156	3 344 403
LG SETA Discretionary Grant	104 185	4 223 085	104 185	4 223 085
TRT subsidy	-	1 271 943	-	1 271 943
Electricity Demand Side (EDSM)	146 058	9 743 454	146 058	9 743 454
Integrated City Development Grant	1 847 136	1 178 786	1 847 136	1 178 786
	486 607 374	**296 901 711**	**486 607 374**	**296 901 711**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

18. Unspent conditional grants and receipts (continued)

Movement during the year

Balance at the beginning of the year	296 901 711	470 930 372	296 901 711	470 930 372
Receipts during the year	6 462 850 615	6 509 644 044	6 462 850 615	6 509 644 044
Income recognition during the year	(6 179 762 359)	(6 514 814 403)	(6 179 762 359)	(6 514 814 403)
Returned to National Treasury (deducted from current year equitable share)	(31 569 334)	(151 272 000)	(31 569 334)	(151 272 000)
Repaid to grantors	(61 813 259)	(2 089 916)	(61 813 259)	(2 089 916)
Prior year restatements	-	(15 496 386)	-	(15 496 386)
	486 607 374	**296 901 711**	**486 607 374**	**296 901 711**

The nature and extent of government grants recognised in the audited consolidated financial statements and an indication of other forms of government assistance from which the economic entity has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

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

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

19. Loans and bonds

Summary of long-term borrowings:				
Bullet Loans	6 302 021 466	4 882 483 148	6 302 021 466	4 882 483 148
Municipal bonds	2 177 419 005	2 177 419 005	2 177 419 005	2 177 419 005
Annuity loans	3 614 793 466	4 509 789 176	3 614 793 466	4 509 789 176
	12 094 233 937	**11 569 691 329**	**12 094 233 937**	**11 569 691 329**

Held at amortised cost				
Bullet Loans				
Development Bank of South Africa (1-2100) Secured 20 year bullet loan, Jibar rate +2.5 margin interest rate repayable semiannually, while capital will be redeemed by way of a bullet repayment on the final redemption date, 30 June 2034.	1 600 000 000	1 600 000 001	1 600 000 000	1 600 000 001
Development Bank of South Africa (1-02) Secured 20 year bullet loan, Jibar floating rate repayable quarterly, while capital will be redeemed by way of a bullet repayment on the final redemption date, 31 December 2019. A redemption fund investment have been made for the purpose of providing for the capital repayment at the date of redemption.	-	80 021 202	-	80 021 202
Nedbank (1-2300) Secured 10-year bullet loan, fixed interest rate 11.86% repayable quarterly , while capital will be redeemed by way of a bullet repayment on the final redemption date, 30 June 2026.	1 200 389 918	1 201 169 753	1 200 389 918	1 201 169 753

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*
19. Loans and bonds (continued)				
Development Bank of South Africa (1-22) Secured 20 year bullet loan, Jibar rate + 2.4 margin interest rate repayable semiannually, while capital will be redeemed by way of a bullet repayment on the final redemption date, 30 June 2035.	1 500 000 000	1 500 000 000	1 500 000 000	1 500 000 000
Development Bank of South Africa (1-2551) Secured 20 year bullet loan, Jibar rate repayable quarterly , while capital will be redeemed by way of a bullet repayment on the final redemption date, 30 June 2040.	1 500 789 863	-	1 500 789 863	-
Nedbank (1-2500) Secured 10-year loan. (jibar) variable interest rate Repayable with quarterly instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2029.	500 841 685	501 292 192	500 841 685	501 292 192
Municipal bonds				
ABSA Bank (1-1900) Secured 15-year bond. Fixed interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date, 3 April 2028. A redemption fund investment have been made for the purpose of providing for the capital repayment at the date of redemption.	573 927 890	573 927 890	573 927 890	573 927 890
ABSA Bank (1-1901) Secured 10-year bond. Fixed interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date, 3 April 2023. A redemption fund investment have been made for the purpose of providing for the capital repayment at the date of redemption.	848 437 142	848 437 141	848 437 142	848 437 141
ABSA Bank (1-1950) Secured 15-year bond. Fixed interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date, 5 June 2028. A redemption fund investment have been made for the purpose of providing for the capital repayment at the date of redemption..	755 053 973	755 053 973	755 053 973	755 053 973
Annuity loans				
Standard Bank (1-1300) Unsecured variable-interest 15-year loan repayable semi-annually in installments of interest and capital, with interest payable on reducing balance until capital is paid off on 29 June 2026.	540 705 707	609 107 038	540 705 707	609 107 038

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*
19. Loans and bonds (continued)				
ABSA Bank (1-2450) Unsecured (Jibar) variable interest rate 10-year loan repayable with quarterly equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2027.	788 293 779	867 346 748	788 293 779	867 346 748
ABSA Bank (1-2501) Unsecured (Jibar) variable interest rate 10-year loan repayable with quarterly in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2029.	901 137 600	1 002 190 330	901 137 600	1 002 190 330
Development Bank of South Africa (1-950) Unsecured fixed interest 20-year loan repayable semi-annually in equal installments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2029..	91 827 315	105 919 232	91 827 315	105 919 232
Development Bank of South Africa (1-851) Unsecured fixed-interest 13-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 31 March 2021.	17 959 209	32 858 428	17 959 209	32 858 428
Development Bank of South Africa (1-800) Unsecured fixed-interest 20-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 30 June 2028.	136 624 978	158 511 030	136 624 978	158 511 030
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.	54 784 847	64 320 973	54 784 847	64 320 973
Development Bank of South Africa (1-701) Unsecured fixed-interest 20-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 30 June 2028.	137 288 165	160 648 151	137 288 165	160 648 151
Development Bank of South Africa (1-501) Unsecured fixed-interest 15-year loan repayable semi-annually in equal instalments of interest and capital, with interest payable on reducing balance until capital is paid off on 31 December 2021.	47 433 267	115 985 823	47 433 267	115 985 823

* See Note 63

		Group		Municipality	
		2020	2019 Restated*	2020	2019 Restated*
19.	**Loans and bonds (continued)**				
	Development Bank of South Africa (1-500) Unsecured fixed-interest 15-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 31 December 2021.	9 169 912	22 653 642	9 169 912	22 653 642
	Development Bank of South Africa (1-200) Unsecured fixed-interest 15-year loan repayable semi-annually in equal instalments of interest and capital, with interest payable on reducing balance until capital is paid off on 31 December 2020.	16 466 599	64 462 437	16 466 599	64 462 437
	INCA (1-100) Unsecured fixed-interest 15-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 31 March 2020.	-	26 869 983	-	26 869 983
	iVuzi Investments (1-550) Unsecured fixed-interest 15-year loan repayable semi-annually in equal instalments of interest and capital, with interest payable on reducing balance until capital is paid off on 12 December 2021.	33 363 717	53 302 899	33 363 717	53 302 899
	iVuzi Investments (1-450) Unsecured fixed-interest 15-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 2021.	9 934 406	18 736 530	9 934 406	18 736 530
	iVuzi Investments (1-300) Unsecured fixed-interest 15-year loan repayable semi-annually in equal instalments of interest and capital, with interest payable on reducing balance until capital is paid off on 31 December 2020.	6 633 751	18 553 608	6 633 751	18 553 608
	iVuzi Investments (1-150) Unsecured fixed-interest 15-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 2020.	-	6 693 691	-	6 693 691
	Nedbank (1-1150) Unsecured variable-interest 10-year loan repayable in semi-annual instalments of interest and capital, with interest payable on reducing balance until capital is paid off on 30 June 2020.	-	52 193 085	-	52 193 085

* See Note 63

		Group		Municipality	
		2020	2019 Restated*	2020	2019 Restated*
19.	**Loans and bonds (continued)**				
	Nedbank (1-1100) Unsecured variable-interest 10-year loan repayable in semi-annual instalments of interest and capital, with interest payable on reducing balance until capital is paid off on 30 June 2020.	-	52 594 206	-	52 594 206
	Nedbank (1-852) Unsecured fixed-interest 13-year loan repayable semi-annually in equal instalments of interest and capital, with interest payable on reducing balance until capital is paid off on 31 March 2021.	23 568 891	44 374 515	23 568 891	44 374 515
	ABSA Bank Ltd (1-850) Unsecured fixed-interest 13-year loan repayable semi-annually in equal instalments of interest and capital, with interest payable on reducing balance until capital is paid off on 31 March 2021.	34 294 991	64 560 826	34 294 991	64 560 826
	iVuzi (FirstRand Bank) (1-1850) Unsecured (Jibar) variable-interest 9-year loan repayable in semi-annual equal instalments of interest and capital, with interest payable on reducing balance until capital is paid off on 30 June 2022.	105 263 158	157 894 737	105 263 158	157 894 737
	Nedbank (1-1800) Unsecured (Jibar) variable-interest 16-year loan repayable in semi-annual equal instalments of interest and capital, with interest payable on reducing balance until capital is paid off on 1 March 2023.	266 960 126	340 755 441	266 960 126	340 755 441
	iVuzi (FirstRand Bank) (1-1851) Unsecured (Jibar) variable-interest 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.	241 379 310	275 862 068	241 379 310	275 862 068
	Nedbank (1-1801) Unsecured (Jibar) variable-interest 12-year loan repayable in semi-annual equal instalments of interest and capital, with interest payable on reducing balance until capital is paid off on 1 March 2023.	151 703 739	193 393 755	151 703 739	193 393 755
		12 094 233 938	**11 569 691 328**	**12 094 233 938**	**11 569 691 328**
	Non-current liabilities				
	At amortised cost	11 347 537 099	10 663 063 567	11 347 537 099	10 663 063 567
	Current liabilities				
	At amortised cost	746 696 839	906 627 762	746 696 839	906 627 762
		12 094 233 938	**11 569 691 329**	**12 094 233 938**	**11 569 691 329**
	Secured and unsecured long-term liabilities				
	Secured	8 479 440 471	7 059 902 153	8 479 440 471	7 059 902 153

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*
19. Loans and bonds (continued)				
Unsecured	3 614 793 469	4 509 789 175	3 614 793 469	4 509 789 175
	12 094 233 940	**11 569 691 328**	**12 094 233 940**	**11 569 691 328**

No defaults or breaches of loans occurred in the period under review.
The weighted average interest rate is 9.% (2019: 9.90%).

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

20. Finance lease obligation

Minimum lease payments due				
- within one year	347 391 559	338 782 248	346 423 079	338 782 248
- in second to fifth year inclusive	493 807 348	627 384 140	490 732 337	627 384 140
	841 198 907	966 166 388	837 155 416	966 166 388
less: future finance charges	(245 712 657)	(134 902 727)	(244 952 928)	(134 902 727)
Present value of minimum lease payments	**595 486 250**	**831 263 661**	**592 202 488**	**831 263 661**
Present value of minimum lease payments due				
- within one year	333 766 245	321 161 158	333 096 282	321 161 158
- in second to fifth year inclusive	261 720 005	510 102 502	259 106 207	510 102 502
	595 486 250	**831 263 661**	**592 202 489**	**831 263 660**
Non-current liabilities	261 720 005	510 102 502	259 106 207	510 102 502
Current liabilities	333 766 246	321 161 158	333 096 282	321 161 158
	595 486 250	**831 263 660**	**592 202 488**	**831 263 660**
Value of leases (amortised cost, ie present value)	595 486 250	831 263 659	592 202 489	831 263 660
Net book amount of leased asset	528 001 738	769 750 525	524 282 885	769 750 525

The lease liabilities reflected above relate to the lease contract of Fleet Management for the supply of fleet vehicles and fleet-related services. The lease contract of Fleet Management is a public-private partnership agreement between the following companies -* Moipone Group of Companies (Pty) Ltd for the supply of category A and C fleet vehicles and fleet-related services;
* Fleet Africa, a division of Super Group Africa (Pty) Ltd for the supply of category E fleet vehicles and fleet-lities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.The lease term various related services; and*
Fleetmatics VMS (Pty) Ltd for the supply of category B fleet vehicles and fleet-related servicesLease liabibetween 27 months and 5 years and the average effective borrowing rate is 10.25%.

Interest rates are variable at the contract date.It is municipality policy to lease certain [property]motor vehicles and equipment under finance leases.

TEDA entered into a lease agreement for photocopy machines for a period of 3 years effective from 1st September 2019. Leasehold improvements for the new offices will be amortised over lease term of 5 years starting from 01 November 2019.

The average effective borrowing rate was 2020 10% (2019: -%).

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.
The entity's obligations under finance leases are secured by the lessor's charge over the leased assets reported under office equipment.

Market risk
The carrying amounts of finance lease liabilities are denominated in the following currencies:
Rand 3 283 435 -

The fair value of finance lease liabilities approximates their carrying amounts.

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

21. Employee benefit obligations

Pension funds

The municipality and its employees contribute to various pension, provident and retirement funds and its councillors contribute to the Pension Fund for Municipal Councillors. The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed by the relevant funds on a regular basis as per the requirements of the various funds.

Current contributions are charged against the relevant expense account of the municipality at a percentage of the basic salary paid to employees, or allowances in the case of councilors. Pension contributions in respect of employees who were not members of a pension fund (eg gratuity) are recognised as an expense when incurred.

Most employees of the Municipality are members of one of the following funds and those who are not are paid a lump-sum gratuity at retirement age. The Municipality's contributions to these funds are reflected as an expense in the financial statements.

Defined contribution plan (as classified by the relevant fund)

The Municipality contributes to the following defined contribution plans, which are governed by the Pension Fund Act, 1956 (Act 2 of 1956). The total contributions are included under Employee-related Costs, Note 38.

Tshwane Municipal Provident Fund/Tshwane Municipal Gratuity Fund 6031 of the Municipality's employees are members of this fund.	478 306 842	436 796 711	478 306 842	436 796 711
Pension Fund for Municipal Councillors The councillors of the City of Tshwane Metropolitan Municipality are members of this fund. 75 of the Municipality's employees are members of this fund.	6 011 193	7 165 449	6 011 193	7 165 449
National Fund for Municipal Workers 8121 of the Municipality's employees are members of this fund.	634 294 657	582 781 732	634 294 657	582 781 732
SALA Provident Fund/Gratuity Fund 37 of the Municipality's employees are members of this fund.	1 228 501	1 352 691	1 228 501	1 352 691
SAMWU National Pension Fund 12 of the Municipality's employees are members of this fund.	1 118 370	1 149 238	1 118 370	1 149 238
SAMWU National Provident Fund 999 of the Municipality's employees are members of this fund.	74 394 330	70 744 657	74 394 330	70 744 657
Germiston Municipal Retirement Fund 4 of the Municipality's employees are members of this fund.	755 843	673 952	755 843	673 952
Meshawu National Local Authorities Retirement Fund 22 of the Municipality's employees are members of this fund.	1 284 025	1 429 794	1 284 025	1 429 794
Sandspruit Alexander forbes and spouse cover 352 of the municipality's employees are members of fund	16 653 609	16 081 157	16 653 609	16 081 157
Housing Company Tshwane HCT started with a defined contribution to various funds during 2018/19	- -	- 157 789	- -	- -
	1 214 047 370	**1 118 333 170**	**1 214 047 370**	**1 118 175 381**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

21. Employee benefit obligations (continued)

Defined benefit plan (as classified by the relevant funds):

Tshwane Municipal Pension Fund

The Tshwane Pension Fund 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 plan assets.

151 of the Municipality's employees are members of this fund.

Included in general expenses				
Current service cost	22 942 152	23 687 464	22 942 152	23 687 464
Interest cost	197 222 750	213 130 844	197 222 750	213 130 844
Expected return on assets	(201 550 619)	(221 906 099)	(201 550 619)	(221 906 099)
Actuarial (gain)/loss	(346 082 798)	44 644 196	(346 082 798)	44 644 196
Effect of change in paragraph 68 asset limitation	341 696 929	-	341 696 929	-
Defined benefit expense	**14 228 414**	**59 556 405**	**14 228 414**	**59 556 405**
Post-employment benefit liability (funded status)				
Present value of the obligation	(1 824 809 807)	(2 282 214 075)	(1 824 809 807)	(2 282 214 075)
Fair value of plan assets	2 216 587 782	2 332 295 121	2 216 587 782	2 332 295 121
Liability recognised in statement of financial position	**391 777 975**	**50 081 046**	**391 777 975**	**50 081 046**
Reconciliation of defined benefit obligation				
Present value of obligation at beginning of year	2 282 214 075	2 315 093 235	2 282 214 075	2 315 093 235
Interest cost	197 222 750	213 130 844	197 222 750	213 130 844
Current service cost	22 942 152	23 687 464	22 942 152	23 687 464
Member contributions	5 688 810	5 723 184	5 688 810	5 723 184
Risk premiums	-	(1 704 221)	-	(1 704 221)
Benefits paid	(190 447 723)	(155 360 986)	(190 447 723)	(155 360 986)
Actuarial (gain)/loss on obligation	(492 810 257)	(118 355 445)	(492 810 257)	(118 355 445)
Present value of obligation at end of year	**1 824 809 807**	**2 282 214 075**	**1 824 809 807**	**2 282 214 075**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

21. Employee benefit obligations (continued)

Reconciliation of plan assets				
Fair value of plan assets at beginning of year	2 332 295 121	2 410 412 771	2 332 295 121	2 410 412 771
Expected return on plan assets	201 550 619	221 906 099	201 550 619	221 906 099
Contributions: members	5 688 810	5 723 184	5 688 810	5 723 184
	14 228 414	14 317 915	14 228 414	14 317 915
Risk premiums	-	(1 704 221)	-	(1 704 221)
Benefits paid	(190 447 723)	(155 360 986)	(190 447 723)	(155 360 986)
Actuarial (gain)/loss on assets	(146 727 459)	(162 999 641)	(146 727 459)	(162 999 641)
Fair value of plan assets at end of year	**2 216 587 782**	**2 332 295 121**	**2 216 587 782**	**2 332 295 121**

None of the Municipality's own financial instruments or property are included in the fair value of plan assets.

Composition of plan assets				
Cash	5,03 %	18,17 %	5,03 %	18,17 %
Equity	21,01 %	40,68 %	21,01 %	40,68 %
Bonds	51,62 %	8,45 %	51,62 %	8,45 %
Property	1,12 %	4,65 %	1,12 %	4,65 %
Other	3,63 %	2,33 %	3,63 %	2,33 %
International	17,59 %	25,72 %	17,59 %	25,72 %
Total	**100,00 %**	**100,00 %**	**100,00 %**	**100,00 %**
Actual return on plan assets	**201 550 619**	**221 906 099**	**201 550 619**	**221 906 099**
Estimated contributions to be paid in the next financial period	**155 387 375**	**19 561 941**	**155 387 375**	**19 561 941**

Municipal Gratuity Fund

1 369 (6.99%) of the Municipality's employees are members of this fund. No specific plan assets are set aside for the Gratuity Fund.

Included in general expenses				
Current service cost	-	3 087 427	-	3 087 427
Interest cost	773 494	3 547 043	773 494	3 547 043
Net actuarial (gain)/loss	21 787 839	(13 007 830)	21 787 839	(13 007 830)
Defined benefit expense	**22 561 333**	**(6 373 360)**	**22 561 333**	**(6 373 360)**
Post-employment benefit liability (wholly unfunded)				
Present value of the obligation	(21 928 150)	(46 282 583)	(21 928 150)	(46 282 583)
Net (expense)/income recognised in statement of financial performance	(109 482)	24 354 433	(109 482)	24 354 433
Liability recognised in statement of financial position	**(22 037 632)**	**(21 928 150)**	**(22 037 632)**	**(21 928 150)**
Reconciliation of defined benefit obligation				
Present value of obligation at beginning of year	21 928 150	46 282 583	21 928 150	46 282 583
Interest cost	773 494	3 547 043	773 494	3 547 043
Current service cost	-	3 087 427	-	3 087 427
Benefits paid	(22 451 851)	(17 981 073)	(22 451 851)	(17 981 073)
Actuarial (gain)/loss on obligation	21 787 839	(13 007 830)	21 787 839	(13 007 830)
Present value of obligation at end of year	**22 037 632**	**21 928 150**	**22 037 632**	**21 928 150**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*
21. Employee benefit obligations (continued)				
Estimated benefit payments to be paid in respect of gratuities in the next financial period	**21 085 026**	**21 493 855**	**21 085 026**	**21 493 855**

Multi-employer funds

The Municipality contributes to the following defined benefit plans which are governed by the Pension Fund Act. Due to the nature of these funds, the lack of information and the fact that assets are not specifically associated to meet the obligations in respect of individual employers, these funds are accounted for as defined contribution funds in terms of GRAP 25. The total contributions are included in employee-related Costs; See Note 38. The contributions made are as follows:

SALA Pension Fund				
The actuarial is carried out annually since 1 July 1998. 353of the Municipality's employees are members of this fund.	31 369 187	31 756 495	31 369 187	31 756 495
The Government Employees Pension Fund				
Actuarial valuations are performed every three years. 2 of the Municipality's employees are members of this fund.	110 981	174 573	110 981	174 573
Joint Municipal Pension Fund				
Actuarial valuations are performed every three years. 21 of the Municipality's employees are members of this fund.	3 681 277	4 008 907	3 681 277	4 008 907
Municipal Employees Pension Fund				
1 947 of the Municipality's employees are members of this fund.	156 541 318	147 462 473	156 541 318	147 462 473
National fund for municipal councillors				
Consolidated retirement for councillors	120 887	145 487	120 887	145 487
	191 823 650	**183 547 935**	**191 823 650**	**183 547 935**

Medical aid funds

The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds associated with the Municipality, when a member who joined the organisation under the current conditions of service retires, he or she is entitled to remain a member of such medical aid fund on retirement, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

The 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 in-service members is accrued over the expected working lifetime. No plan assets exist and any actuarial gains and losses are recognised immediately.

Included in general expenses				
Current service cost	6 527 000	7 430 614	6 527 000	7 430 614
Interest cost	102 556 000	100 914 358	102 556 000	100 914 358
Expected employer benefit payments	(75 425 000)	(63 280 957)	(75 425 000)	(63 280 957)
Defined benefit expense	**33 658 000**	**45 064 015**	**33 658 000**	**45 064 015**
Post-employment benefit liability (funded status)				
Present value of the unfunded obligation	(1 163 816 906)	(1 103 345 361)	(1 163 816 906)	(1 103 345 361)
Recognised actuarial gains	42 496 000	(60 470 545)	42 496 000	(60 470 545)
Liability recognised in statement of financial position	**(1 121 320 906)**	**(1 163 815 906)**	**(1 121 320 906)**	**(1 163 815 906)**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*
21. Employee benefit obligations (continued)				
Reconciliation of defined benefit obligation				
Present value of unfunded obligation at beginning of year	1 163 815 906	1 103 345 361	1 163 816 906	1 103 345 361
Interest cost	102 556 000	100 914 358	102 556 000	100 914 358
Current service cost	6 527 000	7 430 614	6 527 000	7 430 614
Employer contributions	(75 425 000)	(63 280 957)	(75 425 000)	(63 280 957)
Actuarial (gains)/losses	(76 154 000)	15 406 530	(76 154 000)	15 406 530
Present value of obligation at end of year	**1 121 319 906**	**1 163 815 906**	**1 121 320 906**	**1 163 815 906**
Estimated employer benefit payments to be paid in the next financial period	80 115 000	70 216 014	80 115 000	70 216 014
Sensitivity results				
The effect of an increase or decrease of one percentage point in the assumed health cost inflation is the following:				
Subsidy increase rate				
Accrued liability 30 June	1 123 320	1 163 815 906	1 123 320	1 163 815 906
Decrease of 1%	1 018 042	1 108 652 000	1 018 042	1 108 652 000
Percentage change	(9,2)%	(5,0)%	(9,2)%	(5,0)%
Increase of 1%	1 242 945	1 197 226 000	1 242 945	1 197 226 000
Percentage change	(10,9)%	3,0 %	(10,9)%	3,0 %
Long-service awards				
Included in general expenses				
Current service cost	64 444 641	66 142 852	64 444 641	66 142 852
Interest cost	50 894 499	56 571 588	50 894 499	56 571 588
Expected employer benefit payments	(45 661 495)	(66 629 175)	(45 661 495)	(66 629 175)
Recognised net actuarial (gain)/loss	1 335 178	(87 776 536)	1 335 178	(87 776 536)
Defined benefit expense	**71 012 823**	**(31 691 271)**	**71 012 823**	**(31 691 271)**
Post-employment benefit liability (funded status)				
Present value of the unfunded obligation	(649 683 843)	(681 375 114)	(649 683 843)	(681 375 114)
Net (expense)/income recognised in statement of financial performance	(71 012 823)	31 691 271	(71 012 823)	31 691 271
Liability recognised in statement of financial position	**(720 696 666)**	**(649 683 843)**	**(720 696 666)**	**(649 683 843)**
Reconciliation of defined benefit obligation				
Present value of unfunded obligation at beginning of year	649 683 843	681 375 114	649 683 843	681 375 114
Interest cost	50 894 499	56 571 588	50 894 499	56 571 588
Current service cost	64 444 641	66 142 852	64 444 641	66 142 852
Employer contributions	(45 661 495)	(66 629 175)	(45 661 495)	(66 629 175)
Actuarial gains/losses	1 335 178	(87 776 536)	1 335 178	(87 776 536)
Present value of obligation at end of year	**720 696 666**	**649 683 843**	**720 696 666**	**649 683 843**
Estimated employer benefit payments to be paid in the next financial period	94 477 386	71 452 801	94 477 386	71 452 801

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

21. Employee benefit obligations (continued)

Sensitivity results

The effect of an increase and decrease of one percentage point in the assumed medical cost trend rates is as follows:

Salary increase rate				
Accrued liability 30 June	720 696 666	649 683 843	720 696 666	649 683 843
Decrease of 1%	673 453 069	605 205 000	673 453 069	605 205 000
Percentage change	6,6 %	(7,0)%	6,6 %	(7,0)%
Increase of 1%	773 428 812	699 508 000	773 428 812	699 508 000
Percentage change	7,3 %	8,0 %	7,3 %	8,0 %
Post-employment benefit liability: Statement of financial position				
Tshwane Pension Fund	-	-	-	-
Municipal Gratuity Fund	22 037 632	21 928 150	22 037 632	21 928 150
Medical aid funds	1 121 320 906	1 163 815 906	1 121 320 906	1 163 815 906
Long- service awards	720 696 666	649 683 843	720 696 666	649 683 843
	1 864 055 204	**1 835 427 899**	**1 864 055 204**	**1 835 427 899**
Post-employment benefit liability: Current portion				
Municipal Gratuity Fund	21 085 026	21 493 855	21 085 026	21 493 855
Medical aid funds	80 115 000	70 216 014	80 115 000	70 216 014
Long-Service awards	97 477 386	71 452 801	97 477 386	71 452 801
	198 677 412	**163 162 670**	**198 677 412**	**163 162 670**
Post-employment benefit liability: Non-current portion				
Municipal Gratuity Fund	952 606	434 295	952 606	434 295
Medical aid funds	1 041 205 906	1 093 599 892	1 041 205 906	1 093 599 892
Long-Service awards	623 219 280	578 231 042	623 219 280	578 231 042
	1 665 377 792	**1 672 265 229**	**1 665 377 792**	**1 672 265 229**
Actuarial (gain)/losses recognised in other comprehensive income				
Tshwane pension fund	(146 727 459)	44 644 196	(146 727 459)	44 644 196
Municipal gratuity fund	21 787 839	(13 007 830)	21 787 839	(13 007 830)
Medical aid funds	(76 154 000)	15 406 530	(76 154 000)	15 406 530
Long Service awards	1 335 178	(87 776 536)	1 335 178	(87 776 536)
	(199 758 442)	**(40 733 640)**	**(199 758 442)**	**(40 733 640)**

Actuarial assumptions

A summary of the assumptions used in the valuation, together with a short description of each, is given below:

Economic assumptions (pension fund and gratuities)				
Discount rate	8,64 %	8,64 %	12,65 %	8,64 %
Inflation rate	7,34 %	4,78 %	7,34 %	4,78 %
Salary increase rate	8,34 %	5,78 %	8,34 %	5,78 %
Expected rate of return on assets	12,65 %	8,64 %	12,65 %	8,64 %
Pension increase allowance	6,42 %	4,28 %	6,42 %	4,28 %
Healthcare cost inflation	8,70 %	6,60 %	8,70 %	6,60 %

Discount rate (pension fund and gratuities)

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

21. Employee benefit obligations (continued)

The rate to discount post-employment benefit obligations should be derived from high 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 8.64% per annum has been used. This rate does not reflect any adjustment for taxation or expenses as per the statement.

Inflation rate (pension fund and gratuities)

While not used explicitly in the valuation, we have assumed the underlying future rate of consumer price inflation (CPI) to be 4.78% per annum. This assumption has been based on the relationship between current conventional bond yields and current index-linked bond yields. The expected inflation assumption was obtained from the differential between index-linked bonds (3.21%) and nominal bonds (8.64%), with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0,50%). Therefore, it is determined as follows: (8.64% - 0,5% - 3.21%)/1,0321.

Salary increase

Salary increases have historically exceeded CPI inflation by between 1,0% and 1,5% per annum. We have assumed that salaries will exceed the assumed inflation rate by 1% (pension funds and gratuities).

Expected return on assets

GRAP 25 requires the assumed rate of return on assets to equal the discount rate, namely 8.64%.

Post-retirement discount rate

The fund's pension increase policy aims to grant increases of between 75% and 100% of annual CPI inflation. If an average of 87,5% is assumed, increases of 4,19% per annum will be awarded on average over the long-term. This implies a post-retirement interest rate of 4.28% (from 1,0864/1,028 - 1,0).

Health care cost inflation

A health care cost inflation rate of 6.60% has been assumed. This is 1,50% in excess of the expected CPI inflation over the expected term of the liability, namely 5,10%. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 2.33% which derives from ((1+9,08%)/(1+6.60%))-1.

The expected inflation assumption of 5,10% was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the liabilities (3.31%) and those of fixed interest bonds (9,41%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0,50%). This was thus determined as follows: ((1+9.08%-0,50%)/(1+3.31%))-1.

History of liabilities, assets and experience adjustments

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

	2020 R	2019 R	2018 R	2017 R
History of liabilities and assets				
Accrued liability	1 864 052 298	1 835 427 899	1 831 427 899	1 969 005 934
Plan assets	-	-	-	-
Surplus/(deficit)	(1 864 052 298)	(1 835 427 899)	(1 835 427 899)	(1 969 005 934)
Experience adjustments on plan: (Gains) and losses				
Liabilities	100 277 017	6 654 617	(42 018 063)	20 316 258

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

22. Provisions

Reconciliation of provisions - Group - 2020

	Opening balance	Unwinding of interest	Utilised during the year	Reversed/ adjusted during the year	Total
Landfill sites	812 955 673	43 338 043	(3 422 285)	(11 932 239)	840 939 192
Quarries	43 976 528	4 687 286	(3 073 119)	9 201 199	54 791 894
Clearing alien vegetation	28 126 327	2 679 946	(1 832 219)	1 968 266	30 942 320
Legal proceedings	122 409 485	-	(2 383 128)	237 700 266	357 726 623
	1 007 468 013	**50 705 275**	**(10 710 751)**	**236 937 492**	**1 284 400 029**

Reconciliation of provisions - Group - 2019

	Opening balance	Unwinding of interest	Utilised during the year	Reversed/ adjusted during the year	Total
Landfill sites	728 966 054	73 232 586	(5 962 119)	16 719 152	812 955 673
Quarries	38 219 554	3 961 489	(3 003 695)	4 799 180	43 976 528
Clearing alien vegetation	23 199 023	2 533 672	(3 956 302)	6 349 934	28 126 327
Legal proceedings	153 549 938	-	(11 981 020)	(19 159 433)	122 409 485
	943 934 569	**79 727 747**	**(24 903 136)**	**8 708 833**	**1 007 468 013**

Reconciliation of provisions - Municipality - 2020

	Opening balance	Unwinding of interest rate	Utilised during the year	Reversed/ adjusted during the year	Total
Landfill sites	812 955 673	43 338 043	(3 422 285)	(11 932 239)	840 939 192
Quarries	43 976 528	4 687 286	(3 073 119)	9 201 199	54 791 894
Clearing alien vegetation	28 126 327	2 679 946	(1 832 219)	1 968 266	30 942 320
Legal proceedings	122 409 485	-	(2 383 128)	297 025 496	417 051 853
	1 007 468 013	**50 705 275**	**(10 710 751)**	**296 262 722**	**1 343 725 259**

Reconciliation of provisions - Municipality - 2019

	Opening balance	Unwinding of interest rate	Utilised during the year	Increase in provision	Total
Landfill sites	728 966 054	73 232 585	(5 962 119)	16 719 153	812 955 673
Quarries	38 219 554	3 961 489	(3 003 695)	4 799 180	43 976 528
Clearing alien vegetation	23 199 023	2 533 672	(3 956 302)	6 349 934	28 126 327
Legal proceedings	153 549 938	-	(11 981 020)	(19 159 433)	122 409 485
	943 934 569	**79 727 746**	**(24 903 136)**	**8 708 834**	**1 007 468 013**

The carrying amount of the rehabilitation provisions increases in each period to reflect the passage of time (also referred to as unwinding of interest).

In terms of GRAP 19, provisions should be evaluated at each reporting date to reflect the best estimate of the cost of rehabilitation at that date of the provision. The discounting rate is 9.90% (2018 = 10.581%). The timing of the outflow is uncertain, as well as the relating amounts due to discounting and changes in inflation rates.

Environmental rehabilitation provision - Landfill sites

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

22. Provisions (continued)

The group has an obligation to rehabilitate its landfill sites in terms of its license stipulations. The amount of the provision is recognised at the present value of the expenditure expected to be required to settle the obligation and is carried at amortised cost.
2019/20:
The net movement in the provision amounted to R27 983 519 increase (2019 = R83 989 619 increase). The decrease in the cost of property, plant and equipment amounted to R24 541 555 (2019 = R10 437 183 increase). The amount recognised in surplus or deficit due to re-estimation where the adjustment exceeds the carrying amount of the asset amounted to R6 373 490 (2019 = R18 987
274). The amount utilised amounted to R3 422 285 (2019 = R5 962 119).

Clearing 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.
2019/20

The net movement in the provision amounted to R 2 815 993 increase (2019 = R4 927 304 increase). The decrease in the cost of property, plant and equipment amounted to R1 279 546 (2019 = R2 274 112). The amount recognised in surplus or deficit due to reestimation where the adjustment exceeds the carrying amount of the asset amounted to R2 365 189 (2019 = R0). The amount utilised
during the year amounted to R1 832 219 (2019 = R3 956 302).

Rehabilitation of quarries

In terms of the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002), Section 52(2)(d), the municipality is required
to rehabilitate its quarries and borrow pits after these quarries and borrow pits have been closed. The amount of the provision is recognised at the present value of the expenditure expected to be required to settle the obligation and is carried at amortised cost.
2019/20
The net movement in the provision amounted to R10 815 366 increase (2019 = R5 756 974 increase). The increase in the cost of property, plant and equipment amounted to R2 122 985 (2019 = R3 043 702). The amount recognised in surplus or deficit due to reestimation where the adjustment exceeds the carrying amount of the asset amounted to R6 081 273 (2019 = R1 073 137). The amount utilised during the year amounted to R3 073 119 (2019 = R3 003 695).

Legal proceedings provision

A provision for legal cost with regard to certain cases was created due to the fact that it was probable (more likely than not) that a present
obligation existed at the reporting date and that the municipality will be liable for the legal cost in these cases. The history and nature of
these cases further indicate that the liability is more of a long-term nature.
2019/20
The net movement in the provision amounted to R294 642 368 increase (2019 = R31 140 453 decrease). The amount utilised during the
year amounted to R2 383 128 (2019 = R11 981 020).
The cases included in the provision is still pending and disclosing details will prejudice the position of the municipality in a dispute with
other parties on the subject matter.
Due to the nature of the legal cases it is not foreseen that it will be finalised within the next 12 months and therefore there is no shortterm
portion

Due to the nature of the legal cases, it is not foreseen that it will be finalised within the next 12 months and therefore there is no short-term portion.

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

23. Service concession arrangement

Tshwane Broadband Network:

The City of Tshwane has entered into a build operate and transfer agreement with Newshelf 1327 (Pty) Ltd (in the process of being renamed as Thobela Telecoms (RF)(Pty) Ltd), to finance, construct and operate a municipal broadband network. This agreement will be subject to review once every three years. The service provider is appointed to build the network and to provide operational services, additional services and maintenance services to the City of Tshwane.

The private party will obtain project finance for the build phase of the network and once the minimum threshold is achieved, the Municipality shall pay the private party on the basis set out in the agreement. From the effective date until the acceptance date of the last section of the Network Built ("First phase") the municipality commits to pay a monthly amount to the service provider as calculated in the formula set out in clause 37.2 (the "Build Payment Formula"). This payment will only start once the minimum threshold is achieved.

The City has requested the High Court to review the above transaction. The matter was heard in court in May 2018 and the parties are awaiting the judgement of the High Court.

On 24 August 2020, the Supreme Court of Appeal heard the case for appeal against the setting aside of the BOT contract. Judgement was handed down on 5 October 2020 where the appeal was upheld with costs for the two counsel. Furthermore, the order of the court was set aside and replaced with “the application is dismissed with cost including those of two counsel

Tshwane House:

The City of Tshwane has entered into a service concession agreement with Tsela Tshweu (the Consortium), a private Consortium led by Group 5, to finance, construct and operate the Tshwane Head Office. The agreement is for a period of 27 years of which 2 years was for the construction of the property and 25 years to operate the property on behalf of City of Tshwane. At the end of the 27 year agreement ownership of the building will pass to the City of Tshwane. The agreement is in the third year of the operational stage. Occupation took place in June 2017.
For the 2019/20 financial year the value of the asset and liability amounted to R 1 010 641 988 and R 1 173 478 189respectively.
For the 2018/19 financial year the value of the asset and liability amounted to R1 048 306 306 and R1 147 216 010 respectively.

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

Minimum future payments				
No later than one year - Service cost	249 166 667	242 016 667	249 166 667	242 016 667
Later than one year but not later than five years	1 349 164 538	1 388 062 080	1 349 164 538	1 388 062 080
Less than five years	5 417 983 459	7 772 460 741	5 417 983 459	7 772 460 741
Less: Future finance charges on finance lease	(4 893 627 331)	(6 981 527 090)	(4 893 627 331)	(6 981 527 090)
Less: Future service cost on finance lease	(949 209 144)	(1 273 796 388)	(949 209 144)	(1 273 796 388)
Present value of finance lease liability	**1 173 478 189**	**1 147 216 010**	**1 173 478 189**	**1 147 216 010**
Present value of service concession liability				
No later than one year - Service cost	(24 245 495)	(49 416 517)	(24 245 495)	(49 416 517)
Later than five years	(90 697 928)	(248 101 009)	(90 697 928)	(248 101 009)
	1 288 421 612	1 444 733 536	1 288 421 612	1 444 733 536
	1 173 478 189	**1 147 216 010**	**1 173 478 189**	**1 147 216 010**
Fair value of liability (amortised cost ie presnt value)	1 173 478 189	1 147 216 010	1 173 478 189	1 147 216 010
Collateral held on the above service concession (Net book value of assets- Refer to Note 10 - Tshwane House	1 010 641 988	1 048 306 306	1 010 641 988	1 048 306 306

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

23. Service concession arrangement (continued)

Denneboom Station Public Transport Interchange:

The City of Tshwane entered into a service concession and lease agreement with the Concessionaire (Interdent Management Services (Pty) Ltd.) on 7 September 2012 in terms of which the Concessionaire obtained the right to lease Erven 35385, Mamelodi, Ext 13; Erf 40331 Mamelodi Ext 24 and Portion 2 of Erf 19687, Mamelodi (the Properties) to develop the properties at its cost as an interchange for public transport and for commercial purposes for its own cost and account. The City will throughout the currency of the agreement, retain the full and undisturbed right to regulate, manage and administer the taxi operations through, over or on the interchange and the allocation or lease of bus or taxi rank space and holding areas on the properties.

Interdent Management Services is granted the right to earn revenue from third-party users of the service concession asset as they are entitled to rent for their own account lettable space in the Interchange to users. Interdent Management Services also receives a non-cash compensation from the City by getting a rebate from property rates. The City does not incur a cost directly for acquiring the service concession asset as the development will be funded by a private developer.

Upon the termination of the service concession for whatever reason, whether as a consequence of the effluxion of time or otherwise, all buildings and other permanent structures on the interchange shall remain the property of the City. The service concession agreement will lapse after 29 years and 11 months.

Construction commenced in September 2016 and the fair value as at 30 June 2018 being the cost of construction of the building was calculated and stated to be R378 474 359.29. This is also the value of the asset and liability as at 30 June 2018.

The lease term is also 29 years and 11 months as from the effective date and the rental payable by Interdent Management Services (Pty) to the City of Tshwane is R1 per month. As the rental receivable by the City from Interdent Management Services is not material, disclosure thereof has been omitted purposely.

The service concession liability in respect of Denneboom Station Public Transport Interchange is indicated below:

The service concession Asset & liability In respect of Denneboom station Public Transport Interchange is indicated below

2018/19

As at 30 August 2019, the concessionaire had failed to submit to the city sufficient and appropriate supporting documentation thus no value was disclosed in the annual financial statements in relation to this matter.

Based on new developments retrieved post the submission of the annual financial statements to the Auditor General, management decided to adjust the value disclosed for the asset under construction (AUC) - Denneboom service concession based on an estimation supported by the below stated assumptions-

- Ÿ The progress of construction is consistent throughout the months stipulated within the building phase
- Ÿ The cost of construction is incurred evenly throughout the period.
- Ÿ The total cost of construction incurred is aligned within the budgeted cost of construction as stipulated in the Service Concession Agreement documents.
- Ÿ The construction delays noted equally extended the initial completion date of which yielded the calculated percentage of completion as at 30 June 2020.

2019/20

During the current financial year under review- the service concessionaire submitted financial cost reports backdating from the commencement of the construction pertaining to the asset concerned . Based on the latter noted, the closing balance of the prior
year was increased by R 423 079 921 through a restatement journal. The actual cost as at 30 June 2020 as per the cost report totaled R 62 996 291. As at 30 June 2020 the building was established to be at a under construction building status. Below are the
updated cost both for the current and prior year respectively.

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*
23. Service concession arrangement (continued)				
Denneboom service concession liability				
Denneboom service concession liability Interchange	1 037 072 770	803 582 288	1 037 072 770	803 582 288
Denneboom service concession asset				
Land	1 854 770	1 854 770	1 854 770	1 854 770
Denneboom station asset under	1 038 927 540	803 582 288	1 038 927 540	803 582 288
	1 040 782 310	**805 437 058**	**1 040 782 310**	**805 437 058**
Total service concession liability				
Current liability	249 166 666	242 016 667	249 166 666	242 016 667
Long term liability	1 961 384 292	1 708 781 631	1 961 384 292	1 708 781 631
	2 210 550 958	**1 950 798 298**	**2 210 550 958**	**1 950 798 298**
Total service concession liability				
Tshwane House	1 173 478 188	1 147 216 011	1 173 478 188	1 147 216 011
Denneboom Station Public Transport Interchange	1 037 072 770	803 582 288	1 037 072 770	803 582 288
	2 210 550 958	**1 950 798 299**	**2 210 550 958**	**1 950 798 299**
Total service concession asset (included in Note 10)				
Tshwane House	1 010 641 988	1 048 306 306	1 010 641 988	1 048 306 306
Denneboom Station Public Transport Interchange	1 038 927 540	868 433 350	1 038 927 540	868 433 350
	2 049 569 528	**1 916 739 656**	**2 049 569 528**	**1 916 739 656**
24. Operating lease asset (accrual)				
Current liabilities	(382 577)	(75 833)	-	-

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

25. Deferred tax

Deferred tax liability

Property plant and equipment	(358 480)	(435 348)	-	-
Assessed loss for the period	463 111	463 110	-	-
Provision for doubtful debts	45 802	45 802	-	-
Provision for leave	907 651	466 096	-	-
Staright lining of operating lease	107 122	21 190	-	-
Pre-payment	(2 624)	(401 229)	-	-
Total deferred tax asset	**1 162 582**	**159 621**	**-**	**-**

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

Deferred tax liability	-	-	-	-
Deferred tax asset	1 162 582	159 621	-	-
Total net deferred tax asset	**1 162 582**	**159 621**	**-**	**-**

Reconciliation of deferred tax asset/(liability)

At beginning of year	159 621	59 351	-	-
Movement on property, equipment and intangible fixed assets	76 868	45 946	-	-
Movement in provision for leave pay	441 555	29 049	-	-
Increase (decrease) in tax loss available for set off against future taxable income	-	463 110	-	-
Operating lease straight lining	85 932	(41 972)	-	-
Pre-payment	398 606	(395 863)	-	-
	1 162 582	**159 621**	**-**	**-**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*
26. Taxation				
Major components of the tax income				
Current				
Normal tax - Current year	472 615	(463 111)	-	-
Deferred				
Deferred tax - Current year	(1 002 961)	362 841	-	-
	(530 346)	**(100 270)**	**-**	**-**
Taxation liability movement				
Opening balance	(727 084)	3 042 792	-	-
Current tax for the period recognised in surplus or deficit	472 615	-	-	-
Provisional tax (paid)/interest charged	(1 836 905)	(932 383)	-	-
Normal income tax paid - prior year	-	(2 864 042)	-	-
Normal income tax refund from SARS	393 387	26 549	-	-
Subtotal	(1 697 987)	(727 084)	-	-
	(1 697 987)	**(727 084)**	**-**	**-**
Reconciliation of the tax expense				
Tax in note @ 28%	(530 346)	(100 270)	-	-
Profit (loss) before tax	(3 646 861)	361 884	-	-
Tax as percentage of income before tax	15%	-28%	-	-
Reconciliation between applivable tax rate and average effective tax rate				
Applicable tax rate	28%	28%	-	-
Total non-temporary differences	-13.46%		-	-
	15%	**28%**	**-**	**-**
27. Tax (paid)/refunded				
Balance at beginning of the year	981 753	981 753	-	-
Current tax for the year recognised in surplus or deficit	100 270	(2 920 067)	-	-
Balance at end of the year	(1 721 608)	(727 084)	-	-
	(639 585)	**(2 665 398)**	**-**	**-**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

28. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus - Group - 2020

	Insurance reserve	COID reserve	Housing development fund	Accumulated Surplus	Total
Opening balance	275 496	145 843 534	156 442 653	29 000 627 805	303 189 189 488
Net surplus/(deficit) for the year	-	-	-	(2 804 995 684)	(2 804 995 684)
	275 496	**145 843 534**	**156 442 652**	**26 195 632 121**	**26 498 193 799**

Ring-fenced internal funds and reserves within accumulated surplus - Group - 2019

	Insurance reserve	COID reserve	Housing development fund	Accumulated Surplus	Total
Opening balance	262 093	82 684 851	156 442 652	24 690 775 751	24 930 165 347
Net surplus for the year (as previously reported)	-	-	-	2 982 845 931	2 982 845 931
Restatement of 2018/19 financial year	-	-	-	(457 738 943)	(457 738 943)
Restatement of 2017/18 financial year	-	-	-	1 949 234 222	1 949 234 222
Restatement of 2016/17 financial year	-	-	-	(101 517 610)	(101 517 610)
Transfers to/(from) reserves	13 403	63 158 683	-	(63 172 086)	-
Transfers to/(from) reserves	-	-	-	200 540	200 540
	275 496	**145 843 534**	**156 442 653**	**29 000 627 805**	**29 303 189 488**

Ring-fenced internal funds and reserves within accumulated surplus - Municipality - 2020

	Insurance reserve	COID reserve	Housing development fund	Accumulated Surplus	Total
Opening balance	275 496	145 843 534	156 442 653	28 795 193 371	29 097 755 054
(Deficit) surplus for the year	-	-	-	(2 844 608 551)	(2 844 608 551)
	275 496	**145 843 534**	**156 442 652**	**25 950 584 820**	**26 253 146 503**

Ring-fenced internal funds and reserves within accumulated surplus - Municipality - 2019

	Insurance reserve	COID reserve	Housing development fund	Other	Total
Opening balance	262 093	82 684 851	156 442 652	24 531 665 162	24 771 054 758
Net surplus for the year (as previously reported	-	-	-	2 865 994 426	2 865 994 426
Restatement of 2018/19 financial year	-	-	-	(387 010 743)	(387 010 743)
Restatement of 2017/18 financial year	-	-	-	1 949 234 222	1 949 234 222
Restatement of 2016/17 financial year	-	-	-	(101 517 610)	(101 517 610)
Transfers to/(from) reserves	13 403	63 158 683	-	(63 172 086)	-
	275 496	**145 843 534**	**156 442 653**	**28 795 193 371**	**29 097 755 054**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*
29. Housing development fund (refer to Note 28)				
Unappropriated surplus	225 449 115	225 449 115	225 449 115	225 449 115
Less: Loans extinguished by the government on 1 April 1998	(69 006 463)	(69 006 463)	(69 006 463)	(69 006 463)
Housing development fund	156 442 652	156 442 653	156 442 652	156 442 653
30. Service charges				
Other service charges	236 026 297	323 681 045	236 026 297	323 681 045
Sale of electricity	11 640 950 801	11 611 942 395	11 641 256 895	11 612 262 710
Sale of water	4 068 650 055	4 000 911 719	4 068 650 055	4 000 911 719
Solid waste	1 258 217 892	1 574 264 844	1 258 217 892	1 574 264 844
Sewerage and sanitation charges	1 156 823 025	1 098 138 076	1 156 823 025	1 098 138 076
Net service charges per statement of financial performance	**18 360 668 070**	**18 608 938 079**	**18 360 974 164**	**18 609 258 394**
31. Property rates				
Rates received				
Property rates	7 424 488 155	7 116 106 912	7 424 886 562	7 116 482 763
Valuations				
Residential	349 822 709 685	345 090 400 165	349 822 709 685	345 090 400 165
Other	155 744 368 215	155 570 877 159	155 744 368 215	155 570 877 159
	505 567 077 900	**500 661 277 324**	**505 567 077 900**	**500 661 277 324**

The land value was changed to market value according to the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA) that came into effect on 1 July 2008. The increase in valuation is due to the fact that the full market value of a property is now the basis of levying rates and not the land value

No difference is made between land value and the value of improvements and only the market value appears on the valuation roll. With the implementation of the MPRA, different categories of properties are levied at different tariffs with different rebates applicable

Property owners of 60 years and older and/or physically or mentally disabled, who can substantiate receipt of a social pension, and owners certified by the Medical Officer of Health as physically or mentally disabled, can qualify for a rebate, subject to certain conditions.

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*
32. Other income				
Market fees	167 967 090	163 778 232	167 923 612	163 778 232
Land sales	8 333 711	34 787 088	8 333 711	34 787 088
VAT audit refund	54 591 998	13 853 746	54 591 998	13 853 746
Fire services	4 040 570	8 525 370	4 040 570	8 525 370
Recoverable UIFW	27 919 924	23 604 251	27 919 924	23 604 251
Bus rentals	4 303 114	5 378 882	4 303 114	5 378 882
Admission fees	14 140 188	19 578 411	14 140 188	19 578 411
Road Accident Fund ambulance fees	2 388 143	3 469 770	2 388 143	3 469 770
Parking: vehicles	4 903 611	4 712 661	4 903 611	4 712 661
Registration certificates	1 931 463	2 211 075	1 931 463	2 211 075
Building fees	35 322 187	50 376 869	35 322 187	50 376 869
Income from grave services	11 104 798	11 586 020	11 104 798	11 586 020
Motor vehicle licences (refund from province)	105 182 052	123 429 638	105 182 052	123 429 638
Training fees recovered	21 049 379	13 552 624	21 049 379	13 552 624
Insurance claims	126 697 132	52 129 994	126 697 132	52 129 994
A Re Yeng revenue	14 606 343	19 904 714	14 606 343	19 904 714
Sundry fees	4 024 849	2 691 787	3 604 515	2 623 141
Airside income	4 200 005	4 835 284	4 200 005	4 835 284
Ambulance fees	689 534	2 668 030	689 534	2 668 030
Reminder fees	48 075 782	41 841 439	48 075 782	41 841 439
Clearance certificates	2 838 916	4 192 612	2 838 916	4 192 612
Approval fees: Advertisements	14 417 522	36 426 733	14 417 522	36 426 733
Jobbing	4 869 782	5 978 417	4 869 782	5 978 417
Application fees	9 553 029	7 564 474	9 553 029	7 564 474
Sales: maps	1 339 962	1 766 954	1 339 962	1 766 954
Sales: Aeroplane fuel	61 960	3 595 755	61 960	3 595 755
Transport fees	36 470 553	38 372 273	36 470 553	38 372 273
Other revenue	21 538	437 899	-	-
	731 045 135	**701 251 002**	**730 559 785**	**700 744 457**
33. Investment revenue				
Interest revenue (interest received)				
Bank	12 643 438	14 451 651	11 379 043	13 544 464
Short-term investments	97 464 735	208 209 234	97 149 272	208 168 319
Long-term investments	23 194 158	23 602 865	23 194 158	23 602 865
Contingency insurance	637 865	13 402	637 865	13 402
Interest: Redemption fund	103 223 974	146 619 235	103 223 974	146 619 235
	237 164 170	**392 896 387**	**235 584 312**	**391 948 285**
34. Gains or losses on foreign exchange transactions				
Loss on foreign exchange transactions	-	(73)	-	(73)
Gain on foreign exchange transactions	104 860	361 727	104 860	361 727
	104 860	**361 654**	**104 860**	**361 654**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*
35. Fair value adjustments				
Game and livestock	541 464	(13 030 504)	541 464	(13 030 504)
Interest rate swaps	(162 040 774)	(184 364 756)	(162 040 774)	(184 364 756)
	(161 499 310)	**(197 395 260)**	**(161 499 310)**	**(197 395 260)**
36. Government grants, subsidies, awards and donations				
Operating grants				
Equitable share	2 642 492 259	2 398 120 000	2 642 492 259	2 398 120 000
Emergency Management Services subsidy	-	40 854 000	-	40 854 000
Fuel levy	1 451 890 000	1 449 121 000	1 451 890 000	1 449 121 000
Finance Management Grant (FMG)	2 250 000	2 650 000	2 250 000	2 650 000
Public Transport Network Operating Grant (PTNOG)	257 626 453	351 267 769	257 626 453	351 267 769
LG SETA discretionary grant	3 267 864	-	3 267 864	-
Integrated Development Contribution	8 246 817	8 444 703	8 246 817	8 444 703
Research and development grant	-	3 835 474	-	3 835 474
Health subsidy	52 096 000	49 837 000	52 096 000	49 837 000
HIV/AIDS subsidy	15 075 572	13 292 657	15 075 572	13 292 657
Community libraries	4 251 021	8 105 678	4 251 021	8 105 678
Expanded Public Works Programme (EPWP)	23 016 000	32 013 000	23 016 000	32 013 000
TRT subsidy	18 357 637	23 256 888	18 357 637	23 256 888
USDG operational	215 952 725	48 168 210	215 952 725	48 168 210
Integrated City Development	5 447 872	5 995 840	5 447 872	5 995 840
Human Settlement Development: Top structures	10 661 550	66 020 086	10 661 550	66 020 086
HCT: Social Housing Regulatory Authority (SHRA)	22 403 936	-	-	-
HCT: Gauteng Department of Human Settlement (GDHS)	4 150 323	-	-	-
	4 737 186 029	4 500 982 305	4 710 631 770	4 500 982 305
Capital grants				
INEP	-	40 000 000	-	40 000 000
PTIS roads and storm water	348 373 206	458 185 679	348 373 206	458 185 679
Neighbourhood Development (NDPG)	-	3 605 000	-	3 605 000
Libraries	3 350 129	9 307 553	3 350 129	9 307 553
USDG capital	924 711 968	1 442 193 832	924 711 968	1 442 193 832
Electricity demand side	10 853 942	256 546	10 853 942	256 546
Department of Water Affairs	35 969 992	37 838 374	35 969 992	37 838 374
Social Infrastructure Grant	12 359 867	22 180 163	12 359 867	22 180 163
LG SETA discretionary grant	851 036	264 951	851 036	264 951
Delft grant	138 420 224	-	138 420 224	-
	1 474 890 364	2 013 832 098	1 474 890 364	2 013 832 098
	6 212 076 393	**6 514 814 403**	**6 185 522 134**	**6 514 814 403**
Conditional and unconditional				
Included above are the following categories of grants and subsidies recognised as revenue:				
Conditional grants received	2 091 139 875	2 667 573 403	1 474 890 364	2 667 573 403
Unconditional grants received	4 120 936 518	3 847 241 000	4 710 631 770	3 847 241 000
	6 212 076 393	**6 514 814 403**	**6 185 522 134**	**6 514 814 403**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

36. Government grants, subsidies, awards and donations (continued)

Equitable Share

IIn terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy of R560.00 (2019 = R510.69), which is funded from the grant.

Current-year receipts	2 642 492 259	2 398 120 000	2 642 492 259	2 398 120 000
Conditions met - transferred to revenue	(2 642 492 259)	(2 398 120 000)	(2 642 492 259)	(2 398 120 000)
	-	-	-	-

Fuel Levy (DoRA)

Current year receipts	1 451 890 000	1 449 121 000	1 451 890 000	1 449 121 000
Conditions met - transferred to revenue	(1 451 890 000)	(1 449 121 000)	(1 451 890 000)	(1 449 121 000)
	-	-	-	-

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

Primary Healthcare Subsidy (Provincial)

Current-year receipts	52 096 000	49 837 000	52 096 000	49 837 000
Conditions met - transferred to revenue	(52 096 000)	(49 837 000)	(52 096 000)	(49 837 000)
	-	-	-	-

The Municipality renders health services on behalf of the provincial government. The purpose of this subsidy is to render comprehensive primary healthcare services according to service-level agreements. This subsidy has been used exclusively to fund clinic services. The conditions of the subsidy have been met.

Emergency Management Services Subsidy (Provincial)

Current-year receipts	-	40 854 000	-	40 854 000
Conditions met - transferred to revenue	-	(40 854 000)	-	(40 854 000)
	-	-	-	-

The Municipality renders ambulance services on behalf of the provincial government and is reimbursed. The purpose of this subsidy is to ensure rapid and effective emergency care. This grant has been used exclusively to fund the rendering of ambulance services (included in the Emergency Medical Services vote in Appendix D). The conditions of the subsidy have been met.

Electricity for All (INEP)

Current-year receipts	-	40 000 000	-	40 000 000
Conditions met - transferred to revenue	-	(40 000 000)	-	(40 000 000)
	-	-	-	-

The grants was discontinued in the 2019/20 financial year, incorporated into the USDG.

The purpose of the grant is to implement the Integrated National Electrification Program (INEP) by providing capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings, the installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure in order to improve quality of supply.

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

36. Government grants, subsidies, awards and donations (continued)

Finance Management Grant (FMG)

Current-year receipts	2 250 000	2 650 000	2 250 000	2 650 000
Conditions met - transferred to revenue	(2 250 000)	(2 650 000)	(2 250 000)	(2 650 000)
	-	**-**	**-**	**-**

The purpose of this grant is to promote support reforms in financial management by building capacity in municipalities to implement the MFMA.

Human Settlement Development Grant (HSDG)

Balance unspent at beginning of year	210 369 335	253 589 420	210 369 335	253 589 420
Current-year receipts	-	22 800 000	-	22 800 000
Conditions met - transferred to revenue	(10 661 550)	(66 020 085)	(10 661 550)	(66 020 085)
	(31 569 334)	-	(31 569 334)	-
	168 138 451	**210 369 335**	**168 138 451**	**210 369 335**

Conditions still to be met - remain liabilities

A request was submitted to Provincial Treasury for the roll forward of the balance of 2019/20.

To provide funding for the creation of sustainable and integrated human settlements.

HIV and AIDS (Provincial Health Department)

Balance unspent at beginning of year	696 579	-	696 579	-
Current-year receipts	14 379 000	13 989 235	14 379 000	13 989 235
Conditions met - transferred to revenue	(15 075 572)	(13 292 656)	(15 075 579)	(13 292 656)
	7	**696 579**	**-**	**696 579**

The purpose of this grant is to sustain and extend coverage of the ward-based door-to-door education programme with referrals to local services; to build communities and support and utilise local services appropriately and to support ward structures to address AIDS in local communities.

Urban Settlement Development Grant (USDG) (DoRA)

Balance unspent at beginning of year	50 891 019	97 146 820	50 891 019	97 146 820
Current year receipts	1 329 813 000	1 499 552 000	1 329 813 000	1 499 552 000
Conditions met - transferred to revenue	(1 140 664 693)	(1 490 362 042)	(1 140 664 693)	(1 490 362 042)
Returned to the National Treasury	(50 891 019)	(55 445 759)	(50 891 019)	(55 445 759)
	189 148 307	**50 891 019**	**189 148 307**	**50 891 019**

A request for the roll over was submitted to National Treasury.

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

Public Transport Network Grant (PTNG)

Balance unspent at beginning of year	-	61 313 225	-	61 313 225
Current-year receipts	402 463 150	808 194 000	402 463 150	808 194 000
Conditions met - transferred to revenue	(348 373 206)	(809 453 447)	(348 373 206)	(809 453 447)

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*
36. Government grants, subsidies, awards and donations (continued)				
Returned to the National Treasury	(16 424 886)	(60 053 778)	(16 424 886)	(60 053 778)
	37 665 058	**-**	**37 665 058**	**-**

Conditions still to be met - remain liabilities (see note 18)

A request for the roll over 2019/20 was be submitted to National Treasury.

To provide funding for accelerated construction and improvement of public and non-motorized transport infrastructure that form part of a municipal integrated public transport network (IPTN)

Gautrans

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

Conditions still to be met - remain liabilities (see note 18)

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 Programme (NDPG)

Balance unspent at beginning of year	-	3 107 814	-	3 107 814
Current-year receipts	-	3 605 000	-	3 605 000
Conditions met - transferred to revenue	1 268 000	(3 605 000)	1 268 000	(3 605 000)
Returned to the National Treasury	-	(3 107 814)	-	(3 107 814)
	1 268 000	**-**	**1 268 000**	**-**

.

No project were submitted for approval to National Treasury . The purpose of this grant is to support neighbourhood development projects that provide community infrastructure and create the platform for other public and private sector development towards improving the quality of life of residents in targeted under served neighbourhoods (townships generally).

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

36. Government grants, subsidies, awards and donations (continued)

Research and Technology Grant

Balance unspent at beginning of year	-	74 688	-	74 688
Returned to grantor	-	(74 688)	-	(74 688)
	-	**-**	**-**	**-**

The purpose of this grant is to transfer funds to the municipality for the purpose of maintenance and operationalising mechanization assets namely tractors and implements (including trailers) The project life was 12 months.

Community library services

Balance unspent at beginning of year	2 837 315	5 557 910	2 837 315	5 557 910
Current-year receipts	18 500 000	15 260 000	18 500 000	15 260 000
Conditions met - transferred to revenue	(7 601 150)	(17 413 231)	(7 601 150)	(17 413 231)
Returned to the National Treasury	-	(567 364)	-	(567 364)
	13 736 165	**2 837 315**	**13 736 165**	**2 837 315**

Conditions still to be met - remain liabilities (see note 18).

A request for the roll over of the balance of 2019/20 was sumitted to Provincial Treasury.

The request for the roll over of the balance of 2017/18 was approved by Provincial Treasury but an amount of R567 364 was not approved and repaid during 2018/19.

The purpose of the grant is to have transformed urban and rural community library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a re-capitalised program at provincial and local government level and to provide the best possible sport and recreation facilities and service to all people in Tshwane to enhance their quality of life.

Research and Development Grant (Tirelo Bosha)

Balance unspent at beginning of year	384 498	-	384 498	-
Current-year receipts	-	4 219 972	-	4 219 972
Conditions met - transferred to revenue	-	(3 835 474)	-	(3 835 474)
	384 498	**384 498**	**384 498**	**384 498**

Conditions still to be met - remain liabilities (see note 18).

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	23 016 000	32 013 000	23 016 000	32 013 000
Conditions met - transferred to revenue	(23 016 000)	(32 013 000)	(23 016 000)	(32 013 000)
	-	**-**	**-**	**-**

The purpose of this grant was to encourage local authorities and provincial departments to increase job creation efforts in infrastructure, environment and culture programs through the use of labour-intensive methods and the expansion of job creation in line with the Expanded Public Works Program guidelines.

Municipal disaster recovery grant

Balance unspent at beginning of year	-	1 447 864	-	1 447 864
Returned to grantor	-	(1 447 864)	-	(1 447 864)

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

36. Government grants, subsidies, awards and donations (continued)

	-	-	-	-

The request for roll over of the 2017/18 balance was not approved by National Treasury and it was repaid during 2018/19.

During the month of November 2013, severe damaged was caused to infrastructure by hail in Gauteng Province. To this effect, a provincial state of disaster was declared in Gauteng, City of Tshwane in December 2013. The infrastructure and services damage reports and preliminary costing of damages were submitted by the Department of Human Settlements and the City of Tshwane Metropolitan Municipality for infrastructure damage through the Gauteng Provincial Disaster Management Centre in May 2014.

Social Infrastructure Grant

Balance unspent at beginning of year	3 344 403	708 601	3 344 403	708 601
Current-year receipts	13 532 620	24 815 965	13 532 620	24 815 965
Conditions met - transferred to revenue	(12 359 867)	(22 180 163)	(12 359 867)	(22 180 163)
	4 517 156	**3 344 403**	**4 517 156**	**3 344 403**

Conditions still to be met - remain liabilities (see Note 18).

A request to roll over the 2018/19 balance will be submitted to the Provincial Treasury.

The purpose of this grant is to plan, design and construct the Hammanskraal, Winterveldt and Mabopane social development centres.

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

36. Government grants, subsidies, awards and donations (continued)

LG SETA discretionary grant

Balance unspent at beginning of year	4 223 085	3 358 086	4 223 085	3 358 086
Current-year receipts	-	1 129 950	-	1 129 950
Conditions met - transferred to revenue	(4 118 900)	(264 951)	(4 118 900)	(264 951)
	104 185	**4 223 085**	**104 185**	**4 223 085**

The balance is ring-fenced and will be rolled over to the 2020/21 financial year

.
This money is an award for skills development. The purpose is to strengthen the municipality's capacity in relation to skills development for the purpose of training the Skills Development Facilitator or employees within the Human Resources/Skills Development Department or to enhance the capacity of the Training Committee.

DBSA : Water conservation grant

Current-year receipts	2 487 043	8 444 703	2 487 043	8 444 703
Conditions met - transferred to revenue	(2 487 043)	(8 444 703)	(2 487 043)	(8 444 703)
	-	**-**	**-**	**-**

Conditions still to be met - remain liabilities (see note 18).

This grant was received from the Development Bank of South Africa to conduct a feasibility study for the retrofitting of seven municipal owned buildings occupied and managed buildings/facilities for the City of Tshwane.

TRT Bus Operating subsidy

Balance unspent at beginning of year	1 271 943	-	1 271 943	-
Current-year receipts	17 085 693	40 025 218	17 085 693	40 025 218
Conditions met - transferred to revenue	(18 357 636)	(23 256 688)	(18 357 636)	(23 256 688)
Prior year correction - receipt	-	(15 496 587)	-	(15 496 587)
	-	**1 271 943**	**-**	**1 271 943**

This funds is a monthly subsidy from Gauteng Department of Roads and Transport as a subsidy for the bus services rendered by Tshwane Rapid Transit in Mamelodi.

Electricity demand side (EDSM)

Balance unspent at beginning of year	9 743 454	-	9 743 454	-
Current-year receipts	11 000 000	10 000 000	11 000 000	10 000 000
Conditions met - transferred to revenue	(10 853 942)	(256 546)	(10 853 942)	(256 546)
Returned to the National Treasury	(9 743 454)	-	(9 743 454)	-
	146 058	**9 743 454**	**146 058**	**9 743 454**

Conditions still to be met - remain liabilities (see note 18).

A request for the roll over of the balance of 2019/20 was submitted to National Treasury.
The purpose of this grant is to provide subsidies to municipalities to implement Electricity Demand Side Management (EDSM) in municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

36. Government grants, subsidies, awards and donations (continued)

HCT: Gauteng Department of Human Settlement

Conditions still to be met - remain liabilities (see Note 18).

The grant was received from the Gauteng Department of Human Settlement (GDHS) for the development of the Townlands project.

HCT: Social Housing Regulatory Authority

A request for roll over of the 2019/20 balance was submitted to the Provincial Treasury.

The purpose of this grant is to plan, design and construct in Hammanskraal, Winterveldt and Mabopane social development centres.

Integrated City Development

Balance unspent at beginning of year	1 178 786	32 664 650	1 178 786	32 664 650
Current year receipts	43 265 000	45 013 000	43 265 000	45 013 000
Conditions met - transferred to revenue	(41 417 864)	(43 834 214)	(41 417 864)	(43 834 214)
Returned to the National Treasury	(1 178 786)	(32 664 650)	(1 178 786)	(32 664 650)
	1 847 136	**1 178 786**	**1 847 136**	**1 178 786**

Conditions still to be met - remain liabilities (see note 18).

A request for the roll over of the 2019/20 balance was submitted to National Treasury.
The purpose of this grant from National Treasury is to provide a financial incentive for metropolitan municipalities to integrate and focus their use of all available infrastructure investment and regulatory instruments to achieve a more compact urban spatial form and the development of more inclusive, livable, productive and sustainable urban built environments in metropolitan municipalities

Changes in the level of government grants

Based on the allocations set out in the Division of Revenue Act no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

37. Fines, Penalties and Forfeits

Towing fees	7 165 989	12 716 544	7 165 989	12 716 544
Library fines	362 495	521 404	362 495	521 404
Pound Fees Fines	32 769	159 389	32 769	159 389
AARTO fines	389 569 177	300 631 650	389 569 177	300 631 650
Market fines	83 476	569 670	83 476	569 670
Management Health Service fines	184 350	90 000	184 350	90 000
	397 398 256	**314 688 657**	**397 398 256**	**314 688 657**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

38. Employee-related costs

Salaries and wages	8 089 310 112	5 831 821 770	8 036 155 534	5 794 258 143
Bonus	-	594 098	-	-
Medical aid contributions	632 179 945	581 419 203	627 579 092	578 548 566
UIF	38 312 823	37 136 612	38 312 823	37 136 612
SDL	314 551	-	-	-
Leave pay provision charge	368 151 016	298 922 975	367 574 913	298 696 602
Pension fund contributions	1 189 378 200	1 106 117 337	1 189 378 200	1 106 117 337
Defined contribution plans	28 626 399	4 424 841	28 626 399	4 424 841
Travel, motor car, subsistence and other allowances	303 893 271	303 965 197	303 893 271	303 965 197
Overtime payments	465 228 421	456 969 712	465 228 421	456 969 712
Long-service awards	3 611 756	4 105 999	3 611 756	4 105 999
Incentive bonuses	499 220	366 042	499 220	366 042
Other allowances	174 271 021	121 882 877	173 257 812	120 753 056
Housing benefits and allowances	52 368 569	48 642 815	52 368 569	48 642 815
Compensation commissioner (COIDA)	2 278 948	2 103 430	2 278 948	2 103 430
Termination benefits	750 000	-	-	-
Unifix allowance	326 379 700	294 695 601	326 379 700	294 695 601
	11 675 553 952	**9 093 168 509**	**11 615 144 658**	**9 050 783 953**

Remuneration of City Manager (Dr. M Mosola)

Annual remuneration	541 932	3 251 589	541 932	3 251 589
Cell phone allowance	4 000	24 000	4 000	24 000
Other allowances *	8 331 557	24 406	8 331 557	24 406
	8 877 489	**3 299 995**	**8 877 489**	**3 299 995**

The City Manager is the head of the administration and the accounting officer as defined by Municipal Systems Amendment Act . Dr Moeketsi Mosola resigned from this post on 30 August 2019 .

	Remuneration	Acting allowance	Other Allowances
Phillip Moeketsi Ntsimane (Sep- Dec)	-	52 162	-
Makgorometje Augustine Makgata (Jan - Mar)	-	44 205	-
Mavela Alford Velamuva Dlamini (Mar -Jun)	710 300	-	24 870
	710 300	**96 367**	**24 870**

The remuneration of staff is within the upper limits of the SALGA Bargaining Council determinations.

* Other allowances consist of subsistence and travelling paid in favour of an employee, a non-pensionable allowance as well as pension, medial aid fund and/or Group Life contribution by the employer.

Remuneration of Chief Financial Officer - municipal entities

Annual remuneration	2 503 756	1 646 261	-	-
Travel and other allowance	92 254	166 000	-	-
Performance bonus	-	76 918	-	-
Medical and retirement contributions	2 842	36 090	-	-
Leave provision	-	37 378	-	-
Cell phone allowance	37 500	25 292	-	-
Other allowance	5 178	127 405	-	-
	2 641 530	**2 115 344**	**-**	**-**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

38. Employee-related costs (continued)

Remuneration of Chief Executive Officer - municipal entities

Annual remuneration	3 657 868	2 619 103	-	-
Travel and other allowance	139 204	37 500	-	-
Medical and retirement	109 584	-	-	-
Other allowances	965 413	-	-	-
Pension and medical aid contributions	-	124 831	-	-
Cell phone allowance	59 200	42 000	-	-
Leave provision	85 135	-	-	-
	5 016 404	**2 823 434**	**-**	**-**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

38. Employee-related costs (continued)

Remuneration of other managers - municipal entities

Annual remuneration	9 746 269	6 153 914	-	-
Travel allowance	753 727	390 707	-	-
Performance bonuses	-	135 028	-	-
Cell phone allowance	171 008	103 514	-	-
Pension and medical aid contributions	319 363	276 843	-	-
Leave provision	-	39 696	-	-
Other allowances	724 137	458 347	-	-
	11 714 504	**7 558 049**	**-**	**-**

2019/20

TEDA

The contract of the CEO has been extended up to the 31st of December 2020 whilst finalising the recruitment process.
^Executive Manager Investment Trade and Promotion (Ms K Liebenberg) is on extended leave and Mr V Mweli has been appointed in an acting capacity.

2018/19

Housing Company Tshwane:

The Director of Human Settlement was seconded to HCt to act as COO from September 2017 until the labour matter with the former incumbent is concluded and the COO post is filled.

TEDA

An official of the City of Tshwane was seconded to TEDA to act as Company Secretary from September 2018 to November 2018.

* The Executive Manager Corporate Services resigned on 9 March 2018 and Manager Corporate Services (Ms N Kgatla) was appointed in an acting capacity from 9 March 2018 to March 2019.
* The Chief Financial Officer resigned on 30 September 2018 and the Senior Manager Financial Management (Mr O Mokoena) was appointed in an acting capacity from 1 October 2018. The entity has appointed a Chief Financial Officer anticipated to start on 5 August 2019.
* Company Secretary (Ms L Mahye) resigned on 31 July 2018.
* Acting Company Secretary (Ms J Molefe) was seconded from the City of Tshwane fro 1 August 2018 to 30 November 2018.
* Company Secretary (Mr S Makgatho) was appointed from 1 December 2018.

Directors - municipal entities

Non-executive directors: Board fees	3 657 589	3 215 268	-	-

Remuneration: Executive Mayor (Stevens Mokgalapa)

Annual remuneration	1 030 746	514 261	1 030 746	514 261
Cell phone allowance	35 527	16 213	35 527	16 213
Travel allowance	19 113	1 911	19 113	1 911
Other	85 640	16 643	85 640	16 643
	1 171 026	**549 028**	**1 171 026**	**549 028**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

38. Employee-related costs (continued)

Remuneration: Speaker (Rachel Kedibone Mathebe)

Annual remuneration	1 099 080	1 055 200	1 099 080	1 055 200
Cell Phone allowance	40 800	42 280	40 800	42 280
Other allowances	38 508	35 288	38 508	35 288
	1 178 388	**1 132 768**	**1 178 388**	**1 132 768**

Remuneration: Chief Whip (Christiaan M van den Heever)

Annual remuneration	1 081 158	1 027 223	1 081 158	1 027 223
Cell Phone allowances	25 368	25 368	25 368	25 368
	1 106 526	**1 052 591**	**1 106 526**	**1 052 591**

Remuneration: Members of the Mayoral Committee

Annual remuneration	7 965 437	9 643 333	8 282 200	9 643 333
Travel allowance	172 014	192 755	-	192 755
Cell phone allowance	243 970	254 029	239 742	254 029
Other allowance	507 559	289 348	476 425	289 348
	8 888 980	**10 379 465**	**8 998 367**	**10 379 465**

Refer to General Information for the list of the individual members of the mayoral committee.

Members of the Mayoral Committee (individual)

Anniruth Kissoonduth	915 998	1 039 800	915 998	1 039 800
Cilliers Brink (resigned 4 June 2019)	-	919 154	-	919 154
Darryl Moss)moved from MMC to normal Councillor 21 February 2019)	-	671 304	-	671 304
Nostsikelelo Lucia mokhotho (moved from MMC to normal councillor 21 February 2019)	-	673 477	-	673 477
Micheal Mkhari (moved from MMC to normal Councillor 21 February 2019)	-	671 304	-	671 304
Isak Petrus Du Plooy	922 569	1 037 379	922 569	1 037 379
Marie-Lise Fourie	921 650	1 039 553	921 650	1 039 553
Randall Mervyn Williams (moved from MMC to normal councillor 21 Februry 2019)	-	671 304	-	671 304
Shiela Lynn Senkubunge (Resigned 30 November 2019)	620 860	1 037 379	620 860	1 037 379
Karen Meyer	912 032	364 984	912 032	364 984
Thomas Mandla nkomo	-	1 037 379	-	1 037 379
Richard Baleseng Moheta	916 315	374 888	916 315	374 888
Abel matshidiso Tau	920 575	459 514	920 575	459 514
Samuel Sello Maimane (Appointed 3 July 2019)	927 801	-	927 801	-
Isak Jacobus Pietersen	919 764	382 046	919 764	382 046
Daniel Gabriel Wannenburg	911 417	-	911 417	-
	8 888 981	**10 379 465**	**8 888 981**	**10 379 465**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

39. Remuneration of councillors

Councillors' allowances	126 485 895	126 684 958	126 485 895	126 684 958

Remuneration of the Executive Mayor, Speaker and Members of the Mayoral Committee

Councillor's remuneration - June 2020	Basic salary	Travel allowance	Cell phone allowance	Other allowances	Total
Mayor	1 030 746	19 113	35 527	85 640	1 171 026
Speaker	1 099 080	-	40 800	38 508	1 178 388
Chief Whip	1 081 158	-	25 368	-	1 106 526
Members of the mayoral committee	7 965 437	172 014	243 970	507 559	8 888 980
Other councillors	79 227 352	23 673 349	5 055 296	6 184 978	114 140 975
	90 403 773	**23 864 476**	**5 400 961**	**6 816 685**	**126 485 895**

Councilor's remuneration - June 2019	Basic salary	Travel allowance	Cell phone allowance	Other allowances	Total
Mayor	1 297 599	1 911	41 203	64 444	1 405 157
Speaker	1 055 200	-	42 280	35 288	1 132 768
Chief Whip	1 027 223	-	25 368	-	1 052 591
Members of the mayoral committee	9 643 333	192 755	254 029	289 348	10 379 465
Other councillors	77 506 292	23 534 515	5 037 925	6 636 245	112 714 977
	90 529 647	**23 729 181**	**5 400 805**	**7 025 325**	**126 684 958**

In-kind benefits

The Executive Mayor, Speaker and Members of the Mayoral Committee are full-time employees. Each employee is provided with an office and secretarial support at the cost of the Municipality.

According to the organisational structure of the Municipality, the Executive Mayor Protection Sub-section, has seven staff members, of which five are VIP protection officers.The Members of the Mayoral Committee and the City Manager have two VIP protection officers each.

The Executive Mayor and Members of the Mayoral Committee hae the use of City owned vehicles for official duties.

The allowances and benefits of councillors, loans made to councillors, if any, 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 were withdrawn upon termination of service.

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.

40. Remuneration of Top Management

The organisational structure was reviewed and a new macro structure was approved in terms of the Council Resolution dated 24 November 2016. The new macro structure was implemented on 1 February 2017.

In terms of the Council resolution dated 23 February 2017 the proposed Section 56 positions were determined to be as follows:

- Governance and Support Officer
- Chief Financial Officer
- Chief of Police
- Chief of Emergency Services
- Chief Operations Officer

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

40. Remuneration of Top Management (continued)

- Chief Audit Executive
- Group Head: Office of the Executive Mayor
- Group Head: Communication, Marketing and Events
- Group Head: City Strategy and Organisational Performance.

In terms council resolution dated 30 August 2018 the group head in the office of the city manager is a considered to be direct report to the city manager.

- Group Head: Strategy & Management Support

The other positions will from 1 February 2017 report directly either to the Governance and Support Officer (GSO) or the Chief Operations Officer (COO).

* See Note 63

40. Remuneration of Top Management (continued)

Reporting directly to City Manager

July 2019 to June 2020

Name	Designation	Remuneration	Cell phone allowance	ϕ Other Allowances	Acting allowance	Total
Banda, Umar	Chief Financial Officer	2 601 272	21 600	37 920	-	2 660 792
Tredoux, Lorette	Governance and Support Officer	2 601 272	21 600	27 909	-	2 650 781
Murphy, James P	Chief Operations Officer	2 601 272	21 600	28 779	-	2 651 651
Ntsimane, Phillip M	Chief Audit Executive	2 389 147	21 600	25 788	52 162	2 488 697
Nkomo, Johannah M	Chief of Police	2 389 147	21 600	25 788	-	2 436 535
Govender, Previn D	Chief of Emergency Services	1 990 956	21 600	21 806	-	2 034 362
Hazel Nasiphi Moya	Chief of Staff	1 190 292	19 800	533 777	-	1 743 869
Hilgard Matthews	Group Head: Group Communication and Marketing	1 990 956	21 600	21 806	-	2 034 362
Nosipho Hlatshwayo	Group Head: City Strategy and Organisational Performance	1 990 956	21 600	37 235	-	2 049 791
Msizi Reginald Myeza	Group Head: Strategy & Management Support	2 150 000	21 600	33 007	-	2 204 607
		21 895 270	**214 200**	**793 815**	**52 162**	**22 955 447**

Notes to the Audited Consolidated Financial Statements

Figures in Rand

40. Remuneration of Top Management (continued)

July 2018 to June 2019

Name	Designation	Remuneration	Cell phone allowance	Other allowances	Total
Banda, Umar	Chief Financial Officer	2 601 272	21 600	28 734	2 651 606
Tredoux, Lorette	Governance and Support Officer	2 601 272	21 600	27 902	2 650 774
Murphy, James P	Chief Operations Officer	2 601 272	21 600	27 902	2 650 774
Ntsimane, Phillip M	Chief Audit Executive	2 389 147	21 600	25 781	2 436 528
Nkomo Johannah M	Chief of Police	2 389 147	21 600	43 700	2 454 447
Govender, Previn D	Chief of Emergency Services	1 990 956	21 600	66 929	2 079 485
Matthews, Hilgard	Group Head: Communication, Marketing and Events	1 990 956	21 600	23 463	2 036 019
Hlatshwayo, Nosipho P	Group Head: City Strategy and Organisational Performance	1 990 956	21 600	24 711	2 037 267
		18 554 978	**172 800**	**269 122**	**18 996 900**

40. Remuneration of Top Management (continued)

Reporting to the GSO or COO

July 2019 to June 2020

Name	Designation	Remuneration	Travel allowance	Cell phone allowance	Other allowance	Other	Total
Babane, Tiyiselani J	Group Head: Office of the Speaker	959 034	-	21 600	-	422 501	1 403 135
Shingange, Gerald M	Group Head: Group Human Capital Management	1 438 550	130 693	18 000	-	504 354	2 091 597
Khumalo, Musawakhe H O	Group Head: Shared Services	1 438 550	130 693	18 000	-	543 387	2 130 630
Kock, Margaretha J	Group Head: Group Legal and Secretarial Services	1 438 550	-	18 000	-	632 803	2 089 353
Makgata, Makgorometje A	Group Head: Economic Development and Spatial Planning	1 438 550	130 693	18 000	44 205	510 472	2 141 920
Morgan, Verusha	Group Head: Group Property	1 438 550	-	18 000	-	634 108	2 090 658
Thandiwe Shereen Radebe	Group Head: Customer Relations Management	1 085 791	130 693	19 500	64 818	356 478	1 657 280
Nkoko, Koena J	Group Head: Health	1 438 550	130 693	18 000	-	505 927	2 093 170
Notoane, Stephens R	Group Head: Utility Services	1 438 550	130 693	18 000	-	505 414	2 092 657
Letlonkane, Pheko I	Group Head: Roads and Transport	1 438 550	130 693	18 000	-	503 810	2 091 053
Kolisa, Mthobeli S		606 662	53 982	7 435	-	213 792	881 871
Mekhoe, Sebabatso S	Group Head: Community and Social Development Services	1 438 550	130 693	18 000	-	536 904	2 124 147
Memela, Nontobeko	Group Head: Human Settlement	1 436 418	130 693	18 000	-	501 176	2 086 287
Phanyane, Namadzavho C	Group Head: Regional Operations and Coordination	1 438 550	130 693	18 000	-	503 325	2 090 568
		18 473 405	**1 360 912**	**246 535**	**109 023**	**6 874 451**	**27 064 326**

40. Remuneration of Top Management (continued)

July 2018 to June 2019 (reporting to GSO or COO)

Name	Designation	Remuneration	Travel allowance	Cell phone allowance	Other allowance	Total
Babane, Tiyiselani	Group Head: Office of the Speaker	944 861	-	21 600	433 958	1 400 419
Moya, Hazel	Group Head: Office of the Chief Whip	944 861	60 000	21 600	356 279	1 382 740
Shingange, Gerald M	Group Head: Group Human Capital Management	1 417 291	130 693	18 000	492 780	2 058 764
Khumalo, Musawakhe HO	Group Head: Shared Services	1 417 291	130 693	18 000	511 947	2 077 931
Kock, Margaretha J	Group Head: Group Legal and Secretarial Services	1 417 291	-	18 000	630 368	2 065 659
Makgata, Makgorometje A	Group Head: Economic Development and Spatial Planning	1 417 291	130 693	18 000	515 775	2 081 759
Morgan, Verusha	Group Head: Group Property	1 417 291	-	18 000	624 305	2 059 596
Ntsikeni, Zukiswa(resigned 31 March 2019)	Group Head: Customer Relations Management	1 062 968	98 020	13 500	369 585	1 544 073
Nkoko, Koena J	Group Head: Health	1 417 291	130 693	18 000	496 260	2 062 244
Notoane, Stephens R	Group Head: Utility Services	1 417 291	130 693	18 000	503 936	2 069 920
Letlonkane, Pheko I	Group Head: Roads and Transport	1 417 291	130 693	18 000	492 780	2 058 764
Kolisa, Mthobeli S	Group Head: Environment and Agriculture Management	1 417 291	130 693	18 000	492 780	2 058 764
Mekhoe, Sebabatso S	Group Head: Community and Social Development Services	1 417 291	130 693	18 000	492 780	2 058 764
Memela, Nontobeko	Group Head: Human Settlement	1 415 191	130 693	18 000	491 859	2 055 743
Phanyane, Namadzavho C	Group Head: Regional Operations and Coordination	1 374 934	130 693	18 000	474 203	1 997 830
		19 915 725	**1 464 950**	**272 700**	**7 379 595**	**29 032 970**

The following also acted in the position of Top Management during the 2019/2020 finacial year

Reporting directly to City Manager

Name	Designation	Acting Allowances
Matseane Mmakagiso Poo	Chief Audit Executive	74 273
Moshema Petrus Mosia	Chief Emergency Services	47 230
		121 503

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

40. Remuneration of Top Management (continued)

Reporting to the GSO or COO

Name	Designation	Acting Allowances
Sello Tlou Levy Chipu	Group Head: Housing and Human Settlement	25 139
Pule Martin Mmutlana	Group Head: Group Legal and Secretariat Services	10 474
Abel Tumishi Malaka	Group Head: Environmental and Agriculture Management	102 474
Tlou Phineas Gadner Tefu	Group Head: Office of the Chief Whip	85 291
Bongani Andrew Mntambo	Group Head: Roads and Transport	43 098
Deborah Mmankale Motseo	Group Head: Group Legal and Secretariat Services	30 947
Morapedi Victor Letshwiti	Group Head: Group Human Capital Management	85 291
Thandiwe Shereen Radebe	Group Head: Customer Relations Management	64 818
Benjamin Manasoe	Group Head: Economic Development and Spatial Planning	6 856
		454 388

The following also acted in the position of Top Management during the 2018/2019 finacial year

Name	Designation	Acting Allowances
Pule Martin Mmutlana	Group Head: Group Legal and Secretariat Services	83 148
Msizi Reginald Myeza	Group Head: Strategy & Management Support	143 880
Tlou Phineas Gadner Tefu	Group Head: Office of the Chief Whip	43 259
Bongani Andrew Mntambo	Group Head: Roads and Transport	43 193
Thandiwe Shereen Radebe	Group Head: Customer Relations Management	44 945
Phuti Jellico Moloto		10 113
Morapedi Victor Letshwiti	Group Head: Group Human Capital Management	14 045
		382 583

Remuneration of Administration Body

The following Administrators were appointed for 2019/20 Financial year

Name	Designation	Remuneration	Other Allowances	Total
Mavela Alford Dlamini (acting City Manager)	Administrator	710 300	24 870	735 170
Kebitsamang Mpho Nawa	Lead-Adminstrator	-	263 597	263 597
Thulisile Njapa Mashanda	Adminstrator	-	263 597	263 597
Rianda Kruger	Adminstrator	-	263 597	263 597
Lesedi Mere	Adminstrator	-	263 597	263 597
Mmaseabata Abigail Mutlaneng	Adminstrator	-	263 597	263 597
Gilberto Pereira Martins	Adminstrator	-	263 597	263 597
Lebogang Vashette Mahaye	Adminstrator	-	263 597	263 597

* See Note 63

		Group		Municipality	
		2020	2019 Restated*	2020	2019 Restated*
40. Remuneration of Top Management (continued)					
Lefadi Lucas Makibinyane	Adminstrator	-		263 597	263 597
Shiva Kesaobaka Makotoko	Adminstrator	-		263 597	263 597
		-	710 300	2 397 243	3 107 543
			710 300	**2 397 243**	**3 107 543**

Other Allowances consist of Subsistence and travelling paid in favour of employee, a non-pensionable allowance as well as Pension, Medical Aid Fund, Group Life contributions by the employer and/or arbitration/settlement/administrator payments.

* See Note 63

Notes to the Audited Consolidated Financial Statements

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*
41. Depreciation and amortisation				
Depreciation: Investment property	4 039 237	4 742 169	4 039 237	4 742 169
Amortisation: Intangible assets	56 322 728	85 405 628	56 313 809	85 376 038
Depreciation: Property, plant and equipment	1 719 945 885	1 729 069 833	1 719 160 171	1 727 399 855
Depreciation: Leased assets	258 791 542	246 998 813	258 791 542	246 998 813
Depreciation: Rehabilitation assets	10 480 580	17 475 449	10 480 580	17 475 449
	2 049 579 972	**2 083 691 892**	**2 048 785 339**	**2 081 992 324**
42. Impairment of assets				
Impairments				
Property, plant and equipment	83 702 490	51 549 537	83 702 490	51 549 537
Intangible assets	7 763 656	-	7 763 656	-
Heritage assets	2 030 000	161 141 660	2 030 000	161 141 660
	93 496 146	**212 691 197**	**93 496 146**	**212 691 197**
43. Finance costs (interest paid)				
Long-term liabilities (loans and bonds)	1 083 835 412	1 022 812 578	1 083 835 412	1 022 741 341
Interest rate swaps	64 298 819	47 747 346	64 298 819	47 747 346
Trade and other payables (interest on late payments)	7 106 067	9 655 479	7 106 067	9 655 479
Finance leases	71 502 245	92 261 831	71 502 245	92 261 831
Other finance costs (bank charges, transit banking, etc)	-	11 387	-	11 387
Tshwane House finance cost	234 117 829	245 706 604	234 117 829	245 706 604
Amortisation: Provisions	50 705 274	79 727 747	50 705 274	79 727 747
Other interest paid	237 444	-	-	-
	1 511 803 090	**1 497 922 972**	**1 511 565 646**	**1 497 851 735**
44. Debt impairment				
Contributions to impairment allowance (refer to notes 4,5 and 6)	3 242 572 007	1 804 217 115	3 241 407 060	1 803 186 397
Contribution to impairment allowance - per service				
Rates	922 338 091	538 292 526	922 338 091	538 292 526
Electricity	1 276 194 659	664 119 109	1 276 194 659	664 119 109
Water	491 239 808	287 548 109	491 239 808	287 548 109
Sanitation	129 038 177	74 100 860	129 038 177	74 100 860
Solid waste	158 744 214	104 019 113	158 744 214	104 019 113
AARTO	246 869 458	91 850 297	246 869 458	91 850 297
Sundry : Other	18 716 576	40 581 792	17 551 529	39 551 074
Long Term receivables	(568 877)	3 705 309	(568 877)	3 705 309
	3 242 572 106	**1 804 217 115**	**3 241 407 059**	**1 803 186 397**

Please note that the amounts reflected above are the net balance in the expenditure accounts.

For the 2018/19 financial year the total amount written off was R2 783 895 542 for consumer receivables and R6 045 714 for other receivables which was written off against the allowance with regard to the Municipality. For the group an amount of R2 783 895 542 was written off against the allowance for consumer receivables and R7 033 921 for other receivables.

For amounts written off refer to Notes 6, 4 and 5.

* See Note 63

Notes to the Audited Consolidated Financial Statements

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*
45. Bulk purchases				
Electricity - Eskom	9 061 385 990	7 971 060 586	9 061 385 990	7 970 960 027
Water	2 899 235 480	2 909 637 449	2 899 235 480	2 909 637 449
	11 960 621 470	**10 880 698 035**	**11 960 621 470**	**10 880 597 476**
46. Contracted services				
Consultants and Professional Services				
Business and Advisory	421 651 259	283 541 198	421 651 259	283 541 198
Housing services	12 027 497	66 020 086	12 027 497	66 020 086
Information Technology Services	147 045 195	130 694 226	147 045 195	130 694 226
Labour services	535 037 372	435 846 082	535 037 372	435 846 082
Legal cost	87 086 459	82 787 762	87 086 459	82 787 762
Rudimentary services	212 073 839	182 277 011	212 073 839	182 277 011
Traffic control	14 899 824	20 965 159	14 899 824	20 965 159
Training	2 744 007	2 783 219	2 744 007	2 783 219
Other	871 543 036	827 521 139	851 293 446	834 718 192
Consultant fees	7 934 756	1 743 720	1 496 522	1 743 720
Contractors				
CCTV	18 794 683	15 765 991	18 794 683	15 765 991
Cleaning services	12 560 402	8 752 686	12 560 402	8 752 686
Household refuse removal	657 156 642	553 824 884	657 156 642	553 824 884
Water network services	199 509 251	181 569 605	199 509 251	181 569 605
Building	52 047 125	44 406 441	52 047 125	44 406 441
Electrical	257 080 491	244 843 758	257 080 491	244 843 758
Transportation	132 926 740	157 568 854	132 926 740	157 568 854
Sewerage Services	76 380 703	63 336 896	76 380 703	63 336 896
	3 718 499 281	**3 304 248 717**	**3 691 811 457**	**3 311 445 770**
47. Transfers and subsidies				
Grants paid to ME's				
Transfers to municipal entities	-	-	110 456 419	90 425 090
Other subsidies				
Executive Mayor: donations and other transfers	2 554 598	3 831 909	2 554 598	3 831 909
LED initiatives	3 470 325	507 153	3 470 325	507 153
Gratuities	22 451 851	14 847 168	22 451 851	14 847 168
Learning and training	-	240 000	-	240 000
Municipal entities	6 000 503	7 008 096	6 000 503	7 008 096
Group co ID 7	-	20 308 887	-	20 308 887
	34 477 277	**46 743 213**	**34 477 277**	**46 743 213**
	34 477 277	**46 743 213**	**144 933 696**	**137 168 303**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*
48. General expenses				
Advertising and marketing	16 968 224	29 871 027	16 968 224	29 871 027
A Re Yeng operations	57 136 485	239 135 349	57 136 485	239 135 349
Auditors' remuneration	31 888 380	29 276 194	30 117 493	27 863 753
Bank charges	20 883 878	20 751 296	20 800 418	20 691 232
Bulk water purchases: own sources	32 299 325	22 703 093	32 299 325	22 703 093
Commission paid	13 748 348	28 772 994	13 748 348	28 772 994
Communications	1 015 297	-	1 015 297	-
Compensation	65 261 488	54 316 911	65 261 488	54 316 911
Compensation commissioner	12 846 507	11 435 111	12 846 507	11 435 111
Computer services	51 198 552	47 712 034	51 198 552	47 712 034
Contribution: Legal proceedings provision	235 317 138	(28 690 453)	235 317 138	(28 690 453)
Commission paid on prepaid electrical sales	-	619 872 093	-	619 872 093
End user support	22 853 143	21 582 804	22 853 143	21 582 804
Events management	8 801 222	11 486 961	8 801 222	11 486 961
Forensic audit	845 369	-	845 369	-
Internet fees	35 574 761	42 611 946	35 574 761	42 611 946
Insurance	44 905 662	91 681 317	44 869 004	91 648 201
Inventory write-down	4 151 602	10 800 835	4 151 602	10 800 835
Lease expenses	69 396 163	12 558 591	69 324 662	12 061 049
Leasing of property	325 258 505	311 329 509	325 258 505	311 329 509
Licences	17 304 618	18 284 143	17 304 618	18 284 143
Locomotion allowance	20 671 054	19 850 090	20 671 054	19 850 090
Management information system	66 866 653	29 915 921	66 866 653	29 915 921
Membership fees	15 458 012	3 702 208	15 458 012	3 702 208
Non-capital items	2 150 929	7 622 707	2 150 929	7 622 707
Other expenses	174 158 183	119 510 806	159 687 693	106 811 354
Postage	29 937 361	40 867 474	29 937 361	40 867 474
Printing	19 652 165	20 774 318	19 268 977	20 435 661
Protective clothing and uniforms	92 929 268	67 557 775	92 929 268	67 538 533
Rehabilitation provisions expense	7 284 079	6 959 997	7 284 079	6 959 997
Rental of plant and equipment	338 598 924	257 025 423	338 598 924	257 025 423
Rental vehicles	70 538 809	106 354 178	70 538 809	106 354 178
Rental of venues	1 576 760	9 881 746	1 576 760	9 881 746
Software licences	116 952 699	79 710 716	116 952 699	79 710 716
Subsistence and travelling	578 759	860 289	-	35 757
Telecommunication	40 479 317	30 715 032	40 479 317	30 715 032
Training board fees	76 206 526	75 242 823	76 206 526	75 242 823
Transport cost departmental activities events	5 514 750	16 172 914	5 514 750	16 172 914
Unitary payment: Tshwane House	34 325 253	11 175 856	34 325 253	11 175 856
VAT corrections	-	31 899 170	-	31 899 170
Wi-Fi	57 316 402	82 889 014	57 316 402	82 889 014
Fleet	4 127 140	7 138 295	4 127 140	7 138 295
	2 242 977 710	**2 621 318 507**	**2 224 509 169**	**2 605 433 461**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

49. 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.

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

Mostly office furniture and equipment, computer equipment, machinery and equipment and fleet have been marked for disposal and were in the auction yard at the end of the reporting period.

During 2019/20 various assets were sold either through public auction (sale was completed) and through land sales initiated by Group Property Management Department

Carrying values				
Carrying values of the assets	1 515 953	327 508	1 515 953	327 508
Carrying value of liabilities	-	1 021 967	-	1 021 967

Facts and circumstances of the disposal

The assets in the auction yard are mostly furniture and equipment, computer equipment, machinery and equipment and minor infrastructure items that have been marked for disposal as they are in most cases damaged or outdated and no longer fit for usage by the municipality.

Further approvals required

.

Approval by the City Manager is required to hold an auction.

The expected sale or transfer date is still to be determined.

Disposals completed during the year

During the 2019/2020 financial year the sale of various assets were sold through public auction were completed. The retirement proceeds amounted to R4 644 744 while the net gain amounted to R3 738 517

Circumstances that may have resulted in a decision to dispose of an asset being reversed during the reporting period

None.

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*
50. Cash generated from operations				
(Deficit) surplus	(2 804 995 684)	2 983 046 471	(2 844 608 560)	2 865 994 426
Adjustments for:				
Depreciation and amortisation	2 049 579 972	1 908 472 496	2 048 785 339	1 906 772 928
Public contributions, Donated and contributed property	(16 288 172)	(13 730 713)	(16 288 172)	(13 730 713)
Fair value adjustments	161 499 310	197 499 348	161 499 310	197 499 348
Debt impairment	3 242 572 007	1 804 217 115	3 241 407 060	1 803 186 397
(Loss) on sale of assets and liabilities	43 235 747	40 593 769	68 628 570	40 543 533
Impairment losses	93 496 146	-	93 496 146	-
Gain on redemption fund investment	(182 784 700)	(90 716 762)	(182 784 700)	(90 716 762)
Gain on disposal of assets	-	-	(25 478 579)	-
Gain on foreign exchange	(104 860)	(361 654)	(104 860)	(361 654)
Newly identified assets	(5 807 269)	(91 600)	(5 807 269)	(91 600)
Finance costs - Finance leases	-	95 701 710	-	95 701 710
Movement in provisions	289 268 649	(37 059 421)	287 642 767	(37 059 421)
Adjustment of non cash employee cost	1 168 487 338	-	1 168 487 338	-
Adjustments for non-cash employee cost (entities)	9 568 713	-	-	-
mpairment deficit	-	212 691 197	-	212 691 197
Finance cost: Service concession (Tshwane House)	234 117 829	245 706 604	234 117 829	245 706 604
Inventory write-down	4 151 602	10 800 835	4 151 602	10 800 835
Finance cost - Annuity loans	57 318 461	-	57 318 461	-
Finance cost late payment of debtors	7 106 067	-	7 106 067	-
Movements in operating lease assets and accruals	-	(155 973)	-	-
Movements in retirement benefit assets and liabilities	-	4 424 841	-	4 424 841
Movements in provisions	-	61 083 444	-	61 083 444
Movement in tax receivable and payable	-	(3 769 876)	-	-
Irregular expenditure write-off	-	(84 273)	-	(84 273)
Annual charge for deferred tax	-	(100 270)	-	-
Interest received accrual (non-cash)	-	(7 134 274)	-	(7 134 274)
Redemption fund (non-cash)	-	(3 352 973)	-	(3 352 973)
Leave accrual (non-cash)	-	171 455 278	-	171 455 278
Adjustment of accrual other expenses	-	-	-	-
Adjustment of the accrual rental and equipment	-	-	-	-
Adjustment of legal cost	-	-	-	-
Rehabilitation provisions expense	-	-	-	-
Transfers from rehabilitation provisions	-	-	-	-
Changes in working capital:				
Inventories	31 101 008	(88 447 793)	31 101 008	(88 447 793)
Consumer receivables	(4 378 401 178)	(2 553 513 084)	(4 378 401 178)	(2 552 482 366)
Other expenses - non-cash items	4 956 212	(210 618 397)	2 097 414	(120 810 776)
nterest income-non-cash	(26 216 226)	-	(26 216 226)	-
(Increase)/Decrease in other receivables	(409 167 770)	-	(333 915 555)	-
Increase (Decrease)Payables from exchange transactions	934 077 986	(147 716 881)	949 713 968	(134 446 635)
Movement in VAT payable	(420 724 800)	256 276 711	(420 724 800)	256 530 314
Movement in employee benefit	28 626 399	-	28 626 399	-
Unspent conditional grants and receipts	189 705 663	(174 028 661)	189 705 663	(174 028 661)
Consumer deposits	114 601 288	42 721 816	114 601 288	42 721 816
Movement in vat receivable	1 917 637	-	-	-
Movement in current tax receivables	(994 524)	-	-	-
Movements in operating lease assets and accruals	306 744	-	-	-
Provisions	-	2 450 000	-	2 450 000
	420 209 595	**4 706 259 030**	**454 156 330**	**4 694 814 770**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

51. Repairs and maintenance : June 2020

Contracted services	546 724 345	551 694 260	546 724 345	551 694 260
General expenses	557 603 552	557 603 552	557 603 552	557 603 552
Other materials	170 109 090	170 109 090	170 109 090	170 109 090
HCT general	54 015	-	-	-
TEDA general	59 306	57 559	-	-
	1 274 550 308	**1 279 464 461**	**1 274 436 987**	**1 279 406 902**
Repairs and maintenance per asset class				
Heritage	4 478 483	-	4 478 483	-
Intangible	61 312 669	57 059 751	61 312 669	57 059 751
Investment Property	1 175 903	1 175 903	1 175 903	1 175 903
PPE	1 207 469 932	1 221 228 807	1 207 469 932	1 221 171 248
	1 274 436 987	**1 279 464 461**	**1 274 436 987**	**1 279 406 902**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

52. Commitments

Authorised capital expenditure

Approved and contracted for				
Ÿ Infrastructure assets	1 601 107 039	1 339 591 541	1 601 107 039	1 339 591 541
Ÿ Community assets	225 267 589	13 814 678	225 267 589	13 814 678
Ÿ Other	-	429 999 753	-	429 999 753
Ÿ Intangible assets	2 405 018	29 099 027	2 405 018	29 099 027
Ÿ HCT: Infrastructure	1 056 133 683	273 057 491	-	-
Ÿ HCT: Other	533 545	533 546	-	-
	2 885 446 874	**2 086 096 036**	**1 828 779 646**	**1 812 504 999**
Approved but not yet contracted for				
Ÿ Infrastructure	1 196 640 872	942 565 497	1 196 640 872	942 565 497
Ÿ Community	128 221 785	46 496 684	128 221 785	46 496 684
Ÿ Other	40 427 680	-	40 427 680	-
Ÿ Intangible	23 860 370	349 961 940	23 860 370	349 961 940
	1 389 150 707	**1 339 024 121**	**1 389 150 707**	**1 339 024 121**
	4 274 597 581	**3 425 120 157**	**3 217 930 353**	**3 151 529 120**
Total capital commitments				
Already contracted for but not provided for	2 885 446 874	2 086 096 036	1 828 779 646	1 812 504 999
Not yet contracted for and authorised by accounting officer	1 389 150 707	1 339 024 121	1 389 150 707	1 339 024 121
	4 274 597 581	**3 425 120 157**	**3 217 930 353**	**3 151 529 120**

Authorised operational expenditure : Entities

Already contracted for but not provided for				
Ÿ HCT:Development of Logo and Corporate identity guidelines	253 945	-	-	-
Ÿ	-	-	-	-
Ÿ	-	-	-	-
	253 945	**-**	**-**	**-**
Already contracted and provided for				
Ÿ TEDA : Commitments less than one ye	5 048 164	5 723 054	-	-
Ÿ TEDA : Commitments more than one y	1 872 573	1 582 975	-	-
	6 920 737	**7 306 029**	**-**	**-**
Total operational commitments				
Already contracted for but not provided for	253 945	-	-	-
Already contracted and provided for	6 920 737	7 306 029	-	-
	7 174 682	**7 306 029**	**-**	**-**

Total commitments

Total commitments				
Authorised capital expenditure	4 274 597 581	3 425 120 157	3 217 930 353	3 151 529 120
Authorised operational expenditure	7 174 682	7 306 029	-	-
	4 281 772 263	**3 432 426 186**	**3 217 930 353**	**3 151 529 120**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

52. Commitments (continued)

TEDA :Operating leases - as lessee (expense)

Minimum lease payments due				
- within one year	4 000 360	1 362 668	-	-
- in second to fifth year inclusive	15 430 964	-	-	-
	19 431 324	**1 362 668**	**-**	**-**

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

53. Unauthorised expenditure

Opening balance	792 933 792	1 758 293 264	792 933 792	1 758 293 264
Unauthorised expenditure in current year	2 249 134 139	446 395 778	2 249 134 139	446 395 778
Less: Write-off and condonation relating to 2016/17 (Council resolution 25 April 2019)	-	(323 144 188)	-	(323 144 188)
Less: Approved/Condoned by Council in respect of 207/18 on 27 September 2018 (non-cash items)	-	(704 224 563)	-	(704 224 563)
Less: Write-off relating to 2016/17 (Council resolution of 25 July 2019)	-	(263 044 000)	-	(263 044 000)
Less: Write-off relating to 2017/18 (Council resolution of 25 July 2019)	-	(64 782 499)	-	(64 782 499)
Less: Amounts to be recovered in line with section 32 of the MFMA (Council resolution of 25 July 2019) iro 2016/17	-	(56 560 000)	-	(56 560 000)
HCT	-	3 757 999	-	-
	3 042 067 931	**796 691 791**	**3 042 067 931**	**792 933 792**

2018/19:

Action taken: A report served before Council on 27 September 2018 and it was approved that the unauthorised expenditure for the 2017/18 financial year consisting of non-cash items to the amount of R704 224 563 be condoned by Council. It was further approved that the Group Human Capital Management and the Shared Services Department submit reports with detailed explanations on overspending to the Mayoral Committee and to Group Audit and Risk for further investigation of the unauthorised expenditure of R24 695 751. It was further approved that the unauthorised expenditure be referred to the Municipal Public Accounts Committee (MPAC) for further investigation and recommendation to Council.

Action taken: A report served before Council on 25 April 2019 and it was approved that the unauthorised expenditure to the value of R323 144 188 relating to the 2016/17 financial year be condoned and written-off.

A report served before Council on 25 July 2019 and it was approved that the unauthorised expenditure to the value of R263 044 000 relating to 2016/17 and R64 782 499 relating to 2017/18 be written-off. Further an amount of R56 560 000 relating to 2016/17 was recommended to be recovered in line with section 32 of the MFMA,

The over-expenditure by departments can mainly be attributed to employee-related costs, depreciation, impairment of assets, finance charges, bulk purchases, contracted services, general expenses and loss on disposal of property, plant and equipment. Further an amount of R2 720 256 490 relating to a debtor raised in respect of a council resolution to recover irregular expenditure was impaired due to a court order.

Unauthorised expenditure: Budget overspending per strategic unit

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*
53. Unauthorised expenditure (continued)				
Community and Social Development Services	32 151 174	-	32 151 174	-
Customer Relations Management	10 084 721	-	10 084 721	-
Emergency Management Services	17 802 767	8 721 884	17 802 767	8 721 884
Environmental and Agriculture Management	148 760 769	-	148 760 769	-
Group Financial Services	797 820 582	409 081 978	797 820 582	409 081 978
Group Legal and Secretarial Services	21 816 013	6 839 246	21 816 013	6 839 246
Group Property Management	16 925 164	-	16 925 164	-
Office of the Chief Whip	373 275	-	373 275	-
Regional Operation & Coordination	131 743 139	-	131 743 139	-
Roads & Transport	35 305 545	-	35 305 545	-
Utility Services	980 734 322	21 752 670	980 734 322	21 752 670
HCT	-	3 757 999	-	-
Metro Police	140 358 504	-	140 358 504	-
	2 333 875 975	**450 153 777**	**2 333 875 975**	**446 395 778**
The over expenditure during the year is attributable to the following categories				
**Cash	183 495 477	(501 627 729)	183 495 477	(501 627 729)
**Non-cash	2 150 380 500	948 023 507	2 150 380 500	948 023 507
HCT: cash	-	3 757 999	-	-
	2 333 875 977	**450 153 777**	**2 333 875 977**	**446 395 778**

* *When analysing the unathorised expenditure of all the departments in aggregate, there is a net underspending of R 196 716 128 on the cash portion and a net overspending on the non cash portion of R 2 445 850 268. Unauthorised expenditure is read as the net of over and under spending thus both figures have to be disclosed to show the net amount.

Analysis of non-cash per department:				
Community and Social development	22 365 957	-	22 365 957	-
Customer Relations Management	(514 334)	-	(514 334)	-
Emergency Management Services	6 191 272	30 689 225	6 191 272	30 689 225
Environment and Agriculture Management	(39 048 247)	-	(39 048 247)	-
Group Financial Services	(947 463 124)	730 901 170	(947 463 124)	730 901 170
Group Legal and Secretariat Services	402 553	(274 901)	402 553	(274 901)
Group Property	(45 583 319)	-	(45 583 319)	-
Office of the Chief Whip	139 455	-	139 455	-
Regional Operation & Coordination	33 975 431	-	33 975 431	-
Roads & Transport	(48 563 770)	-	(48 563 770)	-
Utility Services	(1 132 027 197)	186 708 013	(1 132 027 197)	186 708 013
Metro Police	(255 176)	-	-	-
	(2 150 380 499)	**948 023 507**	**(2 150 125 323)**	**948 023 507**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

54. Fruitless and wasteful expenditure

Opening balance previously reported	159 410 071	112 212 161	148 139 689	107 747 434
Opening balance as restated	**155 570 089**	**112 212 161**	**148 139 689**	**107 747 434**
Add: Fruitless and wasteful expenditure - current year	299 384 338	-	299 384 338	-
Add: Fruitless and wasteful expenditure - prior year identified in current	673 105	-	673 105	-
HCT :Fruitless and wasteful expenditure - current year	35 179	-	-	-
TEDA: Expenditure identified - current	126 886	-	-	-
Interest on late payment of vendor	-	9 655 479	-	9 655 479
ICT systems not utilised but cost incurred	-	47 363 764	-	47 363 764
Outdated electricity meters	-	41 287 250	-	41 287 250
Tshwane Market: Software not suitable	-	5 067 184	-	5 067 184
HCT: Interest on late payment to SARS (VAT)	-	584	-	-
HCT: Defects on construction site - Townlands	-	6 801 880	-	-
TEDA: Interest and penalties -SARS	-	3 775	-	-
Less: Amounts to be recovered in line with section 32 of the MFMA- (Administrator Resolution)	(42 690 068)	-	(42 690 068)	-
Less: Amounts to be recovered in line with section 32 of the MFMA - prior year (Council resolution of 25 July 2019)	-	(62 981 422)	-	(62 981 422)
HCT: Recovery	-	(584)	-	-
TEDA: Amount written off - current	(126 886)	-	-	-
TEDA: Amount written off - prior period	(3 776)	-	-	-
	412 968 867	**159 410 071**	**405 507 064**	**148 139 689**

Details of fruitless and wasteful expenditure – current year

	Disciplinary steps taken/criminal proceedings	
Interest on expropriation transaction - Roads and Transport(Wondeboon Farm)	Under investigation - outcome pending	348 601
Roads and transport (interest)	Under investigation - outcome pending	104 318
Group Property) Payment of interest on rental in arrears at Bothongo Plaza	Under investigation - outcome pending	7 106 067
Ex gratia payments	Under investigation - outcome pending	237 978 592
Investigation into alleged ghost employees	Under investigation - outcome pending	53 846 760
HCT: Late payment of VAT	Under investigation and the board is monitoring management implementation of consequence management	367
Interest charged on COIDA payment	Under investigation and the board is monitoring management implementation of consequence management	34 714
HCT: Interest charged on provident fund	Under investigation and the board is monitoring management implementation of consequence management	98
TEDA: Expenditure identified - current		126 886
		299 546 403

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

55. Irregular expenditure

Opening balance as previously reported	4 556 632 092	5 079 713 071	4 413 625 980	5 053 991 069
Opening balance as restated	**4 561 960 580**	**5 079 713 071**	**4 413 625 980**	**5 053 991 069**
Add: Irregular Expenditure - current	1 536 955 259	1 880 464 704	1 536 955 259	1 880 464 704
HCT: Irregular Expenditure - current	13 104 759	-	-	-
Add: Irregular Expenditure - prior period	993 184 131	996 245 412	993 184 131	996 245 412
HCT: Non-compliance with SCM regulations and MFMA	-	121 781 148	-	-
Less: Amount written off - prior period (Administrators' resolution)	(104 743 943)	-	(104 743 943)	-
Less: Amount recoverable -prior period (Administrators' resolution)	(339 582 028)	-	(339 582 028)	-
Less: Amount recoverable -prior period (Council resolution 25 April 2019)	-	(3 262 568 782)	-	(3 262 568 782)
Less: Amount written off - prior period (Council resolution 25 April 2019)	-	(27 783 933)	-	(27 783 933)
Less: Amount written off - prior period (Council resolution 25 July 2019)	-	(226 722 490)	-	(226 722 490)
HCT: Less amounts condoned by the Board	-	(4 497 038)	-	-
TEDA:Irregular Expenditure - current	283 250	-	-	-
TEDA:Amounts recoverable - current	(189 500)	-	-	-
Closing balance	**6 660 972 508**	**4 556 632 092**	**6 499 439 399**	**4 413 625 980**

Potential COVID-19 irregular expenditure estimated to the amount of R 1 979 389 .88 related to provision of food and shelter for homeless. Investigation -pending.

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

	Disciplinary steps taken/criminal proceedings				
Irregular expenditure relating to prior year identified in the current year	Under investigation - pending outcome	993 184 131	-	993 184 131	-
Non-compliance with regards to Non S56 Managers payments	Investigation completed the report to be presented to council	29 225 228	996 245 412	29 225 228	996 245 412
Non-Compliance with Section 32 of the MFMA	Investigation per individual cases concluded (others still under investigation), consequence management and other implememntaiton in line with Section 32, Section 170, 171 and 173 of the MFMA underway	39 425 448	357 283 347	39 425 448	357 283 347
Non-compliance with SCM Regulation 36 (Deviations)	Under investigation - pending outcome	110 577 202	167 230 052	110 577 202	167 230 052
Non compliance with SCM regulation 38, Prohibited Suppliers	Under investigation - pending outcome	-	896 669	-	896 669
Non-compliance with MFMA, SCM regulations and PPP regulations	Investigation concluded, case handled by Legal Services including advise on Section 32(2) implementation	231 195 910	349 385 787	231 195 910	349 385 787

* See Note 63

			Group		Municipality	
			2020	2019 Restated*	2020	2019 Restated*
55.	**Irregular expenditure (continued)**					
	Non-compliance with MFMA and SCM regulations	Investigation concluded, consequence management and other implememntaiton in line with Section 32, Section 170, 171 and 173 of the MFMA underway	74 851	413 131	74 851	413 131
	Non-compliance with PPR (Par 5), SCM Regulations (Par 38 (1) and (MFMA) Par 112(2)	Investigation concluded, consequence management and other implememntaiton in line with Section 32, Section 170, 171 and 173 of the MFMA underway	107 479 921	37 404 025	107 479 921	37 404 025
	Non-compliance with SCM Regulation 32	Investigation concluded, consequence management and other implememntaiton in line with Section 32, Section 170, 171 and 173 of the MFMA underway	39 765 101	325 641 474	39 765 101	325 641 474
	Non-compliance with MFMA Section 110	Under investigation - pending outcome	23 970 560	-	23 970 560	-
	Contract payments outside the contract term	Under investigation - pending outcome	68 085 878	207 191 828	68 085 878	207 191 828
	Non compliance with section 217 of the Constitution	Under investigation - pending outcome	114 417 212	122 663 560	114 417 212	122 663 560
	Forensic investigation - Waste Management division (Impact of sub & Skip loaders hire)	Under investigation - pending outcome	-	141 348 541	-	141 348 541
	Non-compliance with PPR 5(6)	Under investigation - pending outcome	343 237 029	78 858 859	343 237 029	78 858 859
	Subcontracting more than 25%	Under investigation - pending outcome	28 500 000	2 226 271	28 500 000	2 226 271
	Winning bidder not meeting mandatory requirements	Under investigation - pending outcome	1 050 397	1 340 431	1 050 397	1 340 431
	Non compliance with Section 112	Under investigation - pending outcome	34 234 511	33 877 566	34 234 511	33 877 566
	Non compliance with Section 112 - Unfair disqualification of bidders	Under investigation - pending outcome	66 042 749	52 854 887	66 042 749	52 854 887
	Non compliance with SCM regulation 44		-	1 848 275	-	1 848 275
	Award value above the tender value range in terms of CIDB requirements	Under investigation - pending outcome	14 690 450	-	14 690 450	-
	Non-compliance with SCM Regulation 36 (Deviations)	Under investigation - pending outcome	93 384 682	-	93 384 682	-
	Unfairly disqualified quotation (Experience)	Under investigation - pending outcome	200 000	-	200 000	-
	Quotation Splitting	Under investigation - pending outcome	360 593	-	360 593	-
	Selected from the expired panel	Under investigation - pending outcome	99 840 992	-	99 840 992	-

* See Note 63

		Group		Municipality	
		2020	2019 Restated*	2020	2019 Restated*
55. Irregular expenditure (continued)					
Funcitionality evaluation not in accordance with PPR	Under investigation - pending outcome	5 273 600	-	5 273 600	-
Bid Evaluation not in accordance with the specifications and no evidence of consideration by the Adjudication Committee	Under investigation - pending outcome	8 826 575	-	8 826 575	-
PPR 5(6) - Minimum qualifying score for functionality not achieved	Under investigation - pending outcome	10 294 515	-	10 294 515	-
Tenders advertised for less than 30 days	Under investigation - pending outcome	1 118 940	-	1 118 940	-
Evaluation not done in accordance with the evaluation criteria and Inconsistencies in the evaluation of bids	Under investigation - pending outcome	12 000 000	-	12 000 000	-
Mandatory sub-contracting - Tenders over R30 million - PPR subcontracting regulations not complied with	Under investigation - pending outcome	9 023 119	-	9 023 119	-
Did not meet the minimum functionality score	Under investigation - pending outcome	43 059 797	-	43 059 797	-
Unfair disqualification of bidders	Under investigation - pending outcome	1 600 000	-	1 600 000	-
HCT:Competitive bidding not invited - sec 16		5 678 962	553 178	-	-
HCT:Non compliance with procurement of goods and services under contracts secured by the organ of state - sec 32		1 010 975	-	-	-
HCT:Non compliance with BAC composition -sec 29		6 414 822	121 119 859	-	-
HCT:Three written quotations not invited		-	6 210	-	-
RFQ advertised less than 7 days - sec 18(a)		-	101 901	-	-
HCT:Prior period reported		-	27 292 491	-	-
TEDA:Bid of a long term nature not advertised for the minimum of 30 days	Condonation is still pending	71 598	-	-	-
TEDA : Quotations awarded to bidders whose tax matters are not in order	Management has taken steps to recover the funds from the supplier/s in some instances	211 652	-	-	-
		2 543 527 400	**3 025 783 754**	**2 530 139 391**	**2 876 710 115**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

55. Irregular expenditure (continued)

Cases under investigation

Amounts to be recovered in line with section 32 of the MFMA

After the Council Committee Investigations, Council resolved in April 2019 that irregular expenditure amounting to R3 261 224 440 as well as i through the ex post facto cases reported through Group Financial Services and the Bid Adjudication Committee system which were disclosed in th statements be recovered in terms of section 32(2)(b).

Incidents were related to the following:

* Non-compliance with MFMA, SCM regulatons and PPP regulations
* Section 19(a) of the SCM regulations
* Non-compliance with MFMA and SCM regulations.

Amounts written-off

After the Council Committee Investigations, Council resolved in April 2019 that irregular expenditure amounting to R27 783 33 uncovered through the ex post facto cases reported through Group Financial Services and the Bid Adjudication Committee system be condoned and written off in terms of section 32(2)(b). Council further certified in July 2019 that irregular expenditure amounting to R226 722 489 be declared as irrecoverable and written off in terms of section 32(2)(b).

Incidents were related to the following:

* Non-compliance with budgeting process
* Section 32 of the MFMA
* Failure of service provider to deliver services which they were appointed for.

56. Deviation from Supply Chain Management Regulations

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

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and then reports them to the next meeting of the accounting officer and includes a note to the audited consolidated 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 the Council. Deviations from the official procurement process during the financial year were approved by the accounting officer and noted by the Council in terms of the delegations as stipulated in the Supply Chain Management Policy. They amount to approximately the following:

Deviation from tender process (amounts above R200 000)				
Emergency	46 632 542	35 889 327	46 632 542	35 889 327

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*
56. Deviation from Supply Chain Management Regulations (continued)				
Sole providers	-	6 645 560	-	6 645 560
Other exceptional cases	2 359 000	11 162 693	2 359 000	11 162 693
	48 991 542	**53 697 580**	**48 991 542**	**53 697 580**
Deviation from quotation process				
Sole providers	-	168 950	-	168 950
HCT - emergency	-	435 996	-	-
TEDA - Contracts extended on a month-tomonth basis	630 800	44 372	-	-
HCT-Sole providers	103 942	-	-	-
HCT-Other exceptional cases	80 924	-	-	-
	815 666	**649 318**	**-**	**168 950**

57. Regulation 45 disclosure

As per Section 45 of the MFMA SCM regulations the notes to the annual financial statements of a municipality must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state or has been in the service of the state in the previous 12 months indicating:

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

The information regarding awards made for the financial year is indicated below.

Municipality

Employee	Capacity	Value of awards 30 June 2020	Value of awards 30 June 2019
SZ Teffo	Snr storekeeper	777 950	-
RM Mametja	Community health nurse	5 396	-
VI Netshidzati	Engineer technician	19 734	-
PL Mapheto	Head of operation clean audit	114 790	-
PT Kgokong	Admin officer	41 180	-
AT Matabane	Director	21 350	-
Louis Nunu Makhubele	Deputy director	24 999	-
Evelyn Nkupe Matjokane	Functional head	23 876	-
Elelwani Radali	Engineering consultant	4 583 076	-
Louis Phillip Kekana	EPWP - contract expired 01/01/2018	-	18 000
Josia Masenya	Storekeeper	-	12 594
Selani Sithole	City of Johannesburg	-	6 866 453
Puseletso Phele	EPWP Contract worker	-	5 100
Mmasenyeng Mariam Nthite	Revenue Agent	-	23 625
Burnett Kapari Moraka	Deputy Director	-	37 450
Absalom Sbusiso Ntuli	Storekeeper	-	29 996
♠ various employees	Various service of the state	-	5 222 629
		5 612 351	**12 215 847**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

57. Regulation 45 disclosure (continued)

♠ **The officials involved in the R5 222 629 are listed below:**

Alan Moffet	**Department of Rural Development and Land Reform**	**Brother**
Dave Allderman	**Eastern Cape Department of Education**	**Spouse**
Jenny Moon	**City of Cape Town**	**Spouse**
Julian Kolle	**Department of Education**	**Aunt / Brother**
Liso Gqobo	**Ethekweni Municipality**	**Spouse**
Manie Cilliers	**Department of Education**	**Spouse**
Mahamed Peer	**Ethekweni Municipality**	**Aunt**
Mthokozisi Selby Mkhize	**National Department of Water Affairs and Forestry)**	**Spouse**
Neil Brink	**Department of Education Free State**	**Parent**
Penny Smith	**Department of Transport and Public Works**	**Spouse**
Rorisang Lekonyana	**Department ofNational Treasur)**	**Spouse**
Ntshavheni Phidza	**Economic Development**	**Brother / Sister**
Sergei Kiewiet	**Department of Water Affairs and Forestry**	**Parent**
Shantal Beharie	**Eskom**	**Spouse**
Vennie Naidoo	**Gauteng Department of Education**	**Spouse**
Vernon Joubert	**Western Cape Department of Education**	
Werner Jaskolka	**Department of Higher Education and Training: Gauteng**	
Zafar Haq	**City Engineers**	

Municipal entities:

No awards were made in terms of Regulation 45 during the 2019/20 financial year.

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

58. Additional disclosure in terms of the Local Government: Municipal Finance Management Act

Contributions to organised local government

Current year subscription/fee	3 399 930	4 206 860	3 399 930	4 206 860
Amount paid - current year	(3 399 930)	(4 206 860)	(3 399 930)	(4 206 860)
	-	**-**	**-**	**-**

Audit fees

Current year audit fee	31 881 858	29 276 194	30 117 493	27 863 753
Amount paid - current year	(30 636 481)	(29 276 194)	(30 117 493)	(27 863 753)
	1 245 377	**-**	**-**	**-**

The balance of the previous financial year was paid in the following financial year.

PAYE and UIF

Opening balance	122 989 504	117 804 514	122 845 118	117 675 818
Current year payroll deductions	1 471 592 472	1 475 740 836	1 459 133 404	1 464 502 459
Amount paid - current year	(1 471 736 858)	(1 352 887 720)	(1 459 133 404)	(1 341 657 341)
Amount paid - previous years	(122 845 118)	(117 668 126)	(122 845 118)	(117 675 818)
	-	**122 989 504**	**-**	**122 845 118**

Pension and medical aid deductions

Opening balance	1 876 217 509	2 327 756 805	-	-
Current year payroll deductions and Council contributions	(1 863 614 055)	(2 327 624 199)	1 876 073 123	2 325 195 413
Amount paid - current year	(12 603 454)	(65 948)	(1 876 073 123)	(2 325 195 413)
	-	**66 658**	**-**	**-**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

58. Additional disclosure in terms of the Local Government: Municipal Finance Management Act (continued)

Councilors' arrear consumer accounts

The following Councilors had arrear accounts outstanding as at 30 June 2020:

These councilors made arrangements to pay off their arrear debt.

30 June 2020	Less than 90 days	More than 90 days	Total
Mohlala r j b	7 052	3 888	10 940
Zitha b p & f t .	14 697	12 388	27 085
Silaule (erfgenaam)	6 344	38 456	44 800
Moboa p p & t	4 400	32 579	36 979
Mahwayi m m	13 188	89 453	102 641
Rammushi jabulani paulus	960	4 907	5 867
Mojela daniel laki	46	1 750	1 796
Raphuthi maboshadi mina	1 967	10 068	12 035
Lehobye Malose John	5 781	43 637	49 418
Phokoje S T T	2 314	509	2 823
Ndlovu T A #	10 183	87 636	97 819
Masemola C N	20 709	133 003	153 712
Makgatho J T	5 073	1 303	6 376
Maepa K L & W T S	2 832	19 705	22 537
Magaseng & Makgaleng M M & K G	189	344	533
Maluleka A M	5 153	7 459	12 612
Mnguni N P	1 800	2 177	3 977
Monchusi D J & R G M #	235	6 975	7 210
Maine M T & T A	5 073	3 719	8 792
Maleka Ramokone Rebone(	3 513	12 832	16 345
Moloi Eunice Dineo	36	1 320	1 356
	111 545	**514 108**	**625 653**

30 June 2019	Less than 90 days	More than 90 days	Total
Zitha, BP and FT	19 591	4 570	24 161
Silaule, GV (Heir)	5 349	27 850	33 199
Moboa, PP and TC	3 013	26 488	29 501
Mahwayi, MJ and MM	6 597	91 851	98 448
Disoloane, KB #	17 683	20 010	37 693
Rammushi, J P	863	3 328	4 191
Makgatho and Bofu AL and JT	1 532	915	2 447
Mojela, D L	196	1 508	1 704
Lehobye, MJ	4 016	36 148	40 164
Maleka, RR (Heir)	1 526	7 387	8 913
Visser, GP	684	1 647	2 331
Monchusi, DJ and RGM	4 122	17 044	21 166
Moloi, ED	470	604	1 074
Masemola, AT	4 308	39 191	43 499
Maepa, KL and WTS	2 149	14 833	16 982
Magaseng MM and KG and Makgaleng	223	507	730
Tshabane, SB	6 045	19 044	25 089
Masemola, CN	27 026	48 545	75 571
Motsaneng MA #	422	5 146	5 568
Ntlatleng WT and L #	4 548	3 476	8 024
Tyobeka-Makeke, NP	21 879	5 066	26 945
Maepa, KL and WTS	14 124	15 514	29 638
De Bruin, CRE	1 222	6 324	7 546
	147 588	**396 996**	**544 584**

These councillors made arrangements to pay off their debt

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

59. Contingencies

Indemnification				
Capitalised pension value in compliance with Compensation for Occupational Injuries and Diseases Act, 1993	149 509 470	145 843 534	149 509 470	145 843 534

The capitalised value as at 30 June 2020 which is calculated by the department of Labour amounted to R 149 509 470. The actual amount is guaranteed with a bank guarantee.

Guarantees issued				
Guarantees issued in favour of Eskom	213 500	213 500	213 500	213 500
Insurance claims				
Pending claims in respect of asset- or motor own damage: contractors and electricity claims	15 605 643	152 804 576	15 605 643	152 804 576
Pending claims in respect of public liabilities	231 012 481	848 824 873	231 012 481	848 824 873
	246 618 124	**1 001 629 449**	**246 618 124**	**1 001 629 449**

The payment of claims against the City of Tshwane is provided for in the Self Insurance Reserve, which, as at 30 June 2020 has a balance of R288 703.23

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

59. Contingencies (continued)

Litigation matters:

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

Amounts have not been provided in certain cases as the court has not yet determined a value - these cases are listed separately below. The claims where amounts are available are disclosed in the table below.

Housing Company Tshwane litigation

HCT entered into a contract with Magic Labour for the construction and development of social houusing units on ERF 3525 & 3526, Marabastad, and Pretoria. The project entails development of a high-rise builiding that will yield 1 200 units. Magic Labour failed to deliver the required units as a result HCT terminated the contract due to 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 final account.

The entity has terminated the employment contract of the previous COO due to miscounduct and the matter has been referred to arbitration by the claimant. The arbitration has ruled in favour of the COO and the entity is negotiating the settlement offer.

The entity entered into a contract with MIH Projects for construction supervision of Townlands, Marabastad project. During the current financial year 2019/20, the principal agent submitted invoices to the value of R9 326 372 which were disputed based on the fees. After year end, the MIH disputed invoices were resolved. The entity also disputed invoices amounting to R11 025, R499 615, R9 450 ,R44 850 and R18 717 from the Auditor General, Motemela Masele Attorneys, Magesa, Independent Newspapers and Marvcon based on the fees and verifying the service rendered. The total value of disputed invoices amounts to R9 910 029

Contingent Assets:

During the previous three financial financial years 2016 to 2018, the entity has paid an output VAT amounting to R13 280 951 to SARS on the capital grant received from both social Housing Regulatory Authority (SHRA) and City of Tshwane. During the audit of VAT, it was discovered that the entity incorrectly submitted VAT invoices to both SHRA nad City and Tshwane which is contravention with section 11(2) of the VAT act. futhermore, in the previous three years(2015 to 2017), The entity has also claimed input VAT on the apportionment rate method amounting to R5 146 729.62 without SARS's approval on the apportionment method which might pose a risk to SARS claiming back this amount from the entity. The City of Tshwane appointed the VAT specialist (MaxProf) to assist the entity with the recovery process of the VAT and according to their assessment SARS is liable to pay the entity R13 280 951.

On the 13th of March 2018, the entity terminated the construction contract with Magic Labour Hire & Security Service due to poor performance. Management has quantified the value of the latent defects discovered and is claiming R6 801 204 from the Magic Labour Hire and construction guarantee which is held by Power Gurantee (Pty) Ltd..

Housing and Sustainable Human Settlement Development Department:

Case 1:
Claim for compensation by a land owner in Soshanguve. The land owner alleges that the City of Tshwane allowed a squatter camp to develop on privately owned land. The owner now wants compensation arguing constructive expropriation.

Case 2:
A summons has been issued and an appearance to defend has been entered. The crux of the action is to compel the City of Tshwane to allocate land to persons listed in the summons as former residents of Lady Selbourne as mentioned in the summons. A closer look at the summons revealed that looking at the dates of birth of those people; they could never have been former residents of that area. Awaiting court date. Amount claimed cannot be estimated.

Case 3:
Dispute of ownership of house. Claim amount is undetermined.

Case 4:
Interdict application and to declare the City's conduct unlawful. Claim amount is undetermined.

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

59. Contingencies (continued)

Case 5:
Eviction application. Claim amount is undetermined.

Case 6:
Applicant requested an order to compel the City of Tshwane to restranfer the property Erf 443 Soshanguve in the name of the applicant.

Case 7:
Applicant requested an order to restranfer the property Erf 5511 Mamelodi in the name of the applicant
.
Case 8:
Applicant requested an order to compel the retransfer of the property Erf 14670 Mamelodi in the name of the applicant.

Case 9:
The City of Tshwane be ordered to rectify the Title deed of the applicant

Case 10:
The City of Tshwane decision to allocate Erf 352 Saullsville be set aside

Case 11:
Emergency alternative accomodation

Case 12:
Emergency alternative accomodation

Case 13:
Emergency alternative accomodation

Case 14:
Emergency alternative accomodation

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

Case 16:
Application for court order to compel the City of Tshwane to transfer the property with Erf 200 Sonshanguve to the Applicant

Case 17:
Application for eviction. The City must file a report on alternative accomodation.

Case 18:
Application for Rescission of an Eviction Order.

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

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

Case 21:
Application for allocation of properties (RDP Houses) and registration into various names

Group Financial Services

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

59. Contingencies (continued)

Case 22:
Application to remove an amount from the account

Case 23:
Claim for a refund for payment made in error

Case 24:
Application by property owners not part of the Lombardy Court case for an orde that they orders of Lombardy should apply to them as well.

Case 25:
Reconciliation of account

Case 26:
Reconciliation of account

Case 27:
City of Tshwane be compelled to do accurate reading of the owners electrcity and water reading

Case 28:
Reconciliation of account

Case 29:
Reconciliation of account

Case 30:
Claim for damages following an alledged incorrect billing. Consumer claims ot have suffered psychologically and had to incur expenses to use a generator.

Group Human Capital Management

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

59. Contingencies (continued)

Case 31:
The applicant brought an application against the CoT and the City Manager for an order declaring that the CoT should contribute towards the monthly premium aid scheme after their retirement in terms of the applicable pension rules.

Case 32:
Labour Dispute. CoT had an agreement with UNISA in terms of which CoT provided busses to UNISA for transporting of UNISA employees. The Busses where driven by UNISA employees. UNISA in turn paid CoT a fee. When the contract between UNISA and COT was terminated, the driver lodged a dispute for termination of employment. They are seeking remuneration either from UNISA or COT, depending who is found to have been the employer.

Case 33:
Unfair labour practices

Case 34:
Unfair dismissal review application of an arbitration award for reinstatment and compensation

Case 35:
Unfair dismissal application for review of an award for reinstatement and back pay. Amount claimed cannot be estimated.

Case 36:
Claim for promotion . Amount claimed cannot be estimated.

Case 37:
Review of an award granting employee compensation, amounting to three month's salary
.
Case 38:
Unfair dismissal review application of an arbitration award for reinstatement and compensation

Case 39:
Dispute regarding the Compulsory Deduction of Leave days during Festive Season. MMM Appointed to defend this matter
Case 40:
Unfair dismissal application for review of an award for reinstatement and back pay.
Case 41:
Claim for payment of money for a higher positions
Case 42:
Application for review by the CoT against an award
Case 43:
Application for review by the CoT against an award
Case 44:
application to rescind the reconciliation award regarding the reinstatment of dimissed EPWP employees
Case 45:
Applicationt to review an award
Case 46:
COT Review Application
Case 47:
Review Abitration Award
Case 48:
Review Abitration Award
Case 49:
Interdict Application and to declare the Citys conduct unlawful
Case 50:
Application for review by the Union
Case 51
Labour Court review application by CoT to challenge arbitration for reinstatment of dismissed employee. Employee brought application of contempt
Case 52
Application for contempt to compel CoT to pay a pension fund contribution rate difference for former employee of Bojanala District Municipality. Former employees only got 13% contribution

Case 53
Unfair Labour Practice grievance dispute
Case 54

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

59. Contingencies (continued)

SAMWU review application against an arbitration decision on the EPWP workers (1350/18). Amount cannot be determined at this stage.
Case 55:
Grievance dispute regarding shirt allowance
Case 56:
Review Applicatiion the Labour court
Case 57:
Review of award to absorb Revenue Agents with criminal records. Amount cannot be determined at this stage.
Case 58:
Review application by SAMWU. Amount cannot be determined at this stage.
Case 59:
Employee is challeging an arbitration ruling
Case 60:
COT review of award in favour of employee
Case 61:
CoT challenging a step three grievance resolution by Dr Manganye giving employees shirt allowance. .
Case 62:
SAMWU review application against an arbitration decision on the EPWP workers
Case 63:
CoT review of an award
Case 64:
Reviwe application of award against employee for legitimate expectation
Case 65:
SAMWU review application against an arbitration decision on the EPWP workers
Case 66:
Dispute Claim against SALA Pension Fund
Case 67:
Application by Bokaba to reviiew Condonation application for unfair dismissal
Case 68:
Application to make a seperation agreement an order of court and for payment of interest on the seperation amount
Case 69:
Application for review by employee
Case 70:
National Empowerment Fund dispute on pension
Case 71:
Ilmatu review application against award
Case 72:
SAMWU review appllication
Case 73:
Applicaton for review .

Case 74:
CoT review application
Case 75:
SAMWU review application against an arbitration.
Case 76:
CoT application for review of an award finding legitimate expecation for emoployee.
Case 77:
SAMWU application for review.
Case 78:
Salary disparity dispute .
Case 80:
Application for review
Case 81:
Application for an order directing CoT to reinstate medical aid subsidy of 70% post retirement and 70% back payment of subsidy
Case 82:
Application to enforce a step three grievance resolution decision

Case 83:
Application to enforce a step three grievance resolution decision
Case 84:
Review Application
Case 85:

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

59. Contingencies (continued)

Review application-dismissal
Case 86:
Application for review by employees

Case 87:
Application for review by employee
Group Utility Services

Utility Services Department

Case 88:
Application to review the City of Tshwane decision to not grant occupation certificate and to grant final electricity connection to Denneboom Mall

Case 89:
"Personal injury allegedly caused by Council's negligence ,by leaving cables hanging and the substation's door opened and as a result a young boy was electrocuted and his body sustained 90?(degrees) burns."

Case 90:
Claims for variation escalation

Shared Services Department

Case 91:
Review application of broad band tender. Amount cannot be determined at this stage.

Case 92:
Application to review the award of tender CB54/2013 and the PPP entered into with service provider.Additional text

Regional Operations and Coordination Department

Case 70:
Application for an order that the City of Tshwane is responsible for polluting the water in the Leisure Bay Estate dams and that the City of Tshwane must do something to resolve the problem. Amount cannot be determined at this stage.

Roads and Transport Department

Case 93:
Variation exceeding 15% - contract CB49/2012. Amount cannot be determined at this stage
.
Case 94:
Application to make CoT fix a road hight restriction under Eskom power lines

Other
Case 95:
Application to review Section 139(1) decision

Tshwane House Contingencies

Default terminations:

The default termination comprises the default terminations as per the service concession arrangement between the City of Tshwane and TTC. The termination scenarios are as follows:

Scenario 1: Termination pursuant to the City of Tshwane's default prior to the expiry of the concession period

Termination pursuant to the City's default over the life of the project given equal probabilities is R747 million.

Scenario 2: Termination for Private Party default

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

59. Contingencies (continued)

If at any time during the concession period the City of Tshwane terminates the PPP pursuant to a default by TTC, the City of Tshwane will be obliged to pay TTC a compensation amount. The expected contingent liability for Private Party default, given the equal probabilities is R540 million.

Scenario 3: Termination for Force Majeure

If the PPP agreement is terminated by the City of Tshwane or TTC as a result of a Force Majeure event, the City of Tshwane is obliged to compensate TTC a Force Majeure termination amount. The expected contingent liability for Force Majeure default over the life of the project, given equal probabilities is R663 million.

Scenario 4: Termination for Corrupt Acts and Fraud

If the City of Tshwane terminates the PPP agreement pursuant to corrupt gifts and payments, the City of Tshwane shall be liable to pay TTC a termination amount. The expected contingent liability under a corrupt acts default scenario over the life of the project, given equal probabilities is R613 million.

There is uncertainty as to the timing of any of the termination scenarios, therefore simulation was used to arrive at the expected contingent liability.

Municipal entities

Housing Company Tshwane:

Case 1:
HCT has terminated the employment contract of the previous COO due to misconduct, and the matter has been referred to arbitration by the claimant. At this point in time the outcome of the case cannot be quantified as to whether the entity will be liable for settlement or not.

Contingent assets

Housing Company Tshwane:

During the previous three financial years (2015/16 to 2017/18) the entity has paid output VAT amounting to R13 280 951 to SARS on the capital grant received from SHRA and the City of Tshwane. During the VAT audit it was discovered that the entity incorrectly submitted VAT invoices to both SHRA and the City of Tshwane which is in contravention of Section 11(2) of the VAT Act. Furthermore, in the previous three financial years (2014/15 to 2016/17), the entity also claimed input VAT on the apportionment rate method amounting to R5 146 729.62 without SARS' approval on the apportionment method which might pose a risk of SARS claiming back this amount from the entity.

On 13 March 2018, the entity terminated the construction contract with Magic Labour Hire and 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.

Litigation

	Short description of cases		
Economic Development and Spatial Planning Department	Expropriation. Compensation not paid	-	2 044 660
Economic Development and Spatial Planning Department	Claim for loss of income due to delay in approving and advertisement	1 263 800	1 263 800
Economic Development and Spatial Planning Department	Render a proper account in respect of waste management services as amount on account was unlawfully calculated	1 077 821	1 077 821

* See Note 63

			Group		Municipality	
			2020	2019 Restated*	2020	2019 Restated*
59.	**Contingencies (continued)**					
	Housing and Sustainable Human Settlement Development	Expropriation Property A property was expropriated by the CoT and the claimant is not happy with the amount of compensation paid, hence the claimant is suing for compensation. Awaiting court dates			790 000	790 000
	Housing and Sustainable Human Settlement Development	Expropriation. A property was expropriated by the CoT and the claimant is not happy with the amount offered as compensation. Negotiations are underway to find an appropriate amount. Awaiting court date			790 000	790 000
	Housing and Sustainable Human Settlement Development	Claim for payment of occupational rent/constitutional damages as well as declaratory order. Amount was incorrect in previous years - restatement of R12 150 000 decrease			-	1 950 000
	Housing and Sustainable Human Settlement Development	Claim for specific performance and damages. Claimant awarded tender and given letter of appointmnt but was not given work.			16 925 581	16 925 581
	Housing and Sustainable Human Settlement Development	Claim for interest on amount payable for compensation of expropriation of servitude on portion 241 Wonderboom 302 JR			371 900	371 900
	Housing and Sustainable HumanSettlement Development	Claim for damages, Brookway's properties were invaded and they obtained an order to evict, the order also directed the CoT to provide an alternative by a particular date. Plaintiff claims CoT failed to provide alternative. Hence Plaintiff had to eventually sell the property and suffered damages			176 526 000	-
	Housing and Sustainable Human Settlement Development	Contract dispute adjudication by contractor (Rama) claim for: additional costs CPA Escalation R4 568 249, 98; Payment certificate R2 259 078, 46 and loss/damages as a result of repudiation of the contract by CoT. CoT terminted the contract. Total R6 827 328, 45 plus losses.			6 827 328	-
	Housing and Sustainable Human Settlement Development	Claim for compensation due to City or its officials encouraging/supporting unlawful invasion and occupation of a farm. Claim for compensation in terms of Expropriation Act			3 500 000	3 500 000
	Housing and Sustainable Human Settlement Development	Claim for compensation due to City or its officials encouraging/supporting unlawful invasion and occupation of a farm. Claim for compensation in terms of Expropriation Act			3 500 000	3 500 000
	Housing and Sustainable Human Settlement Development	Himalaya Heights: Claim for levies in respect of a sectional unit owned by the City of Tshwane			-	11 578
	Housing and Sustainable Human Settlement Development	Claims for payment of rental for Clarina flats where former residents of Schubert Park are housed.			50 616 000	50 616 000
	Housing and Sustainable Human Settlement Development	Claim for compensation for wrongful invasion of privately owned land			3 800 000	3 800 000
	Group Financial Services	Interest owing: Dispute over interest debited and owing. Claimant wants same back			80 000	80 000
	Group Financial Services	Claim for refund of moneys paid to obtain clearance certificates.			117 246	117 246
	Group Financial Services	Damages and refund claim: incorrect clearance certificate. Plaintiff to apply for trial date.			71 296	71 296
	Group Financial Services	Breach of contract: Work to be done before 2010 Soccer World Cup. Department alleges that work was never done.			33 594	33 594
	Group Financial Services	Payment for services: Summons was issued in this matter. Dispute regarding claim. Negotiations to resolve the matter took place and matter is still pending			2 622 000	2 622 000

* See Note 63

			Group		Municipality	
			2020	2019 Restated*	2020	2019 Restated*
59.	**Contingencies (continued)**					
	Group Financial Services	Demand for legal fees for debt collection: services of firm of attorneys. Apparently, the municipality verbally (orally engaged the services of) instructed attorneys in September 2005 to do debt collection on behalf of the municipality and that the municipality owes the legal firm. Matter is defended			1 657 251	1 657 251
	Group Financial Services	Claim for refund: Over charged for water. Municipality has filed a plea.			5 111 360	5 111 360
	Group Financial Services	Damages claim: wrong calculation of service charges. Plaintiff is seeking damages in form of a refund for overpayment.			20 274	20 274
	Group Financial Services	Claim for refund: Overpaid electricity due to wrong calculation			45 307	45 307
	Group Financial Services	Claim for refund: Levying of rates on certain categories non existent in erstwhile Kungwini			288 789	288 789
	Group Financial Services	Claim for refund: Levying of rates on certain categories non existent in erstwhile Kungwini.			265 661	265 661
	Group Financial Services	Warrant for execution for failure to pay for copying machines, fax and digital laser.			-	22 679
	Group Financial Services	Warrant for execution for failure to pay for leased office machines			5 065 000	-
	Group Financial Services	Claim for a credit. Application to amend, alternatively credit applicant's municipal account with claim amount and restore electricity supply.			465 332	465 332
	Group Financial Services	Applicant to have the City of Tshwane reverse charges on a municipal account leaving account holder with a credit.			20 380	20 380
	Group Financial Services	Applicant seeking adjustment of account with reversal implication.			452 960	452 960
	Group Financial Services	Applicant seeking adjustment of account with reversal implication.			66 720	66 720
	Group Financial Services	Claim for refund of overcharged electricity.			1 631 706	1 631 706
	Group Financial Services	Plaintiff alleges that City of Tshwane charged a penalty fee for each property in the development . City alleges that there was unauthorised tampering with prepaid meter.			1 552 648	1 552 648
	Group Financial Services	Reconciliation of municipal account			8 969 405	8 969 405
	Group Financial Services	Reconciliation of municipal account			113 737	113 737
	Group Financial Services	Application by property owners not part of the Lombardy Court case that the court order of Lombardy should apply to them as well.			646 229	646 229
	Group Financial Services	Reconciliation of account			281 480	281 480
	Group Financial Services	Reconciliation of account			140 290	140 290
	Group Financial Services	Claim for an Increase towards TravellingAllowance. Matter currently being opposed by Geldenhuis Attorneys			1 000 000	-
	Group Financial Services	Claim for a refund			112 856	-
	Group Financial Services	Claim for a refund on a disputed account			21 640	-
	Group Financial Services	Warrant for execution for failure to pay for leased office machines			-	11 079
	Group Financial Services	Claim for damages as a result of incorrect billing.			790 084	-
	Group Financial Services	Application to order appointment of valuer and transfer of property			70 353	-
	Group Financial Services	Application- to remove service levy on the account			115 217	-
	Group Financial Services	Application- to render accounts and remove amounts from account			24 210	-
	Group Financial Services	Breach of contract claims for damage payment			23 157 240	-
	Group Financial Services	Summons for payment of amount iro clearance certificates			367 194	-

* See Note 63

		Group		Municipality	
		2020	2019 Restated*	2020	2019 Restated*
59.	**Contingencies (continued)**				
Group Financial Services	Application for refund in respect of valuation category of property			1 434 627	-
Group Financial Services	Review application by unsuccessful bidder, Ithenda Projects (Pty) LTD. The bidder did not meet requirements in terms of Functionality Criteria (Stage 3)			5 459 319	-
Group Financial Services	Claim for a refund of moines			446 200	-
Group Human Capital Management	Claim for breach of employment contract. Fixed employment contract terminated before the fixed period lapsed.			3 221 995	3 221 995
Group Human Capital Management	Breach of contract: Contract concluded in Pretoria and put Magistrate Nigel as forum for adjudication.			100 000	100 000
Group Human Capital Management	Enforcement of arbitration award			92 595	92 595
Group Human Capital Management	Constructive dismissal damages claim. Plaintiff was diagnosed with PTS disorder which was acknowledged as caused by the employee's conduct hence classified as an injury on duty. Plaintiff was then unable to perform her duties and was subsequently dismissed for mental incapacity. Plaintiff is now suing for damages as a result of the dismissal. Await a new trial date.			850 884	850 884
Group Human Capital Management	Breach of Contract: Two councillors and one official procured work for the City without following prescribed SCM procedures. Both councillors resigned and the official is on suspension.			796 680	796 680
Group Human Capital Management	Unfair dismissal: Erstwhile Nokeng appointed traffic officers who did not meet minimum requirements - relieved of duties. Matter still pending at bargaining council.			97 734	97 734
Group Human Capital Management	Claim for damages: Unlawful termination of employment. Additional claim.			2 500 000	2 500 000
Group Human Capital Management	Claim for damages: Repudiation of contract of employment. Suing for constructive dismissal and claiming damages.			5 464 800	5 464 800
Group Human Capital Management	Claim for damages: Suspension pending investigation into alleged misconduct. City is to file amended plea.			8 000 000	8 000 000
Group Human Capital Management	Claim for stolen pension money. Referred to Commercial Crimes Unit of SAPS.			649 017	649 017
Group Human Capital Management	Claim for stolen pension money. Cheque for pension payout was issued to wrong person.			327 211	327 211
Group Human Capital Management	Unpaid pension fund			338 848	338 848
Group Human Capital Management	Compensation for unfair labour practices			1 000 000	1 000 000
Group Human Capital Management	Claim for payment of acting allowance			67 099	67 099
Group Human Capital Management	Application to make an award an order of court			30 000	30 000
Group Human Capital Management	Claim for increase towards travelling allowance. Matter currently being opposed by attorneys.			-	1 000 000
Group Human Capital Management	Alleged unlawful deduction of salary due to abscondment.			100 000	100 000
Group Human Capital Management	Review of application by the City of Tshwane against an award in favour of service provider.			3 175 000	3 175 000
Group Human Capital Management	Application to compel City of Tshwane to implement an equity plan and pay a fine			1 500 000	1 500 000
Group Human Capital Management	Arrear payment relating to salary deducted and alleged unpaid leave deducted.			43 183	43 183
Group Human Capital Management	Review application			292 635	292 635
Group Human Capital Management	Application to reverse deduction			-	68 655
Group Human Capital Management	City of Tshwane review application			470 000	470 000
Group Human Capital Management	Payment of outstanding salaries			23 101 148	23 101 148
Group Human Capital Management	Review application			23 174 012	23 174 012
Group Human Capital Management	Review application			3 934 568	3 934 568

* See Note 63

		Group		Municipality	
		2020	2019 Restated*	2020	2019 Restated*
59. Contingencies (continued)					
Group Human Capital Management	Application to reverse deduction			68 655	-
Group Human Capital Management	Payment of damages This is a claim for damages relating to the appointment of a former municipal manager of kungwini municipality. The matter is defended and we are awaiting a trial date			2 250 000	-
Group Human Capital Management	Claim by retired employee for payment of the post retirement medical ocntributions by the CoT as employer			139 359	-
Shared Services Department	Claim for damages in relation to repudiation of tender CB386/2011			-	93 938 490
Group Shared Services	Claim for damages as a result of breach of contract.			305 830	305 830
Group Shared Services	Claim for payment for services rendered			-	492 606
Group Shared Services	Suffered loss regarding the broad band contract as the Court has set aside the said contract. Claiming damages regarding for the recovery of loss suffered as result of the broad band contract which was set aside by court.			134 938 261	-
Group Shared Services	Suffered loss regarding the broad band contract as the Court has set aside the said contract. Claiming damages regarding for the recovery of loss suffered as result of the broad band contract which was set aside by court.			327 764 660	-
Group Shared Services	Claim for damages in respect of the Broadband Tender in that the CoT is in breach and Thobela seeks complaince with the contract and implementation. The claims is conditonal upon the outcome of the an appeal against the judgement in favour of the CoT reviewing and setting aside the Broadband Contract			1 955 738 877	-
Group Shared Services	Claim for payment for services rendered			-	-
Group Shared Services	Breach of contract: Claim for damage			-	23 157 240
Group Shared Services	Breach of contract regarding services rendered			-	690 896
Utility Services Department	Breach of contract: Roads and water reticulation construction not properly done. Matter is defended.			2 858 037	2 858 037
Utility Services Department	Contractual claim for adverse physical conditions encountered during a project for laying a sewer network in Babelegi. The matter is currently in the high court and the intention is to go for arbitration. An arbitration process is going to be initiated.			6 683 428	6 683 428
Utility Services Department	Breach of contract: Tender awarded to provide security services. Information not retrieved from the company.			98 724	98 724
Utility Services Department	Breach of contract: Tender awarded for Citywide communication system. Plaintiff failed to live up to tender specifications and the Municipality cancelled the contract. Matter is defended.			1 401 516	1 401 516
Utility Services Department	Breach of contract: Plaintiff never paid for services rendered.			159 219	159 219
Utility Services Department	Breach of contract: Contribution payment for bulk services. Services inadequately rendered.			952 952	952 952
Utility Services Department	Payment of bulk services contribution. Agreement with erstwhile Kungwini Municipality. Claiming refund.			2 705 431	2 705 431
Utility Services Department	Application for rescission: Applicant wants reversal of decision of Court. Municipality has already made payment to someone else in accordance with court order. Awaiting trial date.			2 081 409	2 081 409

* See Note 63

			Group		Municipality	
			2020	2019 Restated*	2020	2019 Restated*
59.	**Contingencies (continued)**					
	Utility Services Department	Municipality cancelled agreement for security services. Company is suing for repudiation of contract.			4 607 784	4 607 784
	Utility Services Department	Contractor who was hired to construct a depot in Soshanguve is being sued by theCity of Tshwane in arbitration. Contractor brought counter claim			4 314 672	4 314 672
	Utility Services Department	Claim for compensation in respect of expropriation. Property owner suing City of Tshwane for high compensation.			951 078	951 078
	Group Utility Services	Exproriation which was compensation was not paid			2 044 660	-
	Group Utility Services	Claim for payment of services rendered			492 606	-
	Group Utility Services	Contractual claim for services rendered			490 200	-
	Group Audit and Risk	Claim for compensation for services rendered. Amount was amended			1 128 664	11 286 644
	Roads and Transport Department	Motor vehicle accident caused by traffic officer at Poort Primary School. Matter is defended to set aside default judgement. Trial date awaited.			29 238	29 238
	Roads and Transport Department	Claim for payment in respect of services to construct street light poles			14 738 003	14 738 003
	Roads and Transport Department	Damages claim: Construction of road on private property. Negotiations underway to expropriate land.			120 000	120 000
	Roads and Transport Department	Personal injuries claim: Vehicle collided with barrier on road. Awaiting trial date			100 000	100 000
	Roads and Transport Department	Breach of contract: Construction of roads - work done and contractor never paid. Awaiting court date			25 762 057	25 762 057
	Roads and Transport Department	Expropriation of land intended for road construction.			30 390 000	30 390 000
	Roads and Transport Department	Claim - details not yet available			-	137 082
	Roads and Transport Department	Breach of contract: Roads and water reticulation services by tenderer who was incompetent and work was completed by another contractor. Original contractor claims full payment. Matter is before court.			690 446	690 446
	Roads and Transport Department	Claim for payment in respect of upgrade of roads and storm water in Soshanguve.			4 943 153	4 943 153
	Roads and Transport Department	Claim for payment of arrear rental for Infotech building.			600 715	600 715
	Group Roads and Transport	Claim for building a culvert as part of road construction			1 412 162	1 412 162
	Group Roads and Transport	Claim for payment of services rendered in terms of the agreement (Breach)			1 455 362	-
	Group Roads and Transport	Claim for service rendered.			42 571	-
	Environment and Agriculture Management Department	Breach of Contract In this matter summons was received for payment of services rendered. The matter was defended and we are at present awaiting a trial date			432 221	432 221
	Environment and Agriculture Management Department	Breach of contract: Claim for payment of services rendered.			1 120 885	1 120 885
	Environment and Agriculture Management Department	Breach of contract: Work allegedly done which relevant department disputes. Matter is defended.			1 210 877	1 210 877
	Environment and Agriculture Management Department	Breach of contract: Claim for rubbish bins for sandblasting and painting as well as storage costs.			2 299 500	2 299 500
	Environment and Agriculture Management Department	Unlawful cancellation of contract for household waste removal in Bronkhorstpruit. Claimant's truck stopped from collecting waste.			6 620 000	6 620 000

* See Note 63

		Group		Municipality	
		2020	2019 Restated*	2020	2019 Restated*
59.	**Contingencies (continued)**				
Environment and Agriculture Management Department	Breach of contract: Claim for payment for services rendered and damages. Contractor alleges breach of contract under tender CB259/2008 by the municipality in utilising tender CB82/2011 for the same services.The contractor had been contracted under CB257/2008. CB82/2011 was to be used only in emergency situations for the collection of waste. Contractor is also claiming for overtime payments under CB82/2011			46 643 772	46 643 772
Environment and Agriculture Management Department	Breach of contract: Refuse removal tender and dispute over its terms. Matter is in court.			200 813	200 813
Environment and Agriculture Management Department	Delivery of refuse bins - contractor never paid. Refuse bins were defective.			158 232	158 232
Environment and Agriculture Management Department	Collision and motor accident damages.			162 589	162 589
Environment and Agriculture Management Department	Claim for damages due to early termination of contract for waste processing. Arbitration			316 000 000	316 000 000
Community Safety - TMPD	Tender for provision of security services at five locations in erstwhile Kungwini Municipality. Service provider never paid.			16 720 095	16 720 095
Community Safety - Metro Police	Claim for alleged unlawfull eviction constitutional damages for 150 applicants (alleged evictees) at R1500, 00 per person. Applicant clamied they were unlawfuly evicted. Matter was opposed defended , property did not belong to CoT			172 500	-
Community and Social Development	Breach of contract: Tender for pesticides and insecticides. Work done and never paid for. Payment for damages claimed.			64 994	64 994
Community and Social Development	Construction claim for City Hall Construction Cullinan Library. Claims for escalation, preliminary general costs and loss and expenditure.			23 157 240	23 157 240
Office of the Executive Mayor	Claim for damages following cancellation of contract for upgrading City Hall.			-	4 900 000
Office of the Speaker	Claim for services rendered. Dispute over terms of tender. Contractor did work which department denies receiving. Matter is before court.			2 360 610	2 360 610
Group Property Management	Claim that development agreement was entered into with municipality on certain properties. Municipality allegedly breached agreement.			51 507 439	51 507 439
Group Property	Claim for payment of rental. Outstanding rental for the Bothongo Plaza East Building.			16 446 218	16 446 218
Group Property	Claim for damages			10 000 000	10 000 000
Group Property	Claim for compensation for Redefine for having demolished the Sammy Marks/Munitoria walk-bridge.			172 794	172 794
Group Property	Claim for payment of improvement of City of Tshwane property in Waltloo. City of Tshwane sold property on auction. Occupier refuses to vacate without compensation for improvements.			4 500 000	4 500 000
Group Property Management	Breach of Contract regarding services rendered			690 896	-
Group Property Management	Claim between two parties. CoT sited as work was conducted within its jurisdiction			137 082	-
Group Property Management	Claim for undue enrishment for monies paid to CoT in error.			77 239	-
Group Legal Services and Secretariat	Claim for recovery of unpaid attorney and client bills of cost			139 868	139 868

* See Note 63

		Group		Municipality	
		2020	2019 Restated*	2020	2019 Restated*
59.	**Contingencies (continued)**				
Housing Company Tshwane	Contractor for construction and development of social housing units in Marabastad failed to deliver the required units. Contract was terminated due to non-performance. Contractor disputes the termination. HCT sourced legal opinion for this matter.			41 654 855	41 654 855
GROUP PROPERTY MANAGEMENT	Claiim for undue enrishment for monies paid to CoT in error.			-	-
Community and Social Development	Construction claim for City Hall Construction Cullinan Library. Claims for escalation, preliminary general costs and loss and expenditure.			-	-
Group Legal Services and Secretariat	Claim for damages following a cancellation of a contract for the upgrade of City Hall. Cot cancelled the contract but contractor alleges that CoT unlawfully cancelled the contract			4 900 000	-
Group Legal Services and Secretariat	Claim or services rendered			-	344 365
Housing Company Tshwane	MIH Projects for construction supervision of Townlands, Marabastad project			9 910 029	-
				3 497 876 682	**892 667 460**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

60. Going concern

We draw attention to the fact that at June 30, 2020, the group had a current year deficit of -R 2 724 063 914 (2019: R 2 723 128 672 surplus) and an accumulated surplus of R 26 581 034 621 (2019: R29 510 316 041)and that the municipality's total assets exceed its liabilities by same. The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business

The ability of the municipality to continue as a going concern is dependent on a number of factors In performing the going concern assessment, the accounting officer has considered available information about the future, the possible outcomes of events and the changes in conditions affecting the municipality.

The COVID-19 pandemic also had an impact on the City's financial performance due to businesses and households being affected by the restrictions introduced by the COVID-19 regulations issued as part of the National State of Disaster. The impact therefore resulted in lower than expected collections from consumers. Although improvement in collections can be observed subsequent to year end, the effect on collections can be expected into the coming financial year.

Key financial ratios of the City are closely monitored to ensure that the municipality remains able to pay its creditors in the short-term and also able to settle its obligations in the medium to long-term. Based on management assessment of Cash flow projections the municipality is still able to meet its financial demands and remains financially sustainable.

Strict credit control measures and monitoring of the payment levels of debtors are also factors that are being closely managed. The most significant of these are that the accounting officer continues to monitor and manage the expenditure levels and cash flow projections.

Liquidity and solvability ratios				
Current ratio (current assets vs current liabilities)	0.75:1	0.95: 1	0.74: 1	0,95 : 1
Acid ratio (current assets less inventory vs current liabilities)	0.70:1	0.90:1	0.69:1	0.89 : 1
Solvability ratio (total assets vs total liabilities)	1.86:1	2.04:1	1.85:1	2.04 : 1
Gearing ratio (total long-term debt to total revenue less grants)	40.74%	39.11 %	39.95%	37.43%
Debtors collection rate (%)	80,00	89,00	80,00	89,00
Cash/cost coverage (months)	0,04	0,15	0,14 %	0,18 %
Liquidity ratio (cash and cash equivalents vs current liabilities)	0,07	0,32	0,14	1,53
Net debtor days	87,00	69,00	87,00	69,00

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

60. Going concern (continued)

The current ratio, acid test and cost coverage ratio shows a decline as compared to the previous financial year. This is partly reflective of the impact of COVID-19, however the municipality has been able to continue with payments to creditors and third party payments in the ordinary course of business. Similarly, the debtors management ratios (net debtors days and debtors collection rate) have declined and indicate lower payment levels. The City's solvency shows a reflects a decrease from the previous year, however the ratio is positive and reflects that the City's is still able to settle its liabilities.

The City has been implementing a Financial Sustainability Plan (FSP) which was approved by council in the 2017/18 financial year. The FSP is a positive tool which aims to assist the City of Tshwane to manage and monitor performance with regards to its financial standing. Subsequent to year end, this plan is being revised to take into account the effects of COVID-19 and its impact on various functions and operations of the City.

Credit rating and outlook

An annual rating action by Moody's Investors Service was issued on 1 April 2020 which saw the City's outlook revised from stable to negative, the Baseline Credit Assessment (BCA) was affirmed

and maintained as a rating of ba1 and the long term Global Scale Ratings (GSR) as Ba1.

Per the rating action, the affirmation of City's Ba1 rating by Moody's reflected the improvement made in the liquidity profile as well as the declining debt levels. The cash and cash equivalents balance showed an improvement from 2018 to 2019, while debt levels to operating revenue declined in 2019.

Post the reporting date,30 June 2020, Moody's downgraded the City's long-term credit rating by one notch from Aa2.za to Aa3.za, leaving the short term rating at the highest rating of P-1.za. The new long-term rating is in the upper echelon of investment grade which means that the City maintains a very strong ability to meet its short and long term debt obligations.

Based on the above analysis, the City of Tshwane is still considered to be a going concern and thus prepares its annual financial statements accordingly.

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

61. Events after the reporting date

Adjusting event

Setting aside of decision to place the City of Tshwane Metropolitan Municipality under Administration

On the 6th of March 2020, the Gauteng Provincial Executive Council resolved to intervene in terms of section 139(1)(c) of the constitution of the Republic of South Africa in the Tshwane Metropolitan Municipality by dissolving the council. Formal notice of dissolution was sent to the Tshwane Metropolitan Municipality and the Provincial Executive Council appointed a multidisciplinary administration team (announced formally on 23 March 2020). The team assumed the duties of the dissolved Council on the effective date of the dissolution as envisaged in section 139(1) of the Constitution of the Republic of South Africa.

On 27 October 2020, post reporting date of 30 June 2020, the Supreme Court of Appeal (SCA) ruled that the decision to dissolve the City of Tshwane Metropolitan Municipality Council should be set aside pending the outcome of the Constitutional Court case. An amount of R21 069 249 has been provided for in the current year financial statement related to the salaries for Councillors.

Non-adjusting events

Appointment of Executive Mayor

On 30 October 2020, post reporting date, Randall Williams was elected as Executive Mayor for the City of Tshwane Metropolitan Municipality. The appointment comes after the Supreme Court of Appeal (SCA) judgement ruled to set aside the decision from March 2020 to place the City under Administration and dissolve its Council

Setting aside of decision to place the City of Tshwane Metropolitan Municipality under Administration

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On 27 October 2020, post reporting date of 30 June 2020, the Supreme Court of Appeal (SCA) ruled that the decision to dissolve the City of Tshwane Metropolitan Municipality Council should be set aside pending the outcome of the Constitutional Court case.

Tshwane Broadband Network

In 2013 the City owned an existing communications network infrastructure of approximately 500km of fibre. However, that was considered inadequate. The City embarked on a project with a view to developing a smart city. The primary objective was to improve service delivery as well as lower the costs of government services and operational requirements. The purpose of building a carrier grade broadband network was to support and accelerate the delivery of municipal services and to provide socio-economic development and bridge the digital divide.

The City of Tshwane has entered into a build operate and transfer agreement (BOT agreement) with Newshelf 1327 (Pty) Ltd (in the process of being renamed as Thobela Telecoms (RF)(Pty) Ltd), to finance, construct and operate a municipal broadband network. This matter ended up in court due to a long-running dispute between Thobela Telecoms and Tshwane over the city's allegations that the tender award process was unlawful due to internal processes and procedures not being correctly followed. The initial public tender was advertised on 27 May 2013 however it had to be aborted.

During August 2014, the tender process for the project re-commenced. The tender was awarded on 09 June 2015 to Altech Radio Holdings (PTY) Limited, as the successful bidder. The City

During 2016-2017, the City set its sights on a number of procurement contract, including the BOT agreement, which, so it stated, had been targeted for 'review and possible cancellation'. The City applied to the Gauteng Division of the High Court, Pretoria for an interdict coupled with a review application.

Relief was sought in two parts. Under Part A, the City sought to urgently interdict the implementation of the agreements. Under Part B, the City sought to review certain decisions taken by its own officials over the period September 2014 to April 2016.
The court order indicated that tender number GICT 01 2014/15, for the provision of a municipal broadband network project of Altech Radio Holdings (PTY) which decision was communicated on 11 June 2015 in a letter dated 9 June 2015 including any purported amendment of such letter, is declared invalid and set aside.

On 24 August 2020, the Supreme Court of Appeal (SCA) heard the case for appeal against the setting aside of the BOT contract. Judgement was handed down on 5 October 2020 where the appeal was upheld with costs for the two counsel. Therefore in terms of the SCA ruling the broadband contract stands

Resignation of Acting City Manager

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

61. Events after the reporting date (continued)

On the 6th of March 2020, the Gauteng Provincial Executive Council resolved to intervene in terms of section 139(1)(c) of the constitution of the Republic of South Africa in the Tshwane Metropolitan Municipality by dissolving the council. Formal notice of dissolution was sent to the Tshwane Metropolitan Municipality and the Provincial Executive Council formally announced a team of administrators on 23 March 2020 with Mr. Mpho Nawa as Lead Administrator and Mr. Mavela Dlamini as the acting City Manager. The City Manager is the head of the administration as well as the accounting officer as defined by Section 15 of the Municipal Systems Amendment Act 2011 (Act 7 of 2011).

On the 6 July 2020 Mr. Mavela Dlamini resigned both as a member of the City of Tshwane administration team and the acting City Manager. Ms. Mmaseabata Mutlaneng has been duly appointed as the acting City Manager.

Contestation of the 2020/21 budget and valuation roll

In August 2020, two court applications were made regarding the City's 2020/21 Budget as approved by Administrators:
Afriforum NPC On 24 August 2020, Afriforum NPC brought an urgent application to the high court whereby the legality of the approval of the 2020/21 budget by the Administrators is being contested.

Tshwane Money Matters Caucus and Alas! Tshwane

On 21 August 2020, Tshwane Money Matters Caucus and Alas! Tshwane brought an application to the High Court containing the following matters:
That the 2020 general valuation roll as approved be declared invalid and/or reviewed and set aside as being of no force or effect ab initio.
That an interdict be granted to prohibit the City to charge and invoice property owners for property rates, and that accounts invoiced as from 1 July 2020 be reversed until a valid budget has been adopted.
The matters are ongoing, and no judgement has been issued yet.

Credit rating

Due to the impact on the City's financial position caused by the COVID-19 pandemic and resultant lockdown, Moody's downgraded the City's long-term credit rating in September 2020 by one notch from Aa2.za to Aa3.za. The short-term rating is still at the highest rating of P-1.za. The new long-term rating of Aa3.za is still in the upper echelon of investment grade which means that the City demonstrates strong credit worthiness and maintains a strong ability to meet its short- and long-term debt obligations.

Latest credit rating by Moody's Investors Service (Pty) Lt

The City of Tshwane Metropolitan Municipality's (the City) liquidity which has been improving consistently over the past three years, was severely affected by the disruption caused by the coronavirus pandemic, and it was further constrained by the increasing operating expenditure. This is evidenced by a significant decrease in the City's cash balance, including short-term investments, to R1.1 billion on 28 February 2021 from R2.2 billion in June 2020. Moody's expected the City's cash and short term investment to remain low at R1.3 billion in June 2021. While the City plans to rebuild its reserves henceforth, Moody's is of the view that the City's liquidity pressures will persist for a foreseeable future, which will result in the City's persistent weak revenue collection and significant spending pressure. Moody's also believes that the City's spending pressure forced the City to tap into its sinking fund.

Moody's also expects the City's operating performance to remain low in the 2020/21 financial year, as a result of huge employee costs, low collection rate, and the expected large bad debt provisions. With such information at its disposal, Moody's forecast is that the City will experience an average operating deficit of 1.3% per annum for the next two financial years.

On 21 April 2021, Moody's assigned the following credit rating opinion on the City, which in terms of the national scale ratings (NSR) South Africa is as follows:

Rating type	Long term	Short term	Category	Rating outlook	Rating action
Issuer	Baa2.za	P-2.za	Investment Grade	Negative	Downgrand

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

61. Events after the reporting date (continued)

A long-term rating of Baa2.za represents an average creditworthiness relative to other domestic debt issuers, whereas a short-term rating of P-2.za signifies an above average ability to repay short term senior debt obligations relative to other domestic issue.

According to Moody's, the negative outlook reflects the risk of the City's financial performance to deteriorate significantly and more than Moody's current projections. Therefore, the weak financial performance with low revenue collections will negatively affect the City's service delivery mandate for a foreseeable future. The downgrade rating by Moody's will also result in the City facing unfavourable capital borrowing terms from the Debt Capital Market, henceforth.

Labour unrest

The City of Tshwane experienced widespread labour unrest from Tuesday, 21 July 2020 and for the week after. Some city assets were damaged in the process and services were interrupted as employees were not satisfied with the outcome of discussions between organized labour and the employer on the collective agreement of the benchmarked salaries.
The total estimated damages sustained by the City totals R448 724.66 predominantly on water meters in the inner city for R153 215 and R231 532 on intersection controllers, poles, panels, signal heads and power
The following revenue streams were impacted since the start of the protest: water meter connections to the value of R328 255, Rietvlei nature reserve: Entrance fees to the estimated value of R120 000. Transport services were more severely impacted with an estimated loss of revenue of R1 447 370 Tshwane Bus services, R2 708 753 for licensing services and R79 978 for Areyeng Fares.

During this period, the city suspended all bus and waste removal services to protect city assets. These vehicles were not allowed to leave the depots. Additional TMPD members were also deployed in order to safeguard assets

Benchmarking

On 01 August 2020, the City of Tshwane Metropolitan Municipality and The Independent Municipal and Allied Trade Union (IMATU) and The South African Municipal Workers union (SAMWU) signed an addendum to the settlement and collective agreement on the implementation of the basic salary structure benchmark report of the 18the November 2019.

The employer stated due to the change in financial position of the City following the lockdown period and COVID-19 pandemic but agreed that the money was payable based on the collective agreement.

A special meeting of the ADMINISTRATOR was held on 7 August 2020 where it was resolved that the collective agreement on benchmarking and the outstanding amount be implemented in two phases due to the financial challenges experienced by the City as outlined below:
Approval be granted to pay benchmarking for 2017/18 financial year on the 26 August 2020; and;
Approval be granted to pay the benchmarking for the 2018/19 financial year on the 26 February 2021 on condition that:
The city achieves a collection rate of at least 95% for the 6 months period to December 2020 as would be recorded and assessed in the mid-year assessment report.; and
ii. Should the city not achieve a 95% collection level as outlined above, that the employer and labour reopen discussions on how to implement the balance of the benchmarking;

Re-acquisition of the Tshwane Showgrounds

On 24 June 2020 a court order was issued containing a settlement agreement between the City of Tshwane and the Tshwane Business and Agricultural Corporation NPC (registered owner of the Tshwane Showgrounds). The settlement agreement was subject to approval of the Business Rescue Plan for the Tshwane Business and Agricultural Corporation NPC.
Post the reporting date (30 June 2020), the Business Rescue Plan was approved which gave effect to the settlement agreement. In terms of this settlement agreement, the City of Tshwane would pay an amount of R5.8 million to reacquire the showgrounds, take over all existing lease agreements and/or outstanding event contracts of Tshwane Business and Agricultural Corporation NPC. Furthermore upon transfer of the properties to its name, the City's claims (as creditor) against the Tshwane Business and Agricultural Corporation NPC would be deemed to be waived. The claims are estimated at R12.2 million, which will need to be written off with approval from Council.

Adjusting events

Irregular expenditure :

In terms of the Admnistrator Resolution dated August 2020 an amount of R104 743 943 was written-off after investigations were concluded in terms of section 32 of the MFMA.

In terms of the Admnistrator Resolution dated October 2020 an amount of R339 582 028.04 was recommended to be recoverable after investigations were concluded in terms of section 32 of the MFMA

Fruitless and wasteful expenditure :
In terms of the Admnistrator Resolution dated October 2020 an amount of R42 690 068 was recommended to be recoverable after

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

61. Events after the reporting date (continued)
investigations were concluded in terms of section 32 of the MFMA

TEDA:

There are some cases labour disputes which were finalised post year end which have cost implications to the organisation..

Housing Company Tshwane

During the AGM that was held on the 29 July 2020, the Administrators took a decision to rotate the Chairperson of the Board. Ms Leba Mashao was appointed as a new chairperson of the board.

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

61. Events after the reporting date (continued)

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

62. Related parties

Name of entity	% Equity interest
Joint ventures: (TAHSEZ)	33.3% shareholding Refer to note 77
Housing Company Tshwane	100 % owned by City of Tshwane
Tshwane Economic Development Agency	100 % owned by City of Tshwane
Members of key management	Refer to Note 34 for remuneration of City Manager Refer to Note 36 for remuneration of Top Management Refer to Note 34 and 35 for remuneration of Councillors

TEDA

TEDA benefited from the use of the following services provided by the City of Tshwane (related party) at no cost to TEDA:
* Use of risk management and internal audit resources
* Audit and Performance Committee from the City of Tshwane
* Use of network, telecommunication, desktop and server support
* mSCOA implementation by the City of Tshwane
* SAP migration implementation by the City of Tshwane
* Occupational health and safety (OHS) services and records management
* Insurance management and Joint Operational Committee (JOC) services
* QPR - Performance Management Solution
* Secondment of the company secretary

Housing Company Tshwane

HCT benefited from the use of the following services provided by the City of Tshwane (related party) at no cost to HCT
* Use of risk management and internal audit resources
* Audit and Performance Committee of the City of Tshwane
* Use of network, telecommunication, desktop and server support
* mSCOA implementation by the City of Tshwane
* Occupational health and safety (OHS) services and records management
* Insurance management and Joint Operational Committee (JOC) services
* Telephone service provided by the City of Tshwane
* QPR - Performance Management Solution
*

Related party balances

Amounts included in trade payables regarding related parties		
Housing Company Tshwane: Rental received on behalf of City of Tshwane	197 460	197 212
Housing Company Tshwane: Service charges owed by City of Tshwane	-	8 057
Housing Company Tshwane: Deposit owed by City of Tshwane	(23 400)	(23 400)
Housing Company Tshwane: Unspent conditional grant	(19 133 288)	(5 777 333)
Housing Company Tshwane: Grant owed by City of Tshwane	(7 916 461)	-

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

62. Related parties (continued)

Related party transactions

Interest paid to (received from) related parties			
Housing Company Tshwane: Rates		-	375 851
Housing Company Tshwane: Water and electricity		-	320 315
Related party transactions			
Sales to related parties		398 407	375 851
Housing Company Tshwane: Water and electricity		306 094	320 315
TEDA:		-	(151 820)
Purchases from related parties			
TEDA: Bus chartered services		-	14 482
TEDA: Medical surveillance (OHS)		-	4 200
TEDA: Adminsitration fees paid to/(received from) related parties		(4 605 824)	(151 820)
Grants, transfers and subsidies to related parties			
Housing Company Tshwane: Grant recognised as income		(119 383 365)	(107 003 299)
TEDA grant		(72 004 824)	(54 150 000)

On the 6th of March 2020, the Gauteng Provincial Executive Council resolved to intervene in terms of section 139(1)(c) of the constitution of the Republic of South Africa in the Tshwane Metropolitan Municipality by dissolving the council. The Guateng On the 6th of March 2020, the Gauteng Provincial Gauteng Department Cooperative Governance and Traditional Affairs (Cogta) can be identified as a related party as per GRAP 20.10 whom had significant influence on the City stratergic and operational decision.

The transactions relating to the adminstrators were as follows:

Remuneration of Administration Body

The following Administrators were appointed for 2019/20 Financial year

Name	Designation	Remuneration	Other Allowances	Total
Mavela Alford Dlamini (acting City Manager)	Administrator	710 300	24 870	735 170
Kebitsamang Mpho Nawa	Lead-Adminstrator	-	263 597	263 597
Thulisile Njapa Mashanda	Administrator	-	263 597	263 597
Rianda Kruger	Administrator	-	263 597	263 597
Lesedi Mere	Adminstrator (CS&ES)	-	263 597	263 597
Mmaseabata Abigail Mutlaneng	Adminstrator (H&HS)	-	263 597	263 597
Gilberto Pereira Martins	Adminstrator (SRAC)	-	263 597	263 597
Lebogang Vashette Mahaye	Adminstrator (H&SD))	-	263 597	263 597
Lefadi Lucas Makibinyane	Adminstrator (FI)	-	263 597	263 597
Shiva Kesaobaka Makotoko	Administrator (SI)	-	263 597	263 597
		710 300	**2 397 243**	**3 107 543**

2018/19

Grants paid to municipal entities

The parent municipality transfers funds to municipal entities for their operations. On receipt of the funds, the entities treat the transfer as a refundable grant, hence they recognise revenue as they spend.

Housing Company Tshwane

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

62. Related parties (continued)

The City of Tshwane paid over R84 695 953 (operational expenditure = R36 275 090 and capital expenditure = R48 420 863) in the year under review and HCT recognised R107 003 299 in its individual financial statements.

TEDA

The City of Tshwane paid R54 150 000 to TEDA in the year under review and TEDA recognised R54 150 000 in its individual financial statements.

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

63. Prior period restatements

Change in accounting policy

No change in accounting policy occurred during the year under review.

Reclassification

Reclassifications were done on various line items on the statement of financial performance to align the items to mSCOA classifications:

Group 2019	As previously reported	Reclassi-fication	Correction of errors	Restated
Statement of financial performance				
Revenue				
Service charges	18 615 328 169	-	(6 390 090)	18 608 938 079
Rental of facilities and equipment	151 656 259	-	(1 989 558)	149 666 701
Interest received - outstanding consumer debtors	860 901 524	-	-	860 901 524
Licences and permits	46 618 296	-	-	46 618 296
Other income	761 123 742	(40 462 891)	(19 409 849)	701 251 002
Investment revenue	392 896 387	-	-	392 896 387
Gain on foreign exchange transactions	361 654	-	-	361 654
Gain on redemption fund	110 492 276	-	-	110 492 276
Property rates	7 116 106 912	-	-	7 116 106 912
Government grants, subsidies, awards and donations	6 514 814 403	-	-	6 514 814 403
Public contributions and donations	151 700 328	47 601 186	-	199 301 514
Fines, penalties and forfeits	314 688 657	-	-	314 688 657
Total revenue	**35 036 688 607**	**7 138 295**	**(27 789 497)**	**35 016 037 405**
Expenditure				
Employee-related cost	(9 088 181 586)	-	(4 986 923)	(9 093 168 509)
Remuneration of councillors	(126 684 958)	-	-	(126 684 958)
Depreciation and amortisation	(1 908 472 496)	-	(175 219 396)	(2 083 691 892)
Impairment loss/reversal of impairments	(212 691 197)	-	-	(212 691 197)
Finance cost	(1 501 351 464)	(11 387)	3 439 879	(1 497 922 972)
Debt impairment	(1 804 217 115)	-	-	(1 804 217 115)
Other materials	(554 837 286)	-	(295 035)	(555 132 321)
Bulk purchases	(10 777 475 864)	-	(103 222 171)	(10 880 698 035)
Contracted services	(3 218 035 315)	-	(86 213 402)	(3 304 248 717)
Transfers and subsidies	(46 743 213)	-	-	(46 743 213)
Loss on disposal of assets and liabilities	(40 593 769)	-	(26 323 691)	(66 917 460)
Fair value adjustments	(197 395 260)	-	-	(197 395 260)
General expenses	(2 577 062 883)	(7 138 295)	(37 117 329)	(2 621 318 507)
Total expenditure	**(32 053 742 406)**	**(7 149 682)**	**(429 938 068)**	**(32 490 830 156)**
Surplus before taxation and other adjustments	2 982 946 201	(11 387)	(457 727 565)	2 525 207 249
Taxation	(100 270)	-	-	(100 270)
Correction of 2018/19 reflected on statement of net asset	200 540	-	-	200 540
Surplus for the year	2 982 845 931	**(11 387)**	**(457 727 565)**	**2 525 307 519**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

63. Prior period restatements (continued)

Group 2019	As previously reported	Reclassi-fication	Correction of errors	Restated
Statement of financial position				
Current assets				
Inventories	718 880 669	-	-	718 880 669
Consumer receivables from exchange transactions	3 885 876 553	-	-	3 885 876 553
Consumer receivables from non-exchange transactions	980 798 075	-	-	980 798 075
Other receivables from exchange transactions	1 013 464 345	-	(79 417 929)	934 046 416
Other receivables from non-exchange transactions	349 622 749	-	-	349 622 749
Long-term receivables: short-term portion	111 175 936	-	-	111 175 936
VAT receivable	2 639 410	-	-	2 639 410
Redemption fund asset	888 647 222	-	-	888 647 222
Investments	3 627 053 125	-	-	3 627 053 125
Cash and bank	334 174 925	-	-	334 174 925
Current tax receivable	727 084	-	-	727 084
	11 913 060 093	-	(79 417 929)	11 833 642 164
Non-current assets				
Long-term receivables: long-term portion	43 911 767	-	-	43 911 767
Redemption fund	284 066 583	-	-	284 066 583
Property, plant and equipment	38 905 434 921	94 672 459	1 261 414 201	40 261 521 581
Investment property	990 894 956	(39 951 716)	115 465 249	1 066 408 489
Intangible assets	382 380 781	(54 720 743)	370 872 035	698 532 073
Heritage assets	3 370 846 811	-	1 264 259	3 372 111 070
Deferred tax	159 621	-	-	159 621
	43 977 695 440	-	1 749 015 744	45 726 711 184
Total Assets	55 890 755 533	-	1 669 597 815	57 560 353 348
Current liabilities				
Payables from exchange transactions	7 166 109 989	-	304 021 921	7 470 131 910
VAT payable	2 469 092 943	-	(23 191 324)	2 445 901 619
Consumer deposits	558 775 598	-	-	558 775 598
Unspent grants and receipts	296 901 711	-	-	296 901 711
Loans and bonds	906 627 762	-	-	906 627 762
Lease liabilities	318 046 660	-	3 114 498	321 161 158
Employee benefit obligation	163 162 670	-	-	163 162 670
Service concession arrangements	242 016 667	-	-	242 016 667
Operating lease liability	75 833	-	-	75 833
	12 120 809 833	-	283 945 095	12 404 754 928
Non-current liabilities				
Interest rate swap liability	219 999 785	-	-	219 999 785
Loans and bonds	10 663 064 567	-	(1 000)	10 663 063 567
Lease liabilities	522 158 369	-	(12 055 866)	510 102 503
Employee benefit obligation	1 672 265 229	-	-	1 672 265 229
Provisions	1 007 468 013	-	-	1 007 468 013
Service concession arrangements	1 771 777 923	-	(62 996 292)	1 708 781 631
	15 856 733 886	-	(75 053 158)	15 781 680 728
Total Liabilities	27 977 543 719	-	208 891 937	28 186 435 656
Net Assets before adjustments	**27 913 211 814**	**-**	**1 460 705 878**	**29 373 917 692**
Accumulated surplus	**27 913 211 814**	**-**	**1 460 705 878**	**29 373 917 692**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

63. Prior period restatements (continued)

Group 2019	As previously reported	Reclassification	Correction of errors	Restated
Cash flow statement				
Cash flows from operating activities	-	-	-	-
Receipts	-	-	-	-
Cash receipts from other revenue sources	131 712 779	-	-	131 712 779
Cash receipts from rate payers and service charges	25 369 303 241	-	-	25 369 303 241
Grants: Operating	4 269 322 608	-	-	4 269 322 608
Grants: Capital	2 089 119 435	-	-	2 089 119 435
Interest income	385 762 113	-	-	385 762 113
	32 245 220 176	-	-	32 245 220 176
Payments	-	-	-	-
Cash paid to employees	(9 043 411 266)	-	-	(9 043 411 266)
Cash paid to suppliers	(16 910 496 052)	-	-	(16 910 496 052)
Finance costs (interest paid)	(1 538 410 885)	-	-	(1 538 410 885)
Transfers and grants	(46 743 213)	-	-	(46 743 213)
Taxes on surpluses	100 270	-	-	100 270
	(27 538 961 146)	-	-	(27 538 961 146)
Net cash flows from operating activities	4 706 259 030	-	-	4 706 259 030
Cash flows from investing activities	-	-	-	-
Purchase of property, plant and equipment	(3 421 404 141)	-	-	(3 421 404 141)
Proceeds on disposal of assets	34 227 968	-	-	34 227 968
Purchase of other intangible assets	(5 762 846)	-	-	(5 762 846)
Movement in long-term receivables	18 723 201	-	-	18 723 201
Movement in financial assets	(331 816 403)	-	-	(331 816 403)
Capital contribution to redemption fund	(467 570 833)	-	-	(467 570 833)
Net cash flows from investing activities	(4 173 603 054)	-	-	(4 173 603 054)
Cash flows from financing activities	-	-	-	-
Proceeds from loans and bonds	1 500 000 000	-	-	1 500 000 000
Repayment of loans and bonds	(748 422 425)	-	-	(748 422 425)
Repayment of service concession arrangements	(221 326 797)	-	-	(221 326 797)
Movement in redemption fund liability	(29 689 647)	-	-	(29 689 647)
Finance lease repayments	(322 863 793)	-	-	(322 863 793)
Net cash flows from financing activities	177 697 338	-	-	177 697 338
Net increase/(decrease) in cash and cash equivalents	710 353 314	-	-	710 353 314
Cash and cash equivalents at the beginning of the year	2 392 712 763	-	-	2 392 712 763
Cash and cash equivalents at the end of the year	3 103 066 077	-	-	3 103 066 077
	-		**1**	**1**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

63. Prior period restatements (continued)

Municipality 2019	As previously reported	Reclassi-fication	Correction of errors	Restated
Statement of financial performance				
Revenue				
Service charges	18 615 648 484	-	(6 390 090)	18 609 258 394
Rental of facilities and equipment	142 756 418	-	(1 989 558)	140 766 860
Interest received - outstanding consumer debtors	860 736 503	-	-	860 736 503
Licences and permits	46 618 296	-	-	46 618 296
Other income	689 888 988	(40 462 891)	51 318 360	700 744 457
Investment revenue	391 948 285	-	-	391 948 285
Gain on foreign exchange transactions	361 654	-	-	361 654
Gain on redemption fund investment	110 492 276	-	-	110 492 276
Property rates	7 116 482 763	-	-	7 116 482 763
Government grants, subsidies, awards and donations	6 514 814 403	-	-	6 514 814 403
Public contributions and donations	151 700 328	47 601 186	-	199 301 514
Fines, penalties and forfeits	314 688 657	-	-	314 688 657
Total revenue	**34 956 137 055**	**7 138 295**	**42 938 712**	**35 006 214 062**

Municipality 2019	As previously reported	Reclassi-fication	Correction of errors	Restated
Expenditure				
Employee-related costs	(9 045 797 030)	-	(4 986 923)	(9 050 783 953)
Remuneration of councillors	(126 684 958)	-	-	(126 684 958)
Depreciation and amortisation	(1 906 772 928)	-	(175 219 396)	(2 081 992 324)
Impairment loss/reversal of impairments	(212 691 197)	-	-	(212 691 197)
Finance cost	(1 501 280 227)	(11 387)	3 439 879	(1 497 851 735)
Debt impairment	(1 803 186 397)	-	-	(1 803 186 397)
Other materials	(554 837 286)	-	(295 035)	(555 132 321)
Bulk purchases	(10 777 375 305)	-	(103 222 171)	(10 880 597 476)
Contracted services	(3 225 232 368)	-	(86 213 402)	(3 311 445 770)
Transfers and subsidies	(137 168 303)	-	-	(137 168 303)
Loss on disposal of assets and liabilities	(40 543 533)	-	(26 323 691)	(66 867 224)
Fair value adjustments	(197 395 260)	-	-	(197 395 260)
General expenses	(2 561 177 837)	(7 138 295)	(37 117 329)	(2 605 433 461)
Total expenditure	**(32 090 142 629)**	**(7 149 682)**	**(429 938 068)**	**(32 527 230 379)**
Surplus for the year	**2 865 994 426**	**(11 387)**	**(386 999 356)**	**2 478 983 683**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

63. Prior period restatements (continued)

Municipality 2019	As previously reported	Reclassi-fication	Correction of errors	Restated
Statement of financial position				
Current assets				
Inventories	718 880 669	-	-	718 880 669
Consumer receivables from exchange transactions	3 885 876 553	-	-	3 885 876 553
Consumer receivables from non-exchange transactions	980 798 075	-	-	980 798 075
Other receivables from exchange transactions	940 954 280	-	(79 417 929)	861 536 351
Other receivables from non-exchange transactions	332 006 234	-	-	332 006 234
Long-term-receivables: short-term portion	111 175 936	-	-	111 175 936
Redemption fund asset	888 647 222	-	-	888 647 222
Investments	3 619 286 445	-	-	3 619 286 445
Cash and bank	264 614 430	-	-	264 614 430
	11 742 239 844	**-**	**(79 417 929)**	**11 662 821 915**
Non-current assets				
Long-term receivables: long-term portion	43 911 767	-	-	43 911 767
Redemption fund	284 066 583	-	-	284 066 583
Property, plant and equipment	37 988 113 151	94 672 459	1 266 980 170	39 349 765 780
Investment property	990 894 956	(39 951 716)	115 465 249	1 066 408 489
Intangible assets	382 354 282	(54 720 743)	370 872 035	698 505 574
Heritage assets	3 370 846 811	-	1 264 259	3 372 111 070
Investment in municipal entities	-	-	1 000	1 000
Leased assets	773 954 036	-	(5 565 979)	768 388 057
	43 834 141 586	**-**	**1 749 016 734**	**45 583 158 320**
Total Assets	**55 576 381 430**	**-**	**1 669 598 805**	**57 245 980 235**
Current liabilities				
Payables from exchange transactions	7 127 975 348	-	304 021 921	7 431 997 269
VAT payable	2 469 092 943	-	(23 191 324)	2 445 901 619
Consumer deposits	558 775 598	-	-	558 775 598
Unspent grants and receipts	296 901 711	-	-	296 901 711
Loans and bonds	906 627 762	-	-	906 627 762
Finance lease obliagation	318 046 660	-	3 114 498	321 161 158
Finance lease obliagation	163 162 670	-	-	163 162 670
Service concession arrangements	242 016 667	-	-	242 016 667
	12 082 599 359	**-**	**283 945 095**	**12 366 544 454**
Non-current liabilities				
Interest rate swap liability	219 999 785	-	-	219 999 785
Loans and bonds	10 663 063 566	-	-	10 663 063 566
Lease liabilities	522 158 369	-	(12 055 866)	510 102 503
Employee benefit obligation	1 672 265 229	-	-	1 672 265 229
Provisions	1 007 468 013	-	-	1 007 468 013
Service concession arrangements	1 771 777 923	-	(62 996 292)	1 708 781 631
	15 856 732 885	-	(75 052 158)	15 781 680 727
Total Liabilities	27 939 332 244	-	208 892 937	28 148 225 181
Equity				
Accumulated surplus	**27 637 049 186**	**-**	**1 460 705 868**	**29 097 755 054**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

63. Prior period restatements (continued)

Municipality 2019	As previously reported	Reclassification	Correction of errors	Restated
Cash flow statement				
Cash generated from operations				
Cash receipts from other revenue sources	143 655 500	-	-	143 655 500
Cash receipts from ratepayers and service charges	25 368 849 009	-	-	25 368 849 009
Grants: Operating	4 269 322 608	-	-	4 269 322 608
Grants: Capital	2 089 119 435	-	-	2 089 119 435
Interest income	384 814 011	-	-	384 814 011
	32 255 760 563	-	-	32 255 760 563
Cash paid to employees	(9 001 026 710)	-	-	(9 001 026 710)
Cash paid to suppliers	(16 884 411 132)	-	-	(16 884 411 132)
Finance costs (interest paid)	(1 538 339 648)	-	-	(1 538 339 648)
Transfers and grants	(137 168 303)	-	-	(137 168 303)
	(27 560 945 793)	-	-	(27 560 945 793)
Net cash generated from operations	**4 694 814 770**	**-**	**-**	**4 694 814 770**
Cash flow from investing activities				
Cash flow from investing activities				
Purchase of property, plant and equipment	(3 408 560 893)	-	-	(3 408 560 893)
Proceeds from sale of assets	34 223 619	-	-	34 223 619
Purchase of intangible assets	(5 759 597)	-	-	(5 759 597)
Movement in long-term receivables	18 723 201	-	-	18 723 201
Movement in financial assets	(331 186 403)	-	-	(331 186 403)
Capital contribution to redemption fund	(467 570 833)	-	-	(467 570 833)
Net cash from investing activities	**(4 160 130 906)**	**-**	**-**	**(4 160 130 906)**
Cash flow from financing activities				
Proceeds from loans and bonds	1 500 000 000	-	-	1 500 000 000
Repayment of loans and bonds	(746 880 320)	-	-	(746 880 320)
Finance lease repayments	(322 863 793)	-	-	(322 863 793)
Movement in redemption fund	(29 689 647)	-	-	(29 689 647)
Repayment of service concession	(221 326 797)	-	-	(221 326 797)
Net cash from financing activities	**179 239 443**	**-**	**-**	**179 239 443**
Net cash flow				
Net increase/(decrease) in cash and cash equivalents	713 293 307	-	-	713 293 307
Cash and cash equivalents at the beginning of the year	2 312 445 595	-	-	2 312 445 595
Cash and cash equivalents at the end of the year	**3 025 738 902**	**-**	**-**	**3 025 738 902**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

63. Prior period restatements (continued)

Reasons for restatements for statements of financial performance

Revenue

Service charges
Service charges increased due to correction of solid waste removal journal incorrectly captured by the in the previous financial year
.
Rental facilities
Correction of the calculations of the straight lining of rental income pertaining to Wonderboom Airport, the Market and other City properties.

Other income
Recognition of other income due to savings realised as a result of the VAT audit, these savings relating to expenses where Input VAT was not claimed.

Expenses:

Employee related costs
Employee costs increased as a results of restatements of overtime, acting allowance and other costs paid in the 2019/20 financial year relating to expenditure incurred in previous periods.

Depreciation and amortisation
Depreciation increased due to increase in PPE due to the purification project embarked on by the city to ensure that the fixed asset register is fully GRAP compliant. Furthermore, the increase is also attributable to the net impact of AUC capitalisation that had to be restated to prior year's amounts.

Contracted services
Increase in contracted services is due to payment of contract price adjustments relating to previous financial year(s).

Loss on disposal of assets and liabilities
Loss on disposal of assets and liabilities changed due to corrections made in calculations of the previous year.

General expenses
General expenses increased due to various expense due to invoices submitted after cut-off dates.
Reasons for restatements for statements of financial position

Assets

Other receivables form non-exchange transactions
Other receivables from non-exchange increased due the VAT calculation resulting from the Land Swap Agreement - Hammanskraal BPO only processed in 2019/20.

Other receivables form exchange transactions
Increase in receivables from exchange due correction of the calculations of the straight lining of rental income pertaining to Wonderboom Airport, the market and other City properties.

Property, plant and equipment
PPE was restated by an amount of R1 358 175 613, the largest contributor to this restatement was the R2 078 399 466 purification project that the city embarked on by the city to ensure that the fixed asset register is fully GRAP compliant. There was also an amount of R439 432 446 expensed from assets under construction, since this amount was for payment of operational expenditure and not capital in nature. The decrease of R84 200 980 relate to a correction on the WIFI project which was incorrectly capitalised in previous years. In the 2018/2019 year the Denneboom Service Concession was also overstated due to estimates made based on AGSA audit finding.

Investment properties
Investment properties increased with an amount due to purification of the fixed asset register.

Leased assets
An incorrect lease term was used to calculate the present value of the lease liability. Changes on the lease terms used previously as shared services only provided this information in the current year hence the restatement.

Intangible assets

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

63. Prior period restatements (continued)

Intangible assets were increased mainly due to two reasons, namely newly identified servitudes that were brought onto the asset register and the capitalisation of assets acquired to the correct accounting period

.

Service concession arrangements

The service concession arrangement (denneboom) was restated - R (62 996 292 to adjust the figures in the prior year to actual expenditure incurred as sufficient and appropriate support evidence was then made available in the 2019/20 financial year by the service concessionaire.

Lease liabilities

An incorrect lease term was used to calculate the present value of the lease liability. Changes on the lease terms used previously as shared services only provided this information in the current year hence the restatement.

Payables from exchange transactions

Trade payables were increased due to the correction of the accrual of expenditure due to the late receipt of invoices as well as the restatement of the accumulated leave accrual.

VAT payable

Vat payable decreased as a result for VAT audit and VAT calculation resulting from the Land Swap Agreement - Hammanskraal BPO only processed in 2019/20.

Housing company Tshwane

Disclosure note

During the previous financial year 20/19, the cost and accumulated depriciation of motor vehicle was omitted on note 3 due to the software failure. The disclosure was corrected in the current financial year but had no impact on the closing balance for motor vehicle. the lease rental on operating lease was also not disclosed in the prior period and management corrected the disclosure under note 5 in the separate financial statements.

	Cost previously reported	Corrected cost	Corrected accumulated depreciation	Total
Motor vehicle	75 995	182 728	(106 733)	151 990
	75 995	182 728	(106 733)	151 990

	Previously reported	Correct disclosure	Total
Lease rental on operating lease	-	497 542	497 542

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

64. In-kind donations and assistance

COVID-19 gifts and donations, including goods in-kind

The city received the following COVID 19 gift, donationas including services in kind from various institutions .

Most os the items received were consumables items and have therefore been utilised or distributed .The register of this donations is available for inspection.

Description	Amount
Food parcels	147 362,53
consumables (hand sanitises, disinfectors, empty bottles, hand towels, sim cards and toiletries)	930 008,4
network booster	1 000 000
Jojo tanks	21 530
PPE (Gloves, face masks, worksuits, chemical tanks and packer spray machines	177 990,4
cleaning services	51 045
blankets	37 384,24
shelter for the homeless	455 000
Personnel (volunteers)	Value not determined
Provision of essential services of and disinfecting education hygiene support	Value not determined

The Municipality made the following in-kind- donations and assistance during the 2019/20 financial year:

The Emergency Services Department provided the following assistance to various organisation

Description	Amount
Ambulance standby services	932 960
*Relief items	404 128
Fire and rescue services	57 163

2018/19:

The City received the following in-kind donations and assistance during the 2018/19 financial year:

Emergency Services:

One 55 inch digital TV from Skyworth to the value of R6 999
Two soccer balls and 20 water bottles from Assupol to the value of R780
Nine draw string bags to the value of R585
Nine conference folders to the value of R1 540
200 personal alarms to the value of R30 000
150 conference bags to the value of R5 100
10 cocktail mixers to the value of R2 875.

Metro Police:

Scholar patrol equipment to the value of R40 000 from the Gauteng Department of Community Safety.

Health Services:

Health promotion TB leaflets to the value of R2 180 from Creative Harvest
A mobile clinic/trailer and double cab bakkie to the value of R976 944 by PPC)
Two mobile units/trailers fully equipped with medical equipment to the value of R1 953 888 by PPC.

The City distributed the following in-kind donations and assistance during the 2018/19 financial year:

Emergency Services:

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

64. In-kind donations and assistance (continued)

The Disaster Risk Mananement Section of the Business Operations Division provided blankets and mattresses as well as plastic sheets and tents to various informal settlements to the value of R259 266
Free quotations to the value of R465 340
Assistance from Emergency Medical Operations amounting to R153 184.

65. Operating leases

The group leases premises (buildings and parking) from various property owners for terms that range from three to five years with fixed annual escalation that range from 8% to 10%. The group has the option to extend the agreement for periods that range between one month and three years.

Non-cancellable operating leases- office equipment: Municipality

The City is leasing office equipment for a period of three years from various service providers in accordance with the National Treasury Transversal contract- RT3-2015.

The City of Tshwane , may at its sole discretion extend this Agreement for a maximum period of 24 (twenty four) months on the same terms and conditions, except for the rental which shall be reduced by 75% (seventy five percent) of the rental specified therein.

.

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

65. Operating leases (continued)

TEDA:

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

Operating lease payment	11 347 096	10 961 299	11 347 096	10 961 299
Reconciliation - Machinery				
Payable within a year	7 301 328	11 101 904	7 301 328	11 101 904
Payable within two to five years	1 071 451	6 816 216	1 071 451	6 816 216
	8 372 779	**17 918 120**	**8 372 779**	**17 918 120**
Non-cancelable property leases				
Payable within a year	400 360	1 434 169	-	-
Payable within two to five years	15 430 964	-	-	-
	15 831 324	**1 434 169**	**-**	**-**

66. Rental income straightlining

Gross investment in the lease due				
- Within one year	6 747 554	7 933 341	6 747 554	7 933 341
- In second to fifth year inclusive	21 363 961	29 040 105	21 363 961	29 040 105
- Later than five years	79 755 588	170 302 814	79 755 588	170 302 814
	107 867 103	**207 276 260**	**107 867 103**	**207 276 260**

67. Change in estimate

Property, plant and equipment

The useful lives and residual value of all asset classes was reviewed and adjusted during 2019/20 to more accurately reflect the period of economic benefits or service potential derived from these assets. Refer to note 10 under property, plant and equipment for a discussion on the basis on which the review of useful lives was done. Residual values of all asset classes after review was changed to zero due to the fact that the City uses it assets for its entire economic life.

The effect of changing the remaining useful lives during 2019/20 has decreased the depreciation charge for the current and future periods. The total number of assets affected was 1 421 544.

TEDA:

During 2018/19 TEDA reviewed the useful life of its assets using the indicator-approach. Motor vehicles were reviewed, and the useful life was increased to seven years.

Housing Company Tshwane (HCT):
During 2018/19 HCT reviewed the useful life of its other fixed assets as well as furniture and fittings and revised it from 10 to 15 years and from 15 to 18 years respectively. The effect of this revision has decreased the depreciation charges for the current and future periods by R72 696.50.

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

67. Change in estimate (continued)

Effect of change in estimates				
Municipality: All asset classes	(100 771 209)	(48 954 900)	(100 771 209)	(48 954 900)
HCT: Other assets	-	(72 697)	-	-
	(100 771 209)	**(49 027 597)**	**(100 771 209)**	**(48 954 900)**

68. Distribution losses: Water

Non-revenue water (NRW) - Kilolitre				
Technical	87 312 903	89 944 459	87 312 903	89 944 459
Non-technical	21 828 226	22 486 115	21 828 226	22 486 115
	109 141 129	**112 430 574**	**109 141 129**	**112 430 574**
Non-revenue water (NRW) - Rand value				
	791 107 287	841 145 895	791 107 287	841 145 895
	197 776 822	210 286 474	197 776 822	210 286 474
	988 884 109	**1 051 432 369**	**988 884 109**	**1 051 432 369**

Water is supplied to Tshwane from Rand Water, Magalies and the City's own water sources. Monthly meter readings of the supply are used to monitor the total gross supply. Monthly meter readings of water exported to the neighbouring municipalities are used to calculate the net water input into the city.

Water-loss is monitored, managed and controlled by the implementation of the Water Conservation and Water Demand Management strategies. The primary outcome of these strategies is to reduce -
* Technical losses (where not all water supplied reached the consumer); and
* Non-technical losses (where not all water reaching the consumer is paid for).

These losses are caused by -

- Real losses represent the actual physical leakage from the pressurised system, up to the point of measurement of customer use. Real losses therefore comprise leakage from pipes, joints and fittings, from leaking reservoir walls, and from reservoir overflows.and
- Apparent losses (losses due to meter inaccuracies, meter estimations, non-metering of water and unauthorised consumption - (theft or illegal use) this is water consumed but not properly measured, accounted and paid for).

From the above, water loss in the city is determined by calculating the amount of NRW, which is the difference between the volume of water supplied into the system and the authorised consumption.

Activities undertaken by the Water and Sanitation Division involve the continuous investigation of various factors that lead to water loss and the implementation of various initiatives to assist with the reduction of NRW. These investigations with subsequent mini projects are often cross-region initiatives where work performed in one region directly affects other regions. The initiatives include the following:
* Improve on leak repair responsiveness (active and passive) to reduce wastage
* Metering: Installation of water meters at unmetered houses, Meter audits to improve information on billing system, Replacement of old and or damaged meters to increase accuracy of meter readings
* Installation of pressure management systems to reduce high pressure and lower leakage
* Pipe network replacements in areas with worn out network pipes
* Restriction of water supply to non-payong customers

For the 2019./20 financial year the NRW in Tshwane was calculated at 109 141 129 kl (30,2% of the total input into the system). This indicates a deterioration of NRW in the city when compared to June 2019 when the NRW was 112 430 574 kl (29.81% of the total input into the system). The losses in rand-value amount to R 988 884 109 (2019 = R 1 051 432 369). The calculation is based on the unit tariff of Rand Water purchases per kilolitre at R10.14 for 2019/20 and R9.351 837 for 2018/19.

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

68. Distribution losses: Water (continued)

For the 2018/19 financial year the NRW in Tshwane was calculated at 112 430 574 kl (29.81% of the total input into the system). This indicates a deterioration of NRW in the city when compared to June 2018 when the NRW was 88 703 199 kl (27.89% of the total input into the system). The losses in rand-value amount to R1 051 432 369 (2018 = R739 338 528). The calculation is based on the unit tariff of Rand Water purchases per kilolitre at R9.351837 for 2018/19 and R8.334970 for 2017/18.

69. Distribution losses: Electricity

Distribution loss: kWh				
Technical	655 819 624	676 260 492	655 819 624	676 260 492
Non- Technical	1 193 588 161	1 089 745 478	1 193 588 161	1 089 745 478
Streetlights and internal use	240 691 696	241 662 668	240 691 696	241 662 668
	2 090 099 481	**2 007 668 638**	**2 090 099 481**	**2 007 668 638**
Distribution loss: Rand value				
Technical	611 748 546	557 877 100	611 748 546	557 877 100
Non-Technical	1 113 379 037	898 979 098	1 113 379 037	898 979 098
Streetlights and internal use	224 517 214	199 358 191	224 517 214	199 358 191
	1 949 644 797	**1 656 214 389**	**1 949 644 797**	**1 656 214 389**

2019/20:

The annual electricity distribution losses are made up of internal use (Streetlights and own use), technical and non-technical losses which are the difference between electricity purchased and electricity sold to the end user at differentiated tariffs levels. The City purchases its 100% electricity from ESKOM at transmission and distribution levels, 85% is purchased through the 3 infeed stations (Njala, Kwagga and Reitvel) at 175kV transmission levels and 15% at distribution levels.

For the period under review, the department implemented the following initiatives to reduce the non-technical loses:
*Remove of illegal connections
*Meter audits and normalize of stuck meters
*Normalization of prepaid meters that are on low buying electricity
*Installation of tamper boxes in hot spots with high level of illegal connections
*Electrification for all programmes
Initiatives to reduce technical loses include:
*Refurbishing and replacing old equipment in the network
*Strengthening over-headline**s**

The electricity distribution loss is calculated at 20 090 099 481 kWh (22.31 % of the total electricity bulk purchases).

Technical losses are results of electricity losses while being distributed from the source of generation through transmission and distribution network to the final consumer. The wires (copper or aluminum) being used to distribute electricity has certain resistance which resist the throughput of current, as a results there is certain portion of electricity that is lost due to distribution and it is termed technical losses. The NERSA acceptable figure for network like Tshwane is estimated to be 7% (655 819 624 KWh), accounting for 31% (611 748 546 ZAR) of the total Distribution losses. However, the national utilities benchmark is for the technical Losses to be between 3-6%.
.
Non-technical losses, which for the period under review is 12.74% (1 193 588 161 kWh), accounting for 57% of the total distribution losses (1 113 379 037 ZAR) are amongst others the result of administrative and technical errors, high estimates, negligence, theft of electricity, tampering with meters and connections which form part of illegal consumption.
Non-Revenue Losses (Streetlights and Internal Use) accounted for 2.57% (240 691 696 kWh) of the total losses and accounting for 12% (224 517 214 ZAR) of the total distribution losses.

Streetlights and internal Use) has been reclassified as non-revenue to ensure that the total distribution loses is accurately presented. In the prior year the streetlights and internal use were presented as revenue loss and not as electricity loses**.**

2018/19:

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

69. Distribution losses: Electricity (continued)

The electricity distribution loss for the 2018/19 financial year is calculated at 1 766 005 970 kWh (18.28 % of the total electricity bulk purchases). The annual electricity distribution losses consists of technical and non-technical losses which means the difference between electricity purchased and electricity sold.

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70. Budget differences

Material differences between budget and actual amounts (municipality only)

It is general practice to deem a 10% deviation on operational revenue and expenditure versus the final budget as material. For capital expenditure, the percentage deviation is 5%.

2019/20 financial year

The following revenue and expenditure line items showed a material variance for the year ending 30 June 2019 against the adjustments budget:

Other own revenue categories:

Revenue :

Service Charges category: (11% under)

- Under recovery on electricity mainly results from the challenges experienced regarding the replacement of smart meters and due to low consumption during lockdown.
- Under recovery on water is mainly on water fees and connection fees, revenue was less than projected. The budget for water is based on statistical trends and is driven by demand.

Investment revenue category : (20 % over)

- The variance between the budgeted and the actual figure was cause by the interest received mainly on the redemption fund investments vehicles.
- The City received slightly more interest on interest rate swaps because when the interest rate decline in the market, the city received higher interest on swaps than what is expected.
- The interest received on Bonds and FFO security was not affected by the current economic conditions because they are on fixed rate.
- The City made contribution of 310 million to the redemption fund during the previous financial year which also contributed to higher return on investments in the redemption fund

Expenditure categories

Contracted Services category: 11 % under

Mainly on the following line items:

- Project-linked Housing : Underspending on projects funded by the Human Settlement Development Grant. The grant will not be spent in full due to delays in supply chain management processes and the signing of service delivery agreements with the Gauteng provincial government. Contractors have been appointed, a roll over will be requested.

- Consultant: Civil Engineering : The service-level agreement for the Management Information Systems Project was approved in January 2020.

- Buildings : Due to a delay in the appointment of service providers.

- The project were not resumed as planned due to the delay signing the Service Level Agreement (SLA).

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

70. Budget differences (continued)

Remuneration of councillors (11% under)

- Due to the erratic changes in the members of the mayoral committee and councillors members
- Resignation of councillor**s**

Debt impairment 98% over

- Increase in debtors impairment is due to increase in debtors book

Loss on disposal of PPE

- Overspending mainly on scrapping of Assets.

Fair value adjustment

- Valuation in intererest rate swaps not budgeted for**.**

Capital expenditure:

- The capital expenditure shows a 81.% spending level against the total budget for the financial as various capital projects were affected by the lockdown.

The special adjustment budget

The special adjustment budget was approved by Administrator on 15 June 2020.

In terms of the annexure to MFMA Circular No.99, a special adjustments budget dealing with all COVID-19 related expenditure must be approved by 15 June 2020.

The administration team at its meeting of 7 May 2020 approved a report of the reprioritisation of the budget in response to COVID-19.

The Council approved the 2019/20 Original Revenue Budget to the amount of R35 465 848 437 which was increased with R228 800 815 to R35 694 649 252 (increase of 0.64 %). Furthermore, the total expenditure of R35 446 239 018 was increased with an amount of R228 800 815 to R35 675 039 834(increase of 0.64%). As a result the budgeted surplus (before capital transfers) amounts to R19 609 419.

The original capital budget was approved for an amount of R4 248 464 401. During the special adjustment budget process the capital

budget decreased with an amount of R 514,7 million and the final capital budget for 2019/20 amounts to R3 733 767 614 due to a reprioritisation of USDG and PTIS grants.

71. Transitional provisions

Transitional provision for statutory receivables – GRAP 108

General information

The entity took advantage of the transitional provision as per Directive 13 of the GRAP Reporting Framework.

The municipality has taken advantage of the transitional- provision for the reporting year ended 30 June 2020. Therefore the municipality has not changed the accounting policies in respect of the classification and measurement all receivables within the ambit of statutory receivable.

The municipality has identified the following receivables which fall within the scope of GRAP.

- Property rates receivables – receivables from exchange transactions

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

71. Transitional provisions (continued)

- Aarto debtors – receivables from non-exchange
- Recovery of unauthorised, irregular, fruitless and wasteful expenditure Progress made The nature and amount of adjustments recognised in the statement of changes in net assets during the period, are as follow

The municipality intends to comply with GRAP 108 in the next reporting period (30 June 2021). Position paper detailing the GRAP 108 requirements and process to be followed to ensure compliance with GRAP 108 will be developed. From the position paper, an accounting policy will also be developed.

72. Employee benchmark obligation

On 01 August 2020, the City of Tshwane Metropolitan Municipality and The Independent Municipal and Allied Trade Union (IMATU) and The South African Municipal Workers union (SAMWU) signed an addendum to the settlement and collective agreement on the implementation of the basic salary structure benchmark report of the 18 th November 2019. At 30 June 2020 the City raised the Employee benchmark obligation.

852 484 577	-	852 484 577	-

73. Accounting by principals and agents

The City is a party to a principal-agent arrangement(s).

Details of the arrangment(s) is|are as follows:

Gauteng Department of roads and transport

The agreement requires the city to perform all the registering and testing function on behalf of the department which consist of motor vehicle registration and licensing . driving licence test centre functions and vehicle test station functions . The city is an agent to the agreement as they are only entitled to commission amount and deposits all the net amount received for services rendered to the provincial department. The City's failure to deposit amount collected to the province for a period of two months results to strict requirement of depositing daily to the department

CoT as agent and GDRT as a principal

Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is 163 123 599 (2019: 194 555 278).

74. Public private partnerships

Tshwane House

The City of Tshwane has entered into a public-private partnership agreement with Tsela Tshweu (the Consortium), a private Consortium led by Group 5, to finance, construct and operate the City of Tshwane's head office. The agreement is for a period of 27 years of which two years were for the construction of the property and 25 years are to operate the property on behalf of the City of Tshwane. At the end of the 27 year agreement ownership of the building will pass to the City of Tshwane. The agreement is in the third year of the operational stage. Occupation took place in June 2017.

Fleet vehicles and fleet related services

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

The City of Tshwane has entered into a public-private partnership agreement with the following:
* Moipone Group of Companies (Pty) Ltd for the supply of Category A and C fleet vehicles and fleet-related services;
* Fleet Africa, a division of Super Group Africa (Pty) Ltd, for the supply of Category E fleet vehicles and fleet-related services; and
* Fleetmatics VMS (Pty) Ltd for the supply of Category B fleet vehicles and fleet-related services.

The agreement is for a period of five years from the commencement date where after it will automatically terminate. The City may extend the agreement on written notice which shall be given at least 90 days before the termination date.

During the lifetime of the agreement the City will make unitary payments to the private party in accordance with the provisions of the payment mechanism. The unitary payments will be the amount payable with respect to the leased vehicles, monthly in arrears.

The city has restructured the finance lease for some vehicles leased from Talis and Supergroup. The restructuring will result in the City retaining ownership of the vehicles at the end of the lease term.

Denneboom Service concession

The City of Tshwane Metropolitan Municipality entered into a service concession and Lease Agreement with the Concessionaire Interdent Management Services (Pty) Ltd. This constitute a Public-private partnership, reference on note 23 Service concession arrangements. “

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

75. Financial instruments disclosure

Categories of financial instruments

Group - 2020

Financial assets

	At fair value	At amortised cost	Total
Investments	-	649 748 889	649 748 889
Other receivables	-	838 587 141	681 498 985
Consumer receivables	-	4 937 758 795	4 937 758 795
Cash and bank	-	277 865 651	277 865 651
Long term receivables	-	133 777 540	133 777 540
Interest rate swap asset	31 298 484	-	31 298 484
Redemption fund asset	1 796 491 042	-	1 796 491 042
	1 827 789 526	**6 837 738 016**	**8 508 439 386**

Financial liabilities

	At fair value	At amortised cost	Total
Retention creditors	-	554 100 882	554 100 882
Payables from exchange transactions	-	6 309 881 141	6 304 881 081
Consumer deposits	-	673 376 886	673 376 886
Loans and bonds: term loans, bonds	-	12 094 233 938	12 094 233 938
Interest rate swap liability	413 339 043	-	413 339 043
Service concession arrangement	-	2 210 550 960	2 210 550 960
Lease liability	-	595 486 251	595 486 251
	-	-	-
	413 339 043	**22 437 630 058**	**22 845 969 041**

Group - 2019

Financial assets

	At fair value	At amortised cost	Total
Investments	-	3 627 053 125	3 627 053 125
Other receivables	-	781 546 819	781 546 819
Consumer receivables	-	3 573 454 946	3 573 454 946
Cash and bank	-	334 174 925	334 174 925
Long term receivables	-	155 087 702	155 087 702
Redemption fund asset	1 172 713 805	-	1 172 713 805
	1 172 713 805	**8 471 317 517**	**9 644 031 322**

Financial liabilities

	At fair value	At amortised cost	Total
Retention creditors	-	564 591 426	564 591 426
Payables from exchange transactions	-	5 653 835 700	5 653 835 700
Consumer deposits	-	558 775 598	558 775 598
Loans and bonds: interest rate swaps	-	6 507 636 534	6 507 636 534
Loans and bonds: term loans, bonds	-	5 062 054 794	5 062 054 794
Service concession arrangement	-	1 950 798 298	1 950 798 298
Finance lease obligation	-	831 263 660	831 263 660
Interest rate swap liability	219 999 785	-	219 999 785
	219 999 785	**21 128 956 010**	**21 348 955 795**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

75. Financial instruments disclosure (continued)

Municipality - 2020

Financial assets

	At fair value	At amortised cost	Total
Investments	-	631 159 289	631 159 289
Other receivables	-	673 386 386	673 386 386
Consumer receivables	-	4 937 758 795	4 937 758 795
Cash and bank	-	216 844 655	216 844 655
Long term receivables	-	133 777 540	133 777 540
Interest rate swap asset	31 298 484	-	31 298 484
Redemption fund asset	1 796 491 042	-	1 796 491 042
	1 827 789 526	**6 592 926 665**	**8 420 716 191**

Financial liabilities

	At fair value	At amortised cost	Total
Retention creditors	-	547 032 262	547 032 262
Payables from exchange transactions	-	6 300 320 175	6 300 320 175
Consumer deposits	-	673 376 886	673 376 886
Loans and bonds: term loans, bonds	-	12 094 233 938	12 094 233 938
Interest rate swap liability	413 339 043	-	413 339 043
Service concession arrangement	-	2 210 550 960	2 210 550 960
Lease liability	-	592 202 816	592 202 816
	413 339 043	**22 417 717 037**	**22 831 056 080**

Municipality - 2019

Financial assets

	At fair value	At amortised cost	Total
Investments	-	3 619 286 445	3 619 286 445
Other receivables	-	762 148 448	762 148 448
Consumer receivables	-	3 573 454 946	3 573 454 946
Cash and bank	-	264 614 430	264 614 430
Long term receivables	-	155 087 702	155 087 702
Redemption fund asset	1 172 713 805	-	1 172 713 805
	1 172 713 805	**8 374 591 971**	**9 547 305 776**

Financial liabilities

	At fair value	At amortised cost	Total
Retention creditors	-	557 957 024	557 957 024
Payables from exchange transactions	-	5 341 712 357	5 341 712 357
Consumer deposits	-	558 775 598	558 775 598
Loans and bonds: interest rate swaps	-	6 507 636 534	6 507 636 534
Loans and bonds: term loans, bonds	-	5 062 054 794	5 062 054 794
Service concession arrangement	-	1 950 798 298	1 950 798 298
Finance lease obligation	-	831 263 660	831 263 660
Bank overdraft	219 999 785	-	219 999 785
	219 999 785	**20 810 198 265**	**21 030 198 050**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

75. Financial instruments disclosure (continued)
Disclosure note amounts compared to financial instruments disclosure and financial instruments: risks involved disclosure

The disclosure in Note 74 and note 75 will differ from what is disclosed in the statement of financial position due to the definitions and requirements of GRAP 104 as not all line items on the statement of financial position constitute a financial instrument in accordance with the definitions of GRAP 104. For example consumer receivables, other receivables and payables from exchange transactions consist of items that do not meet the definition of a financial instrument and these items are therefore excluded in the aforementioned notes.

76. Financial instruments: Risks involved

Risks

In running its operations the city is exposed to variety of financial risks: market, liquidity, credit and interest rate risks. Section 62.(1)(c)(i) Of MFMA states that the Accounting Officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control in response to this the City adopted National Treasury Public Sector Risk Management Framework and is committed to the effective management of the risks. The process is called risk monitoring and control. It involves monitoring the identified risks including the above mentioned financial risks, identifying new risks, and evaluating the overall effectiveness of the risk management plan in reducing the risks.

The Group Financial Services is committed to the effective management of the financial risks, with Treasury office responsible for management of market, liquidity, and interest rate risks. The Revenue office is responsible for credit risk management.In the course of the municipality's business operations it is exposed to interest rate, credit, liquidity and market risk. The Municipality has developed a comprehensive risk management process to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

There was no change in the exposure to risks and how they arise since the previous financial year, with the exception for the impact of the COVID-19 pandemic which also contributed towards the credit risk due to the effect that it had on consumers' ability to pay for their municipality accounts. The objectives, policies and processes for managing the risk and the methods used to measure the risk since the previous financial year remained the same.

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 June 2019 audited annual financial statements, the result was 9.9% meaning that the City is managing its cost of borrowing prudently.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will be negatively affected by the adverse changes in interest rates. Interest rate risk arises from the fluctuations in the economic market due to the economic climate. The Municipality manages its interest rate risk by maintaining an appropriate mix between fixed and floating interest rate borrowings and investments, as well as by entering into interest rate swap contracts on outstanding borrowings. The Municipality's exposure to interest rate risk and the effective interest rates on financial instruments at statement of financial position date are as follows:

The City has significant exposure to interest rate risk due to the volatility in South African interest rates, fluctuations in interest rates on bonds issued and short-term investment will impact the City’s cash flow negatively. The municipality’s interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. The Municipality's policy is to maintain approximately 60% of its borrowings in fixed rate instruments. Although the interest rate swap for the past 2 financial years showed an estimated net loss, it will average out over the long term as the interest rate swaps were taken up for periods ranging between 9 to 20 years.

Mitigation factors -

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

76. Financial instruments: Risks involved (continued)

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

Variable rate loans : R 8 097 074 967 (2019: R6 230 460 474) and

Fixed rate loans: R3 997 158 972 (2019: R5 339 769 946)

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.

Year ended 30 June 2020 - Group

Description	Floating rate		Fixed rate		Non-interest bearing		
	Amount	Amount	Weighted average effective interest rate %	Weighted average period for which rate is fixed Years	Amount	Weighted average period until maturity Years	Total
Assets							
Investments	383 873 721	265 875 168	5,34	-			649 748 889
Long-term receivables:							
Housing loans		11 464 609	13,87	30,00			11 464 609
Sport club loans		1 019 744	11,99	10,00			1 019 744
Sale of land		109 059 607	11,09	5,00			109 059 607
Arrangement debtors		89 092 690	10,13	3,00	-		89 092 690
Trade receivables:							
Other receivables		-	-	-		850 332 921,00	850 332 921
Consumer		14 940 645 773	10,13	1,00	-		14 940 645 773
Cash and bank		277 865 651			-		277 865 651
Interest rate swap asset		31 298 484					31 298 484
Redemption fund asset	1 796 491 042						1 796 491 042
Total financial assets	**2 180 364 763**	**15 726 321 726**			**-**		**18 757 019 410**
Liabilities							
Interest bearing borrowings	2 486 588 407	3 100 000 000	10,37				5 586 588 407
Interest rate swaps (notional amounts)	890 312 488	5 617 324 086	9,75	11,80			6 507 636 574
Trade payables:							
Creditors						309 881 141,00	6 304 881 081
Retention						554 100 882,00	554 100 882
Consumer deposits						673 376 886,00	673 376 886
Service concession arrangements						210 550 960,00	2 210 550 960
Interest rate swap liability		413 339 043					413 339 043
Lease liabilities	595 486 251						595 486 251
Total financial liabilities	**3 972 387 146**	**9 130 663 129**					**22 845 960 084**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

76. Financial instruments: Risks involved (continued)

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

76. Financial instruments: Risks involved (continued)

Year ended 30 June 2019 - Group

Description	Floating rate	Fixed rate		Non-interest bearing		
	Amount	Amount	Weighted average effective interest rate %	Weighted average period for which rate is fixed Years	Amount	Weighted average period until maturity Years	Total
Assets							
Investments	3 623 910 758	3 142 367	16,45	24,75			3 627 053 125
Long-term receivables:							
Housing loans		10 990 612	13,87	30,00			10 990 612
Loans to sport clubs		1 004 151	11,99	10,00			1 004 151
Sale of land		73 701 316	11,09	5,00			73 701 316
Arrangement debtors		699 444	10,50		146 120 166		146 819 610
Trade receivables:							
Consumer		6 212 849 238	10,50	1,00	2 458 574 479		8 671 423 717
Other					1 425 445 418		1 425 445 418
Cash and bank		334 174 925					334 174 925
Redemption fund asset	1 172 713 805						1 172 713 805
Total financial assets	**4 796 624 563**	**6 636 562 053**			**4 030 140 063**		**15 463 326 679**
Liabilities							
Interest bearing borrowings	1 845 987 268	3 216 068 527	10,37	5,70			5 062 055 795
Interest rate swaps (notional amounts)	890 312 448	5 617 324 086	9,75	11,80			6 507 636 534
Lease liabilities		831 263 660					831 263 660
Trade payables:							
Creditors					5 066 983 072	0,08	5 066 983 072
Retention					564 591 426	1,00	564 591 426
Consumer deposits					558 775 598		558 775 598
Service concession arrangements					1 950 798 298		1 950 798 298
Interest rate swap liability		219 999 785					219 999 785
Total financial liabilities	**2 736 299 716**	**9 884 656 058**			**8 141 148 394**		**20 762 104 168**

Interest rate swaps

The group has entered into interest rate swap contracts that entitle it to receive interest at fixed or floating rates on notional principal amounts and that oblige it to pay interest at variable rates or fixed rates on the same amounts. The interest rate swaps allow the group to raise long-term borrowings at fixed rates or floating rates and effectively swap them into variable rates or fixed rates in terms of the structured finance contractual requirements.

The estimated fair value gain/(loss) indicated below was determined by comparing the interest rate swap contracted values (fixed rate) to the variable rate paid.

At the reporting date the group had entered into the following interest rate swaps related to specific statement of financial position items:

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

76. Financial instruments: Risks involved (continued)

	Fair value	Estimated fair value gain/(loss)
30 June 2020		
current asset interest rate swaps	31 298 484	31 298 484
Non-current liability: interest rate swap liability	(413 339 043)	(193 339 258)
	(382 040 559)	**(162 040 774)**

	Fair value	Estimated fair value gain/(loss)
30 June 2019		
	-	(47 235 142)
Non-current liability: interest rate swap liability	(219 999 785)	(137 129 614)
	(219 999 785)	**(184 364 756)**

Change in estimated fair value		
non-current asset interest rate swap	31 298 484	(47 235 142)
non-current liability interest rate swap	(193 339 258)	(137 233 702)
Movement	(162 040 774)	(184 468 844)
	(324 081 548)	**(368 937 688)**

Redemption fund

The redemption fund is a financial solution to assist the City of Tshwane to meet its financial obligations to repay previously issued bonds. The Group made use of the service of a third party fund manager for two thirds of the 2018/19 financial year. However the strategy that was adopted and approved by the City of Tshwane still remains in force for its intended duration without any deviation. The City of Tshwane pays contributions into the fund so as to enable the Municipality to receive contributions plus growth to repay redemptions of bonds when they fall due. This is part of the risk management framework adopted by the City of Tshwane. The financial liabilities of the fund are disclosed in Note 7.

	Fair value	Estimated fair value gain/(loss)
30 June 2020		
Assets: Other financial assets - redemption fund	1 796 491 042	182 784 700

	Fair value	Estimated fair value gain/(loss)
30 June 2019		
Assets: Other financial assets - redemption fund	1 172 713 805	232 612 059
Liability: Other financial assets - redemption fund	-	(122 119 783)
	1 172 713 805	**110 492 276**

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

76. Financial instruments: Risks involved (continued)

Currency risk

The Municipality 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.

Credit rating

As an issuer of long and short term debt instruments to banks and institutional investors in the debt capital market, the City has to undergo independent credit rating assessments, to determine its creditworthiness and its financial ability to make more debt issuances and to repay them.The City has appointed Moody's Investors Service, an approved credit rating agency to perform credit rating assignments on the City's credit profile and to issue credit rating opinions, in terms of the Financial Sector Conduct Authority regulations.

During the financial year under review (2019/20), an annual rating action by Moody's Investors Service was issued on 1 April 2020. Although the outlook of the City was revised by Moody's from stable to negative, the Baseline Credit Assessment (BCA) was affirmed and maintained as a rating of ba1 and the long term Global Scale Ratings (GSR) as Ba1
.
Per the rating action, the affirmation of City's Ba1 rating by Moody's reflected the improvement made in the liquidity profile as well as the declining debt levels. The cash and cash equivalents balance improved from ZAR3.4 billion in 2018 to ZAR4.8 billion in 2019, while debt levels to operating revenue declined to 32% in 2019 from 34% in 2018 and the city projects its debt levels to further decline in the next three years. The city also posted an improved gross operating balance to operating revenue of 8.5% in 2019 from 7.4% in 2018. The City has a flexible debt structure which consists of 20% bullet bonds maturing in 2023 and 2028 respectively which are covered by sinking fund investments while 80% of the total debt consist of amortising debt profiles.

Subsequent to year end, Moody's issued another rating in September 2020.

Credit risk

The risk that one party to a financial instrument will cause a financial loss for the other party by defaulting. The defaulting Consumer receivables on exchange transactions exposes the City to credit risk. The credit risk is very limited due to the nature of the municipality's business and its reliance on government grant as the main source of security funding. The city has Credit Control and Debt Collection Policies to manage the exposure to risk as a result of defaulting customers. Credit control is those managerial, administration and accounting policies the City applies to keep the exposure at a sustainable level while Debt collection is the actual remedies the City takes to enforce the collection of the amounts due and payable to the municipality.

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

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

Credit risk with respect to trade receivables is limited due to the large number of customers comprising the Municipality's customerbase and their dispersion across different industries and geographical areas. The Municipality does not have any significant exposure to any individual customer or counter-party. Accordingly, the Municipality does not consider there to be any significant concentration of credit risk, which has not been adequately provided for. Trade receivables are presented net of the allowance for impairment. The consumer receivables as presented do not include any debt relating to property rates, as property rates do not meet the definition criteria for financial instruments. Strict credit control procedures are in place to mitigate the credit risk relating to trade receivables. Maximum exposure to credit risk: There has been no significant change during the financial year, or since the end of the financial year, to the municipality's exposure to credit risk, the approach tp measurement or the objectives, policies and processes for managing this risk. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking into account the value of any collateral obtained. The major concentrations of credit risk (as a percentage) that arise from the Municipality's receivables in relation to customer classification are as follows:

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

76. Financial instruments: Risks involved (continued)

	30 June 2020	30 June 2019
Consumer receivables:		
Household	47	51
Industrial/Commercial	29	24
National and provincial government	7	4
Other consumer receivables	3	3
Long-term receivables	2	2
Sundry receivables	12	16
	100	**100**

Liquidity risk

The risk that the City may encounter difficulties in raising sufficient funds in meeting its obligations and commitments that are due and payable within 12 months. Availability of adequate resources to meet the City's obligations in the needs of its capital and operating expenditure, creditors at large including employees is critical for the city to continue as a going concern of which cannot be compromised. The Municipality manages liquidity risk through proper management of working capital, capital expenditure and monitoring of actual versus forecasted cash flows. Adequate reserves, liquid resources and unutilised borrowing facilities are also maintained. In terms of its borrowing requirements, the municipality ensures that adequate funds are available to meet its expected and unexpected financial commitments. In terms of its long-term liquidity risk, a reasonable balance is maintained between the period over which assets generate funds and the period over which the respective assets are funded. Capital expenditure, budgeted and forecast cash flow calculations are funded as follows from the capital market.

The maturity profile of the loans and bonds of the City are as follows:

	June 2020	June 2019
Amounts payable within 1 year	R165,461,025.87	R218,371,166.91
Amounts payable between 2 and 5 years	R1,405,727,882.47	R2,025,970,784.89
Amounts payable between 6 and 10 years	R9,022,255,168.58	R9,325,349,377.70
Amounts payable within 11 and 20 years	R1,500,789,863.01	
Total	R12.094,233,939.93	R11,569,691,329

The City, through the Treasury office, manages this risk. The City established the redemption fund as a major safeguard towards therisk. The redemption fund is a financial solution to assist the City to meet its financial obligations. The fund was previously managed by a 3rd party of which this ceased as at February 2019 thus the fund is currently operated by a financial institution
.
Other mitigating factors -

The City has also adopted a Financial Sustainability Plan (FSP) in order to ensure that there is sufficient monitoring and mitigation of threats to financial sustainability with key focus on restructuring of the budget, implementing the revenue enhancement initiatives and commitment to stringent expenditure controls and cost containment particularly on non-essentials and non-revenue generating activities.

The municipality's risk to liquidity may result due to availability of funds to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments, credit facilities as well as monitoring of key financial indicators.

Cash flow forecasts are prepared to determine the City's cash needs and borrowing facilities are monitored closely.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored

	30 June 2020 Rand	30 June 2021 Rand	30 June 2022 Rand
External funding (borrowing): Capital expenditure	1 500 000 000	1 500 000 000	1 500 000 000
Grant funding: Capital expenditure	2 124 310 090	1 530 281 745	1 555 965 285

Market risk

* See Note 63

	Group		Municipality	
	2020	2019 Restated*	2020	2019 Restated*

76. Financial instruments: Risks involved (continued)

The Group is exposed to fluctuating market prices inherent in the purchasing of electricity, water and coal used in the delivery of electricity and water services. The Group manages this risk by giving any price increases through to the consumers on an annual basis. An agreement has been entered into with both Eskom and Rand Water that tariff increases occur only once a year. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of market factors. The cornerstones of market risks are currency risk, interest rate risk and price risk. Market risk cannot simply be eliminated through diversification, though it can be hedged against in other ways.

The group applies the following mitigation factors to market risk-:

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

Financial assets/liabilities:

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

Fair values

The Municipality's financial instruments consist mainly of cash and cash equivalents, trade receivables, investments, consumer payables, long-term debt and derivative instruments (interest rate swaps). No financial asset was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial assets that are available-for-sale or held-for-trading. The following methods and assumptions are used to determine the fair value of each class of financial instrument.

Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets and financial liabilities.

Trade receivables (debtors)

The carrying amount of trade receivables, net of provision for impairment (provision for bad debt), approximates fair value due to the relatively short-term maturity of these financial assets

Investments

Investments are carried at their original cost in the statement of financial position, except for those where the interest received semi annually are capitalised. The fair value of publicly traded instruments is based on quoted market prices for those investments

Trade payables

The carrying amount of trade payables approximates fair value due to the relatively short-term maturity of this financial liability.

Interest-bearing borrowings

Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in surplus or deficit over the period of the borrowings on an effective interest basis. The fair value of interest bearing borrowings with variable interest rates approximates their carrying amounts.

Derivatives (interest rate swaps)

Derivative financial instruments (interest rate swaps) are initially measured at fair value on the contract date and are re-measured to fair value at subsequent reporting dates.

* See Note 63

		Group		Municipality	
		2020	2019 Restated*	2020	2019 Restated*

76. Financial instruments: Risks involved (continued)

Year ended	Fair value	Carrying amount
30 June 2020		
Liabilities		
Interest rate swaps	413 339 043	413 339 043
30 June 2019		
Liabilities		
Interest rate swaps	219 999 785	219 999 785

Capital risk management

The group's objectives when managing capital are to safeguard the group '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 20 and cash and cash equivalents disclosed in Note 9, and equity as disclosed in the statement of financial position.

Consistent with others in the industry, the municipality monitors capital on the basis of the gearing ratio. There are no externally imposed capital requirements. There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year. The gearing ratio at 30 June 2020 and 30 June 2019 respectively were as follows:

There are no externally imposed capital requirements.

The gearing ratio at 30 June 2020 and 30 June 2019 respectively:

Total borrowings					
Finance lease obligation	20	595 486 250	831 263 660	592 202 816	831 263 660
Loans and bonds	19	12 094 233 938	11 569 691 329	12 094 233 938	11 569 691 329
		12 689 720 188	**12 400 954 989**	**12 686 436 754**	**12 400 954 989**
Less: Cash and cash equivalents	9	277 865 652	334 174 925	216 844 652	264 614 430
Net debt		12 411 854 536	12 066 780 064	12 469 592 102	12 136 340 559
Total equity		26 498 193 799	29 303 189 486	26 253 146 500	29 097 755 057
Total capital		**38 910 048 335**	**41 369 969 550**	**38 722 738 602**	**41 234 095 616**

77. Investment in Municipal Entity

Percentage holding	2020	2019	2020	2019
Tshwane Economic Development Agency (Pty) Ltd	-	-	100%	100%

Tshwane Economic Development Agency (Pty) Ltd	2020	2019	2020	2019
Gross Investment	-	-	1 000	1 000
Impairment	-	-	-	-
Tshwane Economic Development Agency	-	-	1 000	1 000
	-	-	-	-

78. Jointly controlled assets

Interactuve Digitall Centre Hub

* See Note 63

Notes to the Audited Consolidated Financial Statements

Figures in Rand

78. Jointly controlled assets (continued)

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 R61 671 583, 19 (2019: R15 080 302,35) and the carrying amount of Interactive Digital Centre Hub assets amounted to R4 019 324.69 for property, plant and equipment and R21 444 193, 49 (2019: R26 459 192,42) for intangible assets

79. Investment in joint venture

Tshwane Automotive Hub Special Economic Zone

During the 2019/20 Financial Year- 06 June 2020, City of Tshwane represented by Tshwane Economic Development Agency entered into a tripartite agreement with Department of Trade, Industry and Competition (DTIC) and Gauteng Department of Economic Development (GDED) for a duration of five years in order to establish a Special economic Zone in a form of Tshwane Automotive Hub Special Economic Zone (TAHSEZ) to industrialize the capital city and mitigate unemployment rates provincially and surrounding Tshwane.

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

This agreement is material in nature hence the disclosure, however there was no impact in the 2019- 2020

* See Note 63

Notes to the Audited Consolidated Financial Statements

Figures in Rand

80. Material losses

Marerial losses				
Opening balance	21 585 127	-	21 585 127	-
Theft and vandalism at Annlin reservoir	-	5 553 136	-	5 553 136
Theft and vandalism at Baviaansport waste water treatment works	-	3 904 346	-	3 904 346
Theft of funds due to Cyber-criminal conduct	53 444 860	12 127 645	53 444 860	12 127 645
Refilwe Manor Bulk Infrastructure vandalism	4 970 982	-	4 970 982	-
Recovery of funds cyber-criminal conduct	(9 312 118)	-	(9 312 118)	-
	70 688 851	**21 585 127**	**70 688 851**	**21 585 127**

* See Note 63

2019/20

Refilwe Manor Bulk Infrastructure Vandalism

Makole Property Developments was appointed as a turnkey contractor responsible for the design, supervision and construction on the project. In November 2018, the construction was completed. The testing of the reservoir, and mechanical works of the pump stations (pump station 12 and 15) has been in progress to date however progress has been slow.

On the 21st of January 2020, a local subcontractor was deployed to site to finalise an audit of outstanding works at the pump stations. Upon arrival, they found that most of the work done has been vandalised

The estimated cost associated with damage and major items being stolen amounted to R 4 970 981.97

Theft of funds due to Cyber-criminal conduct that occurred in 2019/20

In August 2019, the payment of R53 million which was meant to pay the National Fund for Municipal Workers (NFMW) was fraudulently diverted to an unknown ABSA account. Banking details was fraudulently changed on a spreadsheet used to import bulk payments into ABSA system. The City became aware of the incident few days after payment date, where the fund contacted the City to find out about the outstanding payment. ABSA bank was contacted to investigate and to flag the account that received the payment. The funds were already withdrawn and only about 1% of the payment (R400k) was left in the account.

An investigation has been lodged with the Group Audit and Risk, Group ICT and South African Police Service (SAPS) to conduct investigations. SAPS has already tasked the HAWKS to investigate this case.

Theft of funds due to Cyber-criminal conduct that occurred in 2018/19

As at 31st March 2020, the City with the assistance of the bank managed to recover almost 80% of the transfer made as follows;
An amount of R318 616.70 received in April 2019
An amount of R9 312 118.71 received in January 2020
An insurance claim has been submitted for possible loss of R2 496 227.10 i.e. the balance not yet recovered

2018/19

Theft and vandalism at Annlin reservoir

A contractor was appointed to complete the reservoir outstanding works on 23 December 2015 for the construction duration of 10 months. The contractor did not achieve completion by the required date and was therefore put on penalties from 1 February 2017 until practical completion on 25 May 2017. The contractor was unable to complete the snag list and therefore abandoned site, leaving the project at 96% completed stage. Vandalism then occurred at the main valve chamber of the project on 8 January 2018, as a result the contractor was terminated on 12 April 2018.

The estimated vandalism and theft amount disclosed of R5 553 136 is based on the bill of quantities related to the entire reservoir chamber. However, the final assessment conducted by the assessor (who was retained by the insurance company) determined the value of the damage to specific items in the valve chamber to be R535 993.75. The Acting City Manager has instructed the City internal Forensic Service to conduct an investigation into this matter, the actual amount of the loss incurred by the City will be confirmed by the outcome of the investigation process.

Theft and vandalism at Baviaansport waste water treatment works (WWTW)

Vandalism and theft occurred specifically on the projects assets at baviaansport WWTW from May 2015 until June 2016. Assets of the Baviaanspoort WWTW were also vandalised during this period. All the incidents were reported to the South African Police Services (SAPS) and the City's insurance and the incidents have SAPS.

The amount of R3 904 346 disclosed for theft and vandalism is an estimated figure and not actual, the matter is still under investigation and actual amount of the loss incurred by the City will be confirmed by the investigation process.

Theft of funds due to Cyber-criminal conduct

In December 2018, the City suffered an attack when effecting a payment of R12 million where the banking details were fraudulently diverted into an unknown bank account. This matter was referred to the City's internal Forensic department for investigation, the final investigation report has not been received. The matter was also reported to South Africa Police Services. The City with the assistance of the bank managed to recover almost 80% of the transfer made as follows;

An amount of R318 616.70 received in April 2019

An amount of R9 312 118.71 received in January 2020.

* See Note 63

81. Other materials

Analysis of other materials

Petrol and diesel fuel	159 778 187	142 757 853	159 778 187	142 757 853
Electric Reticu (MM)	89 135 408	73 826 968	89 135 408	73 826 968
Other	321 872 072	338 344 236	321 872 072	338 344 236
	570 785 667	**554 929 057**	**570 785 667**	**554 929 057**

82. Disclosure on the impact of Covid-19

The City is aware of fiscal policies which were introduced by Government and there is none that has any bearing on the City's financial instruments. The SARB eased monetary policy through a cumulative repo rate reduction of 300 basis points. This move will reduce the City's cost of borrowing on existing and future loans. There are no new risks emanating from the recent actions of SARB
.
The City has not defaulted on any of its obligations and it has not modified financial assets. The City has not suffered any credit losses, all its financial instrument counterparties are financial institutions whose long term credit rating is at least AA

There are no new risks arising as in the City's financial instruments as a result of COVID-19. The risk associated with the City's financial instruments are disclosed in the financial statements

The City has entered into a PPP agreement for finance lease for fleet. The interest rate in the PPP agreement is linked to the prime rate. With the fiscal measures introduced by the government in response to the Covid 19 pandemic, the prime rate had an impact on the interest rates for the finance lease. The PPP agreement was implemented in 2016, hence the fluctuations in prime rate did not have a significant impact as a large portion of the interest rates has already been repaid.

Impact on Revenue (Services Charges)
Due to the closure of certain industries during the National Lockdown actual income relating to service charges were 10.70% less than the projected revenue, with the highest impact on electricity charges.

Service Category	Budget	Actual	Variance	Percentage deviation
Service Charges: Electricity - 2020	13 439 601 866	11 641 256 895	1 798 344 971	13.38 %
Service Charges: Water - 2020	4 260 352 879	4 068 650 055	191 702 824	4.50 %
Service Charges: Sanitation -2020	1 170 639 796	1 156 823 025	13 816 771	1.18 %
Service charges -refuse revenue-2020	1 687 669 170	1 494 244 189	193 424 981	11.46 %
	20 558 263 711	**18 360 974 164**	**2 197 289 547**	

Payment Level There has been a significant decrease in the level of payment during the 4th quarter. All business partner categories recorded lower payments between April 2020 and June 2020.

Quarter 3	Quarter 4	Variance	%Variance
6,667,299,362.57	5,035,232,957.50	1,632,066,405.07	-24.48%

Debtors Book
The year-on-year growth in the debtor's book is 36.52%. This is the highest year-on-year increase in the last 5 years.

Debt Impairment

The repayment probabilities for the various risk categories were adjusted based on the most recent payment behaviors which resulted in an increase of R3. 324 billion in impairments.

* See Note 63

Appendix A
Supplementary unaudited information

Schedule of external loans as at 30 June 2020

	Interest rate (%)	Redeemable	Balance at Sunday, 30 June 2019	Received during the period	Redeemed written-off during the period	Amortised value	Balance at Tuesday, 30 June 2020	Carrying balance with amortised value at 30 June 2019
			Rand	Rand	Rand	Rand	Rand	Rand
-232915262								
DBSA: Bullet repayment loan	+ 1.55 margin	31.12.2019	(80 021 202)	-	(1 689 674)	78 331 528	-	-
DBSA: Bullet repayment loan	+ 2.5 margin	30.06.2034	(1 600 000 000)	-	-	-	(1 600 000 000)	-
DBSA: Bullet repayment loan	+ 2.4 margin	30.06.2035	(1 500 000 000)	-	-	-	(1 500 000 000)	-
Nedbank Bullet repayment loan	11.86% Fixed rate	24.06.2026	(1 201 169 753)	-	(1 169 753)	-	(1 200 000 000)	-
Nedbank Bullet rep	2.91 margin	21.06.2029	(501 292 193)	-	(1 292 193)	-	(500 000 000)	-
DBSA: Bullet repayment loan	5.02 margin	30.06.2040	-	(1 500 000 000)	-	-	(1 500 000 000)	-
			(4 882 483 148)	**(1 500 000 000)**	**(4 151 620)**	**78 331 528**	**(6 300 000 000)**	**-**
ANNUITY LOANS:								
INCA Annuity loan	9.52	31.03.2020	26 869 983	-	26 869 983	-	-	-
INCA Annuity loan	11.01	30.06.2020	6 693 690	-	6 693 690	-	-	-
DBSA	9.355	31.12.2020	64 462 437	-	45 137 968	-	19 324 469	16 466 599
INCA	10.92	31.12.2020	18 553 608	-	11 919 857	-	6 633 751	6 633 751
INCA	10.81	30.06.2021	18 736 530	-	9 535 886	733 761	9 934 405	9 934 406
DBSA	5.00	31.12.2021	22 653 642	-	12 935 633	-	9 718 009	9 169 912
DBSA	9.835	31.12.2021	115 985 823	-	63 158 886	-	52 826 937	47 433 267
INDWA Annuity	8.74	12.12.2021	53 302 899	-	19 939 181	-	33 363 718	33 363 717
DBSA	6.25	30.06.2028	64 320 973	-	7 602 544	-	56 718 429	54 784 847
DBSA	12,81	30.06.2028	160 648 151	-	13 792 755	-	146 855 396	137 288 165
DBSA	11.32	30.06.2028	158 511 030	-	13 464 530	-	145 046 500	136 624 978
ABSA Roodeplaat Temba	12.50	31.03.2021	64 560 826	-	29 284 398	1 063 799	36 340 227	34 294 991
ABSA Roodeplaat Temba	11.99	31.03.2021	32 858 428	-	14 965 685	521 270	18 414 013	17 959 209
Nedbank Roodeplaat Temba	12.51	31.03.2021	44 374 515	-	20 133 662	8 075	24 248 928	23 568 891
DBSA TIP	6.75	30.06.2029	105 919 232	-	10 661 354	-	95 257 878	91 827 315
Nedbank	9.27	18.05.2020	52 594 206	-	52 594 206	-	-	-
Nedbank	9.32	16.06.2020	52 193 085	-	52 193 085	-	-	-
Standard Bank	Prime -1.28	30.06.2026	609 107 038	-	68 184 781	90 053	541 012 310	540 705 707
Nedbank	2.55 margin	01.03.2023	340 755 441	-	70 826 059	(8 318 400)	261 610 982	266 960 126
Nedbank	2.85 margin	01.03.2023	193 393 756	-	39 974 698	(4 872 038)	148 547 020	151 703 739
RMB (First Rand Bank)	2.05 margin	30.06.2022	157 894 737	-	52 631 579	-	105 263 158	105 263 158
RMB (First Rand Bank)	2.48 margin	01.12.2027	275 862 069	-	34 482 759	-	241 379 310	241 379 310
ABSA Bank	2.65 margin	30.06.2027	867 346 748	-	77 933 795	(1 132 994)	788 279 959	788 293 779
ABSA Bank	1.85 margin	30.06.2029	1 002 190 329	-	100 000 000	(1 137 600)	901 052 729	901 137 600
			4 509 789 176	**-**	**854 916 974**	**(13 044 074)**	**3 641 828 128**	**3 614 793 467**

Appendix A
Supplementary unaudited information

Schedule of external loans as at 30 June 2020

	Interest rate (%)	Redeemable	Balance at Sunday, 30 June 2019 Rand	Received during the period Rand	Redeemed written-off during the period Rand	Amortised value Rand	Balance at Tuesday, 30 June 2020 Rand	Carrying balance with amortised value at 30 June 2019 Rand
MUNICIPAL BONDS								
CoT1: Standard Bank	10.20	2023.04.02	(573 927 890)	-	-	13 927 890	(560 000 000)	(573 927 890)
CoT2: Standard Bank	9.11	2023.04.02	(848 437 142)	-	-	18 437 142	(830 000 000)	(848 437 142)
CoT3: Standard Bank	9.46	2028.06.05	(755 053 973)	-	-	5 053 973	(750 000 000)	(755 053 973)
			(2 177 419 005)	**-**	**-**	**37 419 005**	**(2 140 000 000)**	**(2 177 419 005)**
			(2 550 112 977)	**(1 500 000 000)**	**850 765 354**	**102 706 459**	**(4 798 171 872)**	**1 437 374 462**
FINANCE LEASES								
Super Group	Variable *		120 838 265	20 168 024	44 464 874	11 922 925	108 464 340	-
Talis Fleetmatics	Variable *		337 181 659	17 483 710	160 390 482	28 665 485	222 940 372	-
Moipone	Variable *		373 556 831	-	143 672 519	30 913 834	260 798 146	-
			831 576 755	**37 651 734**	**348 527 875**	**71 502 244**	**592 202 858**	**-**

City of Tshwane Metropolitan Municipality
Appendix B

Analysis of property, plant and equipment as at 30 June 2020 (Municipality only)

	Cost						Accumulated depreciation						
	Opening balance	Acquisitions	Disposals	Transfers	Additions and adjustments	Closing balance	Opening balance	Additions	Depreciation / Impairment	Disposals	Transfers	Closing balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Infrastructure													
Electricity	5 407 717 049	123 479 990	(9 337 571)	-	-	**5 521 859 468**	5 407 717 049	123 479 990	(299 742 085)	(9 337 571)	199 059 561	**5 421 176 944**	5 421 176 946
Information and communication	404 929 404	11 183 859	(1 311)	-	-	**416 111 952**	404 929 404	11 183 859	(125 783 748)	(1 311)	42 652 863	**332 981 067**	332 981 067
Rail	120 307 823	-	-	-	-	**120 307 823**	120 307 823	-	(3 267 490)	-	-	**117 040 333**	117 040 333
Roads	6 435 914 514	7 832 652	-	-	-	**6 443 747 166**	6 435 914 514	7 832 652	(388 815 223)	-	254 946 035	**6 309 877 978**	6 309 877 978
Sanitation	2 992 014 050	-	(244 644)	-	-	**2 991 769 406**	2 992 014 050	-	(127 329 937)	(244 644)	236 358 451	**3 100 797 920**	3 100 797 920
Solid waste	39 699 631	-	-	-	-	**39 699 631**	39 699 631	-	(3 252 934)	-	7 944 318	**44 391 015**	44 391 015
Storm water	1 825 888 377	4 290 263	-	-	-	**1 830 178 640**	1 825 888 377	4 290 263	(82 737 780)	-	86 049 277	**1 833 490 137**	1 833 490 137
Water supply	3 729 701 755	199 651 866	(56 162 876)	-	-	**3 873 190 745**	3 729 701 755	199 651 866	(173 572 636)	(56 162 876)	1 180 887 471	**4 880 505 580**	488 050 580
Assets under construction	8 485 384 091	1 870 581 148	(91 344 793)	-	-	**10 264 620 446**	8 485 384 091	1 870 581 148	(31 499 362)	(91 344 793)	(1 985 385 431)	**8 247 735 653**	8 247 735 653
	29 441 556 694	**2 217 019 778**	**(157 091 195)**	**-**	**-**	**31 501 485 277**	**29 441 556 694**	**2 217 019 778**	**1 236 001 195)**	**(157 091 195)**	**22 512 545**	**30 287 996 627**	**25 895 541 629**
Other property, plant and equipment													
Computer equipment	91 423 963	30 536 345	(180 948)	(44 383)	-	**121 734 977**	91 423 963	30 536 345	(41 469 547)	(180 948)	9 448 610	**89 758 423**	89 714 641
Community assets	2 320 444 308	26 192 294	-	-	-	**2 346 636 602**	2 320 444 308	26 192 294	(161 840 784)	-	55 468 145	**2 240 263 963**	2 240 263 963
Community assets: AUC	357 043 525	483 636 596	-	2 498	1	**840 682 620**	357 043 525	48 363 596	-	-	(55 956 167)	**349 450 954**	349 450 954
Community: service concession	805 437 058	233 490 482	-	-	-	**1 038 927 540**	805 437 058	233 490 482	-	-	-	**1 038 927 540**	1 038 927 540
Furniture and office equipment	69 392 569	3 132 640	(29 233)	44 838	-	**72 540 814**	69 392 569	3 132 640	(19 217 180)	(29 233)	-	**53 278 796**	53 413 179
Libraries	61 224 659	-	-	-	-	**61 224 659**	61 224 659	-	(14 361 668)	-	-	**46 862 991**	46 862 991
Machinery & equipment	189 177 155	34 436 979	(84 218)	-	-	**223 529 916**	189 177 155	34 436 979	(49 303 996)	(84 218)	-	**174 225 920**	174 225 920
Transport assets	405 793 067	41 541 929	(779 415)	-	-	**446 555 581**	405 793 067	41 541 929	(96 524 121)	(779 415)	108 245 285	**458 276 745**	458 276 745
Other assets	10 831 896 220	-	(493 049)	-	-	**10 831 403 171**	1 083 189 622	-	(71 659 578)	(493 049)	(36 144 000)	**974 892 995**	974 892 996
Tshwane House	1 048 306 306	-	-	-	-	**1 048 306 306**	1 048 306 306	-	-	(37 664 318)	-	**1 010 641 988**	1 010 641 988
Rehabilitation assets	75 353 562	(13 217 537)	-	-	-	**62 136 025**	75 353 562	(13 217 537)	(10 480 580)	-	-	**51 655 445**	51 655 445
Leased assets	-	-	1	-	-	**1**	1	-	-	-	-	**1**	2
Other Assets :AUC	394 302 004	480 609 801	-	(2 497)	(1)	**874 909 307**	394 302 004	480 609 801	(4 990 281)	(115 528 147)	-	**754 393 377**	754 393 377
	16 649 794 396	**1 320 359 529**	**(1 566 862)**	**456**	**-**	**17 968 587 519**	**6 901 087 799**	**885 086 529**	**(469 847 735)**	**(154 759 328)**	**81 061 873**	**7 242 629 138**	**7 242 719 741**
Biological assets													
Game (livestock)	11 784 538	-	-	-	-	**11 784 538**	11 784 538	-	-	-	541 464	**12 326 002**	12 326 002
	11 784 538	**-**	**-**	**-**	**-**	**11 784 538**	**11 784 538**	**-**	**-**	**-**	**541 464**	**12 326 002**	**12 326 002**

City of Tshwane Metropolitan Municipality
Appendix B

Analysis of property, plant and equipment as at 30 June 2020 (Municipality only)

	Cost						Accumulated depreciation						
	Opening balance	Acquisitions	Disposals	Transfers	Additions and adjustments	Closing balance	Opening balance	Additions	Depreciation / Impairment	Disposals	Transfers	Closing balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Total property plant and equipment													
	46 103 135 628	**3 537 379 307**	**(158 658 057)**	**456**	**-**	**49 481 857 334**	**36 354 429 031**	**3 102 106 307**	**1 705 848 930)**	**(311 850 523)**	**104 115 882**	**37 542 951 767**	**33 150 587 372**
Heritage assets													
Other heritage	1 536 408	-	-	-	-	**1 536 408**	1 536 048	-	-	-	-	**1 536 048**	1 536 048
Historical buildings	2 899 494 430	-	-	-	-	**2 899 494 430**	2 899 494 430	-	-	(2 030 000)	-	**2 897 464 430**	2 897 464 430
Works of art	471 080 232	-	-	-	-	**471 080 232**	471 080 232	-	-	-	-	**471 080 232**	471 080 232
	3 372 111 072	**-**	**-**	**-**	**-**	**3 372 111 072**	**3 352 392 011**	**-**	**-**	**(2 030 000)**	**-**	**3 350 362 011**	**3 350 362 013**
Investment properties													
Investment assets	1 066 408 489	13 966 207	(13 840 629)	2 934 968	-	**1 069 469 035**	1 066 408 489	13 966 207	(4 039 237)	(13 840 629)	676 405	**1 063 171 235**	1 066 106 204
	1 066 408 489	**13 966 207**	**(13 840 629)**	**2 934 968**	**-**	**1 069 469 035**	**1 066 408 489**	**13 966 207**	**(4 039 237)**	**(13 840 629)**	**676 405**	**1 063 171 235**	**1 066 106 204**
Intangible assets													
Computer software	554 444 256	5 759 597	(65 132 029)	8 779 965	-	**503 851 789**	(300 385 712)	(85 376 038)	-	62 130 132	-	**(323 631 618)**	180 220 171
Servitudes	202 134 110	-	-	-	-	**202 134 110**	-	-	-	-	-	**-**	202 134 110
	756 578 366	**5 759 597**	**(65 132 029)**	**8 779 965**	**-**	**705 985 899**	**(300 385 712)**	**(85 376 038)**	**-**	**62 130 132**	**-**	**(323 631 618)**	**382 354 281**
Total													
Infrastructure	29 441 556 694	2 217 019 778	(157 091 195)	-	-	**31 501 485 277**	29 441 556 694	2 217 019 778	1 236 001 195)	(157 091 195)	22 512 545	**30 287 996 627**	25 895 541 629
Other property, plant and equipment	16 649 794 396	1 320 359 529	(1 566 862)	456	-	**17 968 587 519**	6 901 087 799	885 086 529	(469 847 735)	(154 759 328)	81 061 873	**7 242 629 138**	7 242 719 741
Heritage assets	3 372 111 072	-	-	-	-	**3 372 111 072**	3 352 392 011	-	-	(2 030 000)	-	**3 350 362 011**	3 350 362 013
Intangible assets	756 578 366	5 759 597	(65 132 029)	8 779 965	-	**705 985 899**	(300 385 712)	(85 376 038)	-	62 130 132	-	**(323 631 618)**	382 354 281
Investment properties	1 066 408 489	13 966 207	(13 840 629)	2 934 968	-	**1 069 469 035**	1 066 408 489	13 966 207	(4 039 237)	(13 840 629)	676 405	**1 063 171 235**	1 066 106 204
Biological assets	11 784 538	-	-	-	-	**11 784 538**	11 784 538	-	-	-	541 464	**12 326 002**	12 326 002
	51 298 233 555	**3 557 105 111**	**(237 630 715)**	**11 715 389**	**-**	**54 629 423 340**	**40 472 843 819**	**3 030 696 476**	**1 709 888 167)**	**(265 591 020)**	**104 792 287**	**41 632 853 395**	**37 949 409 870**

Controlling Entity
Appendix H
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

Appendix C
Budgeted Financial Performance (revenue and expenditure by standard classification) for the period ended 30 June 2020

	2019/20										2018/19 Restated
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council policy) and Shifting of funds (i.t.o MFMA s31)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue - Standard											
Governance and administration	**12 628 286 105**	**48 874 988**	**12 677 161 093**		**12 677 161 093**	**12 838 977 604**		**161 816 511**	**101 %**	**102 %**	**12 329 739 256**
Executive and council	49 132 250	2 837 315	51 969 565		51 969 565	39 457 211		(12 512 354)	76 %	80 %	63 397 462
Finance and Administration	12 534 679 684	46 037 673	12 580 717 357		12 580 717 357	12 667 987 662		87 270 305	101 %	101 %	12 219 922 134
Internal Auditing	44 474 171	-	44 474 171		44 474 171	131 532 731		87 058 560	296 %	296 %	46 419 660
Community and public safety	**1 692 529 030**	**(127 112 345)**	**1 565 416 685**		**1 565 416 685**	**1 046 213 822**		**(519 202 863)**	**67 %**	**62 %**	**1 392 092 435**
Community and social services	44 990 857	26 610 000	71 600 857		71 600 857	52 932 693		(18 668 164)	74 %	118 %	57 670 375
Sport and recreation	29 865 401	(6 159 554)	23 705 847		23 705 847	14 202 367		(9 503 480)	60 %	48 %	338 038 261
Public safety	377 360 392	-	377 360 392		377 360 392	208 154 855		(169 205 537)	55 %	55 %	4 643 508
Housing	1 161 135 247	(166 892 559)	994 242 688		994 242 688	696 072 480		(298 170 208)	70 %	60 %	856 701 603
Health	79 177 133	19 329 768	98 506 901		98 506 901	74 851 427		(23 655 474)	76 %	95 %	135 038 688
Economic and environmental services	**1 152 287 702**	**(40 693 281)**	**1 111 594 421**		**1 111 594 421**	**914 362 336**		**(197 232 085)**	**82 %**	**79 %**	**1 232 518 363**
Planning and development	127 452 711	-	127 452 711		127 452 711	68 221 791		(59 230 920)	54 %	54 %	92 289 420
Road transport	1 024 187 984	(46 852 835)	977 335 149		977 335 149	834 998 240		(142 336 909)	85 %	82 %	1 134 921 086
Environmental protection	647 007	6 159 554	6 806 561		6 806 561	11 142 305		4 335 744	164 %	1 722 %	5 307 857
Trading services	**17 706 404 072**	**(167 965 335)**	**17 538 438 737**		**17 538 438 737**	**20 105 512 215**		**2 567 073 478**	**115 %**	**114 %**	**20 351 400 130**
Energy sources	14 034 294 629	(128 598 637)	13 905 695 992		13 905 695 992	12 477 251 721		(1 428 444 271)	90 %	89 %	12 287 128 405
Water management	472 835 178	(31 961 493)	440 873 685		440 873 685	4 819 903 664		4 379 029 979	1 093 %	1 019 %	5 011 343 215
Waste water management	1 511 410 183	(87 659 258)	1 423 750 925		1 423 750 925	1 368 105 353		(55 645 572)	96 %	91 %	1 354 729 473
Waste management	1 687 864 082	80 254 053	1 768 118 135		1 768 118 135	1 440 251 477		(327 866 658)	81 %	85 %	1 698 199 037
Other	**245 654 960**	**1 000 000**	**246 654 960**		**246 654 960**	**226 270 882**		**(20 384 078)**	**92 %**	**92 %**	**226 573 567**
Other	245 654 960	1 000 000	246 654 960		246 654 960	226 270 882		(20 384 078)	92 %	92 %	226 573 567
Total Revenue - Standard	**33 425 161 869**	**(285 895 973)**	**33 139 265 896**		**33 139 265 896**	**35 131 336 859**		**1 992 070 963**	**106 %**	**105 %**	**35 532 323 751**

Appendix C
Budgeted Financial Performance (revenue and expenditure by standard classification) for the period ended 30 June 2020

	2019/20										2018/19 Restated
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council policy) and Shifting of funds (i.t.o MFMA s31)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure - Standard											
Governance and administration	**8 213 439 215**	**(99 185 627)**	**8 114 253 588**	**-**	**8 114 253 588**	**8 513 204 610**	**-**	**398 951 022**	**105 %**	**104 %**	**7 489 997 413**
Executive and council	1 278 282 569	(88 330 136)	1 189 952 433	-	1 189 952 433	1 453 708 366	-	263 755 933	122 %	114 %	1 042 328 457
Finance and Administration	6 613 436 417	77 784 014	6 691 220 431	-	6 691 220 431	6 902 836 912	-	211 616 481	103 %	104 %	6 244 749 856
Internal Audit	321 720 229	(88 639 505)	233 080 724	-	233 080 724	156 659 332	-	(76 421 392)	67 %	49 %	202 919 100
Community and public safety	**5 853 091 293**	**152 221 414**	**6 005 312 707**	**-**	**6 005 312 707**	**5 527 292 674**	**-**	**(478 020 033)**	**92 %**	**94 %**	**5 017 745 297**
Community and social services	355 206 156	35 699 660	390 905 816	-	390 905 816	350 318 901	-	(40 586 915)	90 %	99 %	348 300 825
Sport and recreation	532 599 863	(11 795 549)	520 804 314	-	520 804 314	494 782 722	-	(26 021 592)	95 %	93 %	3 289 845 957
Public safety	3 377 582 490	(20 650 953)	3 356 931 537	-	3 356 931 537	3 224 365 257	-	(132 566 280)	96 %	95 %	19 197 218
Housing	787 871 007	83 189 258	871 060 265	-	871 060 265	655 243 806	-	(215 816 459)	75 %	83 %	641 415 827
Health	799 831 777	65 778 998	865 610 775	-	865 610 775	802 581 988	-	(63 028 787)	93 %	100 %	718 985 470
Economic and environmental services	**3 240 537 431**	**30 599 047**	**3 271 136 478**	**-**	**3 271 136 478**	**3 142 302 910**	**-**	**(128 833 568)**	**96 %**	**97 %**	**3 096 922 194**
Planning and development	1 083 330 408	(47 117 883)	1 036 212 525	-	1 036 212 525	997 819 858	-	(38 392 667)	96 %	92 %	858 152 819
Road transport	1 978 604 372	29 248 399	2 007 852 771	-	2 007 852 771	1 950 351 905	-	(57 500 866)	97 %	99 %	2 068 012 961
Environmental protection	178 602 651	48 468 531	227 071 182	-	227 071 182	194 131 147	-	(32 940 035)	85 %	109 %	170 756 414
Trading services	**17 936 468 048**	**145 732 819**	**18 082 200 867**	**-**	**18 082 200 867**	**18 839 253 931**	**-**	**757 053 064**	**104 %**	**105 %**	**16 897 487 345**
Energy sources	11 868 159 917	42 522 578	11 910 682 495	-	11 910 682 495	12 415 117 786	-	504 435 291	104 %	105 %	11 088 837 290
Water management	3 902 224 719	24 083 570	3 926 308 289	-	3 926 308 289	4 122 647 352	-	196 339 063	105 %	106 %	3 890 457 325
Waste water management	815 168 517	12 283 240	827 451 757	-	827 451 757	790 912 721	-	(36 539 036)	96 %	97 %	683 220 505
Waste management	1 350 914 895	66 843 431	1 417 758 326	-	1 417 758 326	1 510 576 072	-	92 817 746	107 %	112 %	1 234 972 225
Other	**178 150 949**	**(566 842)**	**177 584 107**	**-**	**177 584 107**	**157 377 543**	**-**	**(20 206 564)**	**89 %**	**88 %**	**164 177 047**
Other	178 150 949	(566 842)	177 584 107	-	177 584 107	157 377 543	-	(20 206 564)	89 %	88 %	164 177 047
Total Expenditure - Standard	**35 421 686 936**	**228 800 811**	**35 650 487 747**	**-**	**35 650 487 747**	**36 179 431 668**	**-**	**528 943 921**	**101 %**	**102 %**	**32 666 329 296**
Surplus/(Deficit) for the year	**(1 996 525 067)**	**(514 696 784)**	**(2 511 221 851)**		**(2 511 221 851)**	**(1 048 094 809)**		**1 463 127 042**	**42 %**	**52 %**	**2 865 994 455**

Appendix D
Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the period ended 30 June 2020

	2019/20										2019/18 Restated
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council policy) and Shifting of funds (i.t.o. MFMA s 31	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue by Vote											
Vote 1 - Community & Social Development Services	43 781 738	46 423 117	90 204 855		90 204 855	32 754 566		(57 450 289)	36 %	75 %	73 284 681
Vote 2 - Economic Development and Spatial Planning	439 273 410	1 000 000	440 273 410		440 273 410	333 849 969		(106 423 441)	76 %	76 %	367 795 750
Vote 3 - Emergency Services	46 297 178	-	46 297 178		46 297 178	11 575 369		(34 721 809)	25 %	25 %	59 964 308
Vote 4 - Enviroment and Agriculture Management	1 708 860 041	80 254 053	1 789 114 094		1 789 114 094	1 459 396 878		(329 717 216)	82 %	85 %	1 723 433 329
Vote 5 - Group Audit & Risk	44 474 171	-	44 474 171		44 474 171	131 532 812		87 058 641	296 %	296 %	46 919 660
Vote 6 - Group Financial Services	12 336 718 588	26 298 673	12 363 017 261		12 363 017 261	12 510 907 489		147 890 228	101 %	101 %	12 032 765 924
Vote 7 - Group Property Management	112 200 169	10 000 000	122 200 169		122 200 169	104 370 391		(17 829 778)	85 %	93 %	134 486 457
Vote 8 - Health	67 314 130	2 353 966	69 668 096		69 668 096	69 897 704		229 608	100 %	104 %	63 506 294
Vote 9 - Human Settlement	1 161 406 731	(166 892 559)	994 514 172		994 514 172	696 253 798		(298 260 374)	70 %	60 %	832 196 664
Vote 10 - Tshwane Metro Police Department	341 848 727	-	341 848 727		341 848 727	200 913 698		(140 935 029)	59 %	59 %	320 926 146
Vote 11 - Regional Operations and Coordination	25 548 306	-	25 548 306		25 548 306	21 815 583		(3 732 723)	85 %	85 %	57 703 893
Vote 12 - Roads and Transport	1 047 411 348	(46 852 835)	1 000 558 513		1 000 558 513	858 600 973		(141 957 540)	86 %	82 %	1 140 446 541
Vote 13 - Shared Services	1 193 691	-	1 193 691		1 193 691	216 893		(976 798)	18 %	18 %	13 589
Vote 14 - Utility Services	20 267 786 976	(248 219 388)	20 019 567 588		20 019 567 588	18 658 732 760		(1 360 834 828)	93 %	(7)%	18 642 768 970
Vote 15 - Other Departments	31 046 666	9 739 000	40 785 666		40 785 666	40 517 977		(267 689)	99 %	131 %	36 611 547
	-	-	-		-	-		-	DIV/0 %	DIV/0 %	-
	-	-	-		-	-		-	DIV/0 %	DIV/0 %	-
	-	-	-		-	-		-	DIV/0 %	DIV/0 %	-
	-	-	-		-	-		-	- %	- %	-
Total Revenue by Vote	**37 675 161 870**	**(285 895 973)**	**37 389 265 897**		**37 389 265 897**	**35 131 336 860**		**(2 257 929 037)**	**94 %**	**93 %**	**35 532 823 753**

Appendix D
Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the period ended 30 June 2020

	2019/20										2019/18 Restated
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council policy) and Shifting of funds (i.t.o. MFMA s 31	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure by Vote to be appropriated											
Vote 1 - Community & Social Development Services	505 172 052	39 604 269	544 776 321	-	544 776 321	562 863 327	10 012 219	18 087 006	103 %	111 %	449 528 729
Vote 2 - Economic Development and Spatial Planning	601 244 412	9 240 502	610 484 914	-	610 484 914	548 583 373	-	(61 901 541)	90 %	91 %	512 058 779
Vote 3 - Emergency Services	809 684 680	22 010 193	831 694 873	-	831 694 873	7 847 600 832	-	7 015 905 959	944 %	969 %	747 863 141
Vote 4 - Enviroment and Agriculture Management	1 671 170 844	78 936 271	1 750 107 115	-	1 750 107 115	1 836 943 336	70 505 299	86 836 221	105 %	110 %	1 581 894 012
Vote 5 - Group Audit & Risk	345 782 160	(87 820 691)	257 961 469	-	257 961 469	176 094 849	-	(81 866 620)	68 %	51 %	218 629 268
Vote 6 - Group Financial Services	3 295 551 259	121 240 073	3 416 791 332	-	3 416 791 332	3 953 858 218	536 322 993	537 066 886	116 %	120 %	3 254 606 293
Vote 7 - Group Property Management	864 402 333	(20 160 160)	844 242 173	-	844 242 173	855 263 052	12 300 043	11 020 879	101 %	99 %	802 409 645
Vote 8 - Health	459 327 293	17 928 046	477 255 339	-	477 255 339	442 096 300	-	(35 159 039)	93 %	96 %	395 458 895
Vote 9 - Human Settlement	819 527 311	83 131 929	902 659 240	-	902 659 240	679 782 317	-	(222 876 923)	75 %	83 %	354 748 797
Vote 10 - Tshwane Metro Police Department	2 870 311 559	496 562	2 870 808 121	-	2 870 808 121	2 746 335 658	-	(124 472 463)	96 %	96 %	2 411 864 143
Vote 11 - Regional Operations and Coordination	2 901 315 892	2 211 564	2 903 527 456	-	2 903 527 456	2 871 906 569	-	(31 620 887)	99 %	99 %	3 211 068 800
Vote 12 - Roads and Transport	1 727 354 535	19 226 967	1 746 581 502	-	1 746 581 502	1 725 814 424	-	(20 767 078)	99 %	100 %	1 474 934 426
Vote 13 - Shared Services	1 604 828 275	(19 218 694)	1 585 609 581	-	1 585 609 581	1 377 088 158	-	(208 521 423)	87 %	86 %	1 441 022 701
Vote 14 - Utility Services	15 318 984 487	(13 204 284)	15 305 780 203	-	15 305 780 203	16 169 604 570	857 483 573	863 824 367	106 %	106 %	14 399 322 328
Vote 15 - Other Departments	1 627 029 842	(24 821 738)	1 602 208 104	-	1 602 208 104	1 448 436 688	9 817 600	(153 771 416)	90 %	89 %	1 410 919 370
	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Total Expenditure by Vote	**35 421 686 934**	**228 800 809**	**35 650 487 743**	**-**	**35 650 487 743**	**43 242 271 671**	**1 496 441 727**	**7 591 783 928**	**121 %**	**122 %**	**34 312 300 996**
Surplus/(Deficit) for the year	**2 253 474 936**	**(514 696 782)**	**1 738 778 154**		**1 738 778 154**	**(8 110 934 811)**		**(9 849 712 965)**	**(466)%**	**(360)%**	**1 220 522 757**

Appendix E
Budgeted Financial Performance (revenue and expenditure) for the period ended 30 June 2020

	2019/20													2019/18 Restated
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council policy) and Shifting of funds (i.t.o. MFMA s31)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue By Source														
Property rates	7 490 492 531	(26 681 259)	7 463 811 272		7 463 811 272	7 457 434 560		(6 376 712)	100 %	100 %				7 142 456 025
Service charges - electricity revenue	13 453 615 503	(14 013 637)	13 439 601 866		13 439 601 866	11 758 546 831		(1 681 055 035)	87 %	87 %				11 982 299 418
Service charges - water revenue	4 292 528 095	(32 175 216)	4 260 352 879		4 260 352 879	4 075 088 743		(185 264 136)	96 %	95 %				4 165 512 144
Service charges - sanitation revenue	1 171 499 054	(859 258)	1 170 639 796		1 170 639 796	1 203 880 511		33 240 715	103 %	103 %				1 158 347 874
Service charges - refuse revenue	1 687 670 762	(1 592)	1 687 669 170		1 687 669 170	1 323 457 997		(364 211 173)	78 %	78 %				1 710 149 397
Rental of facilities and equipment	158 013 284	-	158 013 284		158 013 284	116 048 135		(41 965 149)	73 %	73 %				142 756 417
Interest earned: External investments	196 254 242	-	196 254 242		196 254 242	235 584 312		39 330 070	120 %	120 %				391 948 285
Interest earned: Outstanding debtors	846 595 367	-	846 595 367		846 595 367	860 736 503		14 141 136	102 %	102 %				860 736 503
Fines, penalties and forfeits	334 088 749	-	334 088 749		334 088 749	195 091 556		(138 997 193)	58 %	58 %				314 688 655
Licences and permits	54 588 090	-	54 588 090		54 588 090	37 338 520		(17 249 570)	68 %	68 %				46 618 295
Transfers and subsidies	4 726 160 457	302 531 777	5 028 692 234		5 028 692 234	4 710 631 770		(318 060 464)	94 %	100 %				4 501 238 850
Other revenue	1 029 702 725	-	1 029 702 725		1 029 702 725	1 007 462 160		(22 240 565)	98 %	98 %				843 533 727
Gains	-	-	-		-	31 285 848		31 285 848	- %	- %				258 462 608
Total Revenue (excluding capital transfers and contributions)	**35 441 208 859**	**228 800 815**	**35 670 009 674**		**35 670 009 674**	**33 012 587 446**		**(2 657 422 228)**	**93 %**	**93 %**				**33 518 748 198**

Appendix E
Budgeted Financial Performance (revenue and expenditure)
for the period ended 30 June 2020

	2019/20													2019/18 Restated
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council policy) and Shifting of funds (i.t.o. MFMA s31)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure By Type														
Employee-related costs	10 444 652 495	165 347 000	10 609 999 495	-	10 609 999 495	11 615 144 656	-	1 005 145 161	109 %	111 %	-	-	-	9 045 797 030
Remuneration of councillors	142 093 151	-	142 093 151	-	142 093 151	1 051 416 646	-	909 323 495	740 %	740 %	-	-	-	126 684 957
Debt impairment	1 639 519 100	-	1 639 519 100	-	1 639 519 100	3 095 462 994	-	1 455 943 894	189 %	189 %	-	-	-	1 803 186 397
Depreciation and asset impairment	2 130 502 326	(9 869)	2 130 492 457	-	2 130 492 457	2 134 599 248	-	4 106 791	100 %	100 %	-	-	-	2 119 464 125
Finance charges	1 502 183 707	(116 072 559)	1 386 111 148	-	1 386 111 148	1 514 164 243	-	128 053 095	109 %	101 %	-	-	-	1 501 280 227
Bulk purchases	12 112 891 534	28 045 210	12 140 936 744	-	12 140 936 744	11 992 920 795	-	(148 015 949)	99 %	99 %	-	-	-	10 777 375 304
Other materials	687 810 521	123 907 824	811 718 345	-	811 718 345	627 812 643	-	(183 905 702)	77 %	91 %	-	-	-	555 279 230
Contracted services	4 069 242 493	280 986 254	4 350 228 747	-	4 350 228 747	3 679 374 169	-	(670 854 578)	85 %	90 %	-	-	-	3 225 232 372
Transfers and subsidies	163 190 835	(5 224 591)	157 966 244	-	157 966 244	145 957 729	-	(12 008 515)	92 %	89 %	-	-	-	137 168 302
Other expenditure	2 529 600 775	(248 360 700)	2 281 240 075	-	2 281 240 075	2 365 933 751	-	84 693 676	104 %	94 %	-	-	-	2 998 541 925
Losses	-	182 241	182 241	-	182 241	68 628 570	-	68 446 329	37 658 %	100 %	-	-	-	376 319 456
Total Expenditure	**35 421 686 937**	**228 800 810**	**35 650 487 747**	**-**	**35 650 487 747**	**38 291 415 444**	**-**	**2 640 927 697**	**107 %**	**108 %**	**-**	**-**	**-**	**32 666 329 325**
Surplus/(Deficit)	**19 521 922**	**5**	**19 521 927**		**19 521 927**	**(5 278 827 998)**		**(5 298 349 925)**	**(27 041)%**	**(27 041)%**				**852 418 873**
Transfers recognised - capital (monetary - National/Provincial)	2 203 953 010	(521 696 788)	1 682 256 222		1 682 256 222	1 474 039 328		(208 216 894)	88 %	67 %				2 013 310 602
Transfers recognised - capital (monetary - Departmental agencies)	30 000 000	7 000 000	37 000 000		37 000 000	851 036		(36 148 964)	- %	- %				15 000 000
Surplus/(Deficit) after capital transfers and contributions	**2 253 474 932**	**(514 696 783)**	**1 738 778 149**		**1 738 778 149**	**(3 803 937 634)**		**(5 542 715 783)**	**(219)%**	**(169)%**				**2 880 729 475**
Surplus/(Deficit) after taxation	**2 253 474 932**	**(514 696 783)**	**1 738 778 149**		**1 738 778 149**	**(3 803 937 634)**		**(5 542 715 783)**	**(219)%**	**(169)%**				**2 880 729 475**
Surplus/(Deficit) attributable to municipality	**2 253 474 932**	**(514 696 783)**	**1 738 778 149**		**1 738 778 149**	**(3 803 937 634)**		**(5 542 715 783)**	**(219)%**	**(169)%**				**2 880 729 475**
Surplus/(Deficit) for the year	**2 253 474 932**	**(514 696 783)**	**1 738 778 149**		**1 738 778 149**	**(3 803 937 634)**		**(5 542 715 783)**	**(219)%**	**(169)%**				**2 880 729 475**

Appendix F
Budgeted Capital Expenditure by vote, standard classification and funding for the period ended 30 June 2020

	2019/20														2018/19 Restated
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital expenditure - Vote															
Multi-year expenditure															
Vote 1 - Community & Social Development	65 857 000	19 813 117	85 670 117	-	-	85 670 117	31 791 012	-	(53 879 105)	37 %	48 %	-	-	-	152 853 710
Vote 2 - Economic Development & Spatial Planning	68 364 500	66 950 000	135 314 500	-	-	135 314 500	43 277 740	-	(92 036 760)	32 %	63 %	-	-	-	62 182 704
Vote 3 - Emergency Services	68 300 000	(28 650 000)	39 650 000	-	-	39 650 000	25 302 221	-	(14 347 779)	64 %	37 %	-	-	-	25 613 246
	-	-	-	-	-	-	-	-	-	DIV/0 %	- %	-	-	-	-
Vote 4 - Environment and Agriculture Management	63 000 000	-	63 000 000	-	-	63 000 000	34 383 145	-	(28 616 855)	55 %	55 %	-	-	-	588 646 492
Vote 5 - Group Audit & Risk	25 150 000	-	25 150 000	-	-	25 150 000	13 297 762	-	(11 852 238)	53 %	53 %	-	-	-	7 598 346
Vote 6 - Group Financial Services	114 262 350	(70 000 000)	44 262 350	-	-	44 262 350	25 619 764	-	(18 642 586)	58 %	22 %	-	-	-	-
Vote 7 - Group Property Management	4 500 000	(700 000)	3 800 000	-	-	3 800 000	699 384	-	(3 100 616)	18 %	16 %	-	-	-	2 451 578
Vote 8 - Health	40 661 000	(13 011 082)	27 649 918	-	-	27 649 918	9 839 112	-	(17 810 806)	36 %	24 %	-	-	-	288 485 182
Vote 9 - Human Settlement	949 200 000	(322 774 247)	626 425 753	-	-	626 425 753	377 040 388	-	(249 385 365)	60 %	40 %	-	-	-	49 176 805
Vote 10 - Tshwane Metro Police Department	37 067 879	-	37 067 879	-	-	37 067 879	35 162 810	-	(1 905 069)	95 %	95 %	-	-	-	3 493 056
Vote 11 - Regional Operations and Coordination	50 000 000	-	50 000 000	-	-	50 000 000	39 850 000	-	(10 150 000)	80 %	80 %	-	-	-	1 099 405
Vote 12 - Roads and Transport	1 007 368 729	(133 508 758)	873 859 971	-	-	873 859 971	713 335 810	-	(160 524 161)	82 %	71 %	-	-	-	711 698 040
Vote 13 - Shared Services	283 500 000	67 200 000	350 700 000	-	-	350 700 000	306 766 111	-	(43 933 889)	87 %	108 %	-	-	-	112 307 001
Vote 14 - Utility Service	1 235 464 681	(246 994 583)	988 470 098	-	-	988 470 098	924 773 506	-	(63 696 592)	94 %	75 %	-	-	-	1 236 077 558
Vote 15 - Other Departments	14 050 000	3 331 326	17 381 326	-	-	17 381 326	2 188 798	-	(15 192 528)	13 %	16 %	-	-	-	192 502 419
Capital multi-year expenditure sub-total	**4 026 746 139**	**(658 344 227)**	**3 368 401 912**	**-**	**-**	**3 368 401 912**	**2 583 327 563**	**-**	**(785 074 349)**	**77 %**	**64 %**	**-**	**-**	**-**	**3 595 657 175**
Single-year expenditure															
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Economic Development & Spatial Planning	250 000	-	250 000	-	-	250 000	212 718	-	(37 282)	85 %	85 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Group Property Management	15 200 000	700 000	15 900 000	-	-	15 900 000	167 440	-	(15 732 560)	1 %	100 %	-	-	-	-
Human Settlement	-	122 349 899	122 349 899	-	-	122 349 899	234 426 126	-	112 076 227	192 %	DIV/0 %	-	-	-	-
Regional Operations & Coordination	1 200 000	2 463 746	3 663 746	-	-	3 663 746	443 846	-	(3 219 900)	- %	- %	-	-	-	-
Utility	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	7 500 000
Other Departments	400 000	2 190 000	2 590 000	-	-	2 590 000	176 727	-	(2 413 273)	7 %	100 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Capital single-year expenditure sub-total	**17 050 000**	**127 703 645**	**144 753 645**	**-**	**-**	**144 753 645**	**235 426 857**	**-**	**90 673 212**	**163 %**	**1 381 %**	**-**	**-**	**-**	**7 500 000**
Total Capital Expenditure - Vote	**4 043 796 139**	**(530 640 582)**	**3 513 155 557**	**-**	**-**	**3 513 155 557**	**2 818 754 420**	**-**	**(694 401 137)**	**80 %**	**70 %**	**-**	**-**	**-**	**3 603 157 175**

Appendix F
Budgeted Capital Expenditure by vote, standard classification and funding for the period ended 30 June 2020

	2019/20														2018/19 Restated
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital Expenditure - Standard															
Governance and administration	**450 233 257**	**5 621 326**	**455 854 583**	**-**	**-**	**455 854 583**	**369 366 648**	**-**	**(86 487 935)**	**81 %**	**82 %**	**-**	**-**	**-**	**128 273 839**
Executive and Council	-	81 326	81 326	-	-	81 326	-	-	(81 326)	- %	DIV/0 %	-	-	-	3 321 132
Finance and administration	450 083 257	5 540 000	455 623 257	-	-	455 623 257	369 243 374	-	(86 379 883)	81 %	82 %	-	-	-	117 354 361
Internal Audit	150 000	-	150 000	-	-	150 000	123 274	-	(26 726)	82 %	82 %	-	-	-	7 598 346
Community and public safety	**943 168 000**	**(44 104 128)**	**899 063 872**	**-**	**-**	**899 063 872**	**622 776 424**	**-**	**(276 287 448)**	**69 %**	**66 %**	**-**	**-**	**-**	**1 110 292 037**
Community and social services	31 307 000	67 251 944	98 558 944	-	-	98 558 944	14 264 895	-	(84 294 049)	14 %	46 %	-	-	-	137 653 086
Sport and recreation	49 000 000	(5 000 000)	44 000 000	-	-	44 000 000	16 808 494	-	(27 191 506)	38 %	34 %	-	-	-	614 233 232
Housing	822 200 000	(199 549 923)	622 650 077	-	-	622 650 077	577 766 325	-	(44 883 752)	93 %	70 %	-	-	-	49 176 805
Health	40 661 000	93 193 851	133 854 851	-	-	133 854 851	13 936 710	-	(119 918 141)	10 %	34 %	-	-	-	299 030 199
Economic and environmental services	**1 121 757 322**	**(157 190 012)**	**964 567 310**	**-**	**-**	**964 567 310**	**786 128 238**	**-**	**(178 439 072)**	**82 %**	**70 %**	**-**	**-**	**-**	**628 180 479**
Planning and development	44 468 343	75 725 250	120 193 593	-	-	120 193 593	27 520 848	-	(92 672 745)	23 %	62 %	-	-	-	49 904 643
Road transport	1 077 288 979	(232 915 262)	844 373 717	-	-	844 373 717	758 607 390	-	(85 766 327)	90 %	70 %	-	-	-	578 275 836
Trading services	**1 391 714 681**	**(202 174 008)**	**1 189 540 673**	**-**	**-**	**1 189 540 673**	**985 290 706**	**-**	**(204 249 967)**	**83 %**	**71 %**	**-**	**-**	**-**	**1 384 485 789**
Energy sources	648 026 071	(117 272 423)	530 753 648	-	-	530 753 648	496 426 927	-	(34 326 721)	94 %	77 %	-	-	-	854 329 942
Water management	436 638 610	(2 904 798)	433 733 812	-	-	433 733 812	391 303 047	-	(42 430 765)	90 %	90 %	-	-	-	300 790 539
Waste water management	270 300 000	(81 996 787)	188 303 213	-	-	188 303 213	79 713 144	-	(108 590 069)	42 %	29 %	-	-	-	225 098 163
Waste management	36 750 000	-	36 750 000	-	-	36 750 000	17 847 588	-	(18 902 412)	49 %	49 %	-	-	-	4 267 145
Other	**4 855 000**	**4 855 000**	**9 710 000**	**-**	**-**	**9 710 000**	**3 293 076**	**-**	**(6 416 924)**	**34 %**	**68 %**	**-**	**-**	**-**	**47 798 403**
Other	4 855 000	4 855 000	9 710 000	-	-	9 710 000	3 293 076	-	(6 416 924)	34 %	68 %	-	-	-	47 798 403
Total Capital Expenditure - Standard	**3 911 728 260**	**(392 991 822)**	**3 518 736 438**	**-**	**-**	**3 518 736 438**	**2 766 855 092**	**-**	**(751 881 346)**	**79 %**	**71 %**	**-**	**-**	**-**	**3 299 030 547**
Funded by:															
National Government	2 191 596 010	(541 509 905)	1 650 086 105	-		1 650 086 105	1 474 738 996		(175 347 109)	89 %	67 %				1 945 325 042
Provincial Government	12 357 000	19 813 117	32 170 117	-		32 170 117	27 023 601		(5 146 516)	84 %	219 %				31 487 716
Other transfers and grants	30 000 000	7 000 000	37 000 000	-		37 000 000	-		(37 000 000)	- %	- %				-
Transfers recognised - capital	**2 233 953 010**	**(514 696 788)**	**1 719 256 222**	**-**		**1 719 256 222**	**1 501 762 597**		**(217 493 625)**	**87 %**	**67 %**				**1 976 812 758**
Borrowing	1 500 000 000	-	1 500 000 000	-		1 500 000 000	1 080 893 588		(419 106 412)	72 %	72 %				1 094 386 808
Internally generated funds	309 843 129	(15 943 795)	293 899 334	-		293 899 334	257 185 500		(36 713 834)	88 %	83 %				217 367 315
Total Capital Funding	**4 043 796 139**	**(530 640 583)**	**3 513 155 556**	**-**		**3 513 155 556**	**2 839 841 685**		**(673 313 871)**	**81 %**	**70 %**				**3 349 723 978**

Appendix G
Budgeted Cash Flows
for the period ended 30 June 2020

	2019/20								2018/19 Restated
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Cash flow from operating activities									
Receipts									
Other sources	7 041 062 979	(547 547 172)	6 493 515 807	6 493 515 807	303 462 648	(6 190 053 159)	5 %	4 %	131 712 779
Rate payers/Consumers	201 311 506 268	(1 508 708 902)	199 802 797 366	199 802 797 366	22 657 422 611	(177 145 374 755)	11 %	11 %	25 369 303 241
Government - operating	4 726 160 457	302 531 777	5 028 692 234	5 028 692 234	4 491 771 985	(536 920 249)	89 %	95 %	4 269 322 608
Government - capital	2 353 629 160	(514 696 788)	1 838 932 372	1 838 932 372	1 997 632 889	158 700 517	109 %	85 %	2 089 119 435
Interest	196 887 427	-	196 887 427	196 887 427	237 298 935	40 411 508	121 %	121 %	385 762 113
Payments									
Suppliers and employees	(29 742 606 154)	(203 413 277)	(29 946 019 431)	(29 946 019 431)	27 844 238 142	57 790 257 573	(93)%	(94)%	25 953 907 318
Finance cost	(1 502 320 725)	116 072 559	(1 386 248 166)	(1 386 248 166)	(1 511 565 646)	(125 317 480)	109 %	101 %	(1 538 410 885)
Transfers and grants	(57 340 340)	5 224 591	(52 115 749)	(52 115 749)	(3 477 277)	48 638 472	7 %	6 %	(46 743 213)
Taxation on surplus	-	-	-	-	(1 836 905)	(1 836 905)	DIV/0 %	DIV/0 %	100 270
	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net cash flow from/used operating activities	**184 326 979 072**	**(2 350 537 212)**	**181 976 441 860**	**181 976 441 860**	**56 014 947 382**	**(125 961 494 478)**	**31 %**	**30 %**	**56 614 073 666**
Cash flow from investing activities									
Receipts									
Proceeds on disposal of PPE, investment property and intangible assets	-	-	-	-	4 650 431	4 650 431	- %	- %	34 277 968
Capital contribution to sinking fund	-	-	-	-	-	-	- %	- %	-
Decrease/(increase) other non-current receivables	(16 235 034)	8 772 359	(7 462 675)	(7 462 675)	21 879 040	29 341 715	(293)%	(135)%	18 723 201
Movement in financial assets	(100 000 000)	(268 350 090)	(368 350 090)	(368 350 090)	857 741 838	1 226 091 928	(233)%	(858)%	331 818 403
Payments									
Capital assets	4 205 979 757	1 032 277 286	5 238 257 043	5 238 257 043	2 914 606 882	(2 323 650 161)	56 %	69 %	3 427 166 987
(Purchases)/repayment of leased assets	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Transfer of functions	-	-	-	-	-	-	DIV/0 %	DIV/0 %	11 627 223
Retirement /disposal of property, plant and equipment	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net cash flow from/used investing activities	**4 089 744 723**	**772 699 555**	**4 862 444 278**	**4 862 444 278**	**3 798 878 191**	**(1 063 566 087)**	**78 %**	**93 %**	**3 823 613 782**
Cash flow from financing activities									
Borrowing long-term/refinancing	1 500 000 000	-	1 500 000 000	1 500 000 000	1 500 000 000	-	100 %	100 %	1 500 000 000
Movement in interest rate swap liability	-	-	-	-	-	-	- %	- %	-
Increase/(decrease) in Service concession arrangements	-	-	-	-	207 855 650	207 855 650	- %	- %	221 326 979
Payments									
Repayment of borrowing(long-term)	1 041 243 115	134 700 313	1 175 943 428	1 175 943 428	(936 763 721)	(2 112 707 149)	(80)%	(90)%	(748 422 425)
Movement in redemption fund	-	-	-	-	-	-	- %	- %	(29 689 793)
Repayment of finance leases	-	-	-	-	(349 185 016)	(349 185 016)	- %	- %	(322 863 793)
Net cash flow from/used financing activities	**2 541 243 115**	**134 700 313**	**2 675 943 428**	**2 675 943 428**	**421 906 913**	**(2 254 036 515)**	**16 %**	**17 %**	**620 350 968**

Appendix G
Budgeted Cash Flows
for the period ended 30 June 2020

	2019/20								2018/19 Restated
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Net increase/(decrease) in cash held	**190 957 966 910**	**(1 443 137 344)**	**189 514 829 566**	**189 514 829 566**	**60 235 732 486**	**(129 279 097 080)**	**32 %**	**32 %**	**61 058 038 416**
Cash/cash equivalents at the year begin:	3 537 943 204	(593 082 463)	2 944 860 741	2 944 860 741	3 096 855 805	(151 995 064)	105 %	88 %	2 392 712 763
Cash/cash equivalents at the year end:	**194 495 910 114**	**(2 036 219 807)**	**192 459 690 307**	**192 459 690 307**	**63 332 588 291**	**(129 431 092 144)**	**33 %**	**33 %**	**63 450 751 179**

Supplementary Information

	Group	Municipality

Sub-heading

The supplementary information presented does not form part of the audited consolidated financial statements and is unaudited