

14. CITY STRATEGY AND ORGANISATIONAL PERFORMANCE DEPARTMENT
CITY OF TSHWANE ANNUAL REPORT IN TERMS OF SECTION 46 OF THE
MUNICIPAL SYSTEMS ACT FOR FINANCIAL YEAR 2017/18
**(From the Special Executive Committee: 14 January 2019, the Mayoral
Committee: 16 January 2019 and the Special Mayoral Committee: 23 January
2019)**

1. PURPOSE

To table the Consolidated Audited Annual Report of the City of Tshwane and its municipal entities for the period July 2017 to June 2018, as per section 127(2) of the Municipal Finance Management Act (MFMA). The purpose of the Annual Report is to provide a record of activities, report on performance against the budget and promote accountability to the local community for the decisions made through-out the year by the municipality or municipal entity.

2. STRATEGIC PILLARS

A City that is open, honest and responsive

3. BACKGROUND

Section 121 of the MFMA requires every municipality and every municipal entity to prepare an Annual Report for each financial year. The key requirements of the MFMA pertaining to the annual report are set out in sections 121, 127 and 129. The Accounting Officer must in compliance to section 127(5) make the Annual Report public and submit the Annual Report to the Auditor-General (AG), the Gauteng Provincial Treasury and the Gauteng Department of Cooperative Governance and Traditional Affairs (COGTA).

In addition, section 45 and 46 of the Municipal Systems Act (MSA) require the performance results of a municipality to be audited as part of the internal auditing process conducted by the Auditor-General. These sections also require that the Annual Performance Report must form part of the municipality's Annual Report. The Consolidated Annual Report has been audited by the Auditor-General (AG) and the report of the Auditor-General is contained within the report.

4. DISCUSSION

4.1 PROCESS OF COMPILING THE ANNUAL REPORT

Annual Report Process Plan: the Mayoral Committee approved a process plan for the compilation and tabling of the Annual Report 2017/18 in May 2018. The attached Consolidated Annual Report was developed following the approved process plan and inconsideration of the guidelines issued by National Treasury. It complies with the various sections of the MFMA and MSA which are relevant for the development of the Annual Report.

Internally (within the City), the drafted Annual Performance Report and the Annual Report were submitted and discussed in various structures of the City as part of the combined assurance mechanisms instituted. These structures include Group Audit and Risk Department for auditing, EXCO, Audit and Performance Committee (APC) and Mayco. The Annual Performance Report and the Annual Financial Statements (AFS) were approved at the Mayoral Committee and by the APC before they were submitted by the Accounting Officer to the Auditor-General South Africa for external audit in August 2018.

Municipal Entities drafted and submitted their Annual Performance Reports (APR) and Annual Financial Statements (AFS) directly to the Auditor General South Africa (AGSA) for audit in August 2018 in accordance with section 126 of the MFMA. Furthermore, the municipality submitted the Consolidated Financial Statements to the Auditor-General South Africa for audit purposes in September 2018 in fulfilment of section 126(1)(b) of the MFMA. These key components form an integral part of the Consolidated Annual Report attached hereto.

Following the submission of the City's and Municipal Entities' APR and AFS to AGSA, AGSA conducted its regularity audit based on the reported information. This interactive audit process which entailed a series of engagements between the City officials and the auditors from AGSA culminated with AGSA issuing a final audit report to the City in December 2018. The report is included in the Consolidated Annual Report attached hereto. The audit process identified a number of issues some of which were resolved and some became audit findings which the City is working on addressing over the course of the next financial year.

As a matter of process, the Consolidated Audited Annual Report and Annual Financial Statements will be submitted to the Chief Audit Executive and AGSA in order for them to review and confirm whether or not the necessary adjustments post the AGSA audit were considered and factored properly in finalising the Consolidated Audited Annual Report and Annual Financial Statements.

4.2 CONTENTS OF THE CONSOLIDATED ANNUAL REPORT

The contents of the Annual Report were developed in accordance to guidelines issued by National Treasury. The contents are summarized as follows:

- **Chapter 1:** presents the forewords of the Executive Mayor, the City Manager and the report of the Audit and Performance Committee.
- **Chapter 2:** focuses on political and administrative governance as well as presenting information on the structure of Council and its committees.
- **Chapter 3:** focuses on service delivery. This chapter contains the performance information submitted to the AGSA by the municipality and the municipal entities for purposes of the audit of predetermined objectives (the APR). The performance on the IDP and SDBIP targets are contained in component K and the municipal entities scorecards are contained in component I of this chapter as audited by AGSA.

- **Chapter 4:** presents information on human capital and organizational development. It outlines human resources issues for the municipality and the entities. This chapter also formed part of the APR submitted to the AGSA for audit purposes.
- **Chapter 5:** presents audited financial information in line with the financial statements of the City.
- **Chapter 6:** presents the audit report on the regularity audit conducted by AGSA.

4.3 SUMMARY OF PERFORMANCE RESULTS

4.3.1 FINANCIAL PERFORMANCE

In an effort to improve its financial viability and effect improvements in the management of its finances, the City's financial performance results recorded over the financial year under review presents both commendable strides in a number of different performance areas and serious development areas requiring a lot of attention in a number of financial performance indicators. The following are some of the notable financial performance results recorded over the 2017/18 financial year:

- In December 2018, following an annual rating assessment conducted by the Moody's Investors Service, the City's long term issuer credit rating (an independent evaluation of the City's credit risk) was upgraded by two notches from A1.za to Aa2.za on the national scale rating South Africa. A stable outlook was also reported. The assessment also affirmed the short term issuer rating of P-1.za. This double notch rating upgrade is a reflection of the improvement in the City's operating performance and liquidity position over the past two years. The new administration's strategy of implementing cost-cutting measures to improve operating performances has yielded positive outcomes. The totality of the initiatives taken by the City in improving the City's financial condition especially under the auspices of the Financial Sustainability Plan, have resulted in net direct and indirect debt declining of 7% from 41% of turnover in 2017 to 34% in 2018.
- In the financial year under review the parent municipality achieved accumulated surplus of R24.960 billion compared to R22.577 billion at the end of 2017 notwithstanding the economic climate which remained fragile throughout the financial year. As a Group (the City and its entities), achieved an accumulated surplus of R25.116 billion compared to R22.654 billion of 2017.
- The total operating expenditure of the Municipality compared to the adjustment budget represents 97.75% which is an under expenditure of 2.25%, while the actual net operating expenditure of the group compared to the adjustments budget represents 97.70%.
- The collection rate of the group increased from 89.68% (2017) to 92.52% (2018). The collection rate is below the National treasury norm of 95% at a group level, however credit control measures across the group are slowly improving.

- The cash coverage ratio at a group level has shown a steady increase from 0.60 months in 2016 to 1.31 months in 2018. This was due to the City's short term investments increasing in the 2018 year by 37% and the cash and cash equivalents increasing by 25%. The City is well within the National treasury norm and will be able to fund its monthly, fixed operational expenditure.
- The current ratio has increased from 0.69 (2016) to 0.82 (2018). The ratio is still beneath the norm but the effective implementation of credit control will improve the collection rate and cash in the bank, and further reduce the debtors balance and provision for doubtful debts.
- For the Municipality the long-term debt (external loans and lease liabilities) decreased from R11.870 billion to R11.435 billion (R434.646 million decrease) during the period under review. This is mostly as a result of the repayment of loans of R596.400 million.
- Over the financial year under review, the municipality spent 81.8% of the adjusted capital budget R3.7 billion.

4.3.2 PERFORMANCE ON PREDETERMINED SERVICE DELIVERY OBJECTIVES (SDBIP Commitments)

In terms of the approved adjusted SDBIP for the 2017/18 financial year, the total number of SDBIP indicators and targets were adjusted from 87 to 77. The corporate SDBIP consists of two scorecards as follows:

- a scorecard with 35 indicators and targets linked directly to the IDP
- a scorecard with 42 indicators that are indirectly linked to the IDP

The performance summary to be presented below is based on the 77 indicators and targets contained in the approved adjusted SDBIP for the 2017/18 financial year. Of the 77 targets in the approved adjusted SDBIP for the 2017/18 financial year, the City achieved a total of 48 targets. This translated to overall performance achievement of 62.34% (in terms of planned SDBIP targets). A total of 29 targets were not achieved and this accounted for 37.66% non-achievement of planned targets. The Council approved IDP consisted of 22 planned targets. Of these 22 targets, a total of 11 were achieved translating to 50% target achievement while 11 were not achieved also translating to 50% non-achievement of set targets.

The table below presents summary of non-achieved targets:

Table 1: Non-achieved targets for the 2017/18 financial year

SDBIP Targets Driving the IDP	SDBIP targets not driving the IDP
<ul style="list-style-type: none"> • Number of new income earning opportunities facilitated by the city • Nr. of households with access to sanitation service through sewer connections • Nr of completed houses electrified to eradicate backlog • Km of required municipal storm water drainage network provided • Km of completed TRT Bus way lanes constructed • Nr. of informal settlements formalised 	<ul style="list-style-type: none"> • % of building plans evaluated within the statutory timeframes: 30 to 60 days • Nr of township tourism SMMEs supported through the City's partnership with the Small Enterprise Development Agency/SEDA • Nr of arts and culture programmes developed and implemented • % achievement of Operations/ Maintenance Plan of Cemeteries

SDBIP Targets Driving the IDP	SDBIP targets not driving the IDP
<ul style="list-style-type: none"> • % average of annual non-revenue energy (NR.E)(Annual) • % service debtors to revenue • % employees satisfaction rating (annual) 	<ul style="list-style-type: none"> • % achievement Operations/ Maintenance Plan for horticultural services (parks, traffic islands, Council & sport facilities) • % achievement of Operations/Maintenance Plan for swimming pools • % Achievement of Operations/Maintenance plan of all SRAC facilities, e.g. Libraries/Arts & Culture/Sport & Recreation • Nr of Traffic Signs new/maintained • % adherence to routine maintenance plan for re-gravelling of roads • Road Length (in) of road markings repainted • % of reported water leaks attended to within 48hours • % of sewer blockages attended to within 8 hours • % of streetlight failures repaired within 72 hours • % compliance to Employment Equity Plan% of senior and mid managers whose skills have been audited • Nr of days taken to issue clearance certificate • % of planned capital expenditure achieved • % of valid invoices paid within legislated timeframes • % of senior and mid managers whose skills have audited • % of calls answered within 20 seconds towards international best standard of 80% • % of CoT assets turnover ratio

4.3.3 THE AUDIT REPORT OF THE AUDITOR-GENERAL OF SOUTH AFRICA

a) Audit of the Consolidated and Separate Financial Statements

The City of Tshwane received an unqualified audit opinion for the 2017/18 financial year. There was, however, an emphasis of matter paragraphs as well as material findings on compliance with specific matters in key legislation.

Material findings were raised on the following components;

- Revenue Management;
- Expenditure Management;
- Asset Management;
- Human Resource Management and
- Procurement and contract management

In order to ensure an unqualified audit opinion with no findings, these items need to be appropriately addressed and rectified. The City is in the process of finalising the development of the Management Letter Action Plan (MLAP). The MLAP Project plan sets out the steps that need to be taken into account and what needs to be in place to ensure an unqualified audit opinion with no findings can be obtained in the future.

The success with regard to improved audit outcomes will be achieved through implementing effective internal controls and preparing action plans (through the MLAP) responding to findings raised by AGSA which will be reviewed and monitored on a regular basis to ensure maximum compliance.

b) Audit of Performance Against Predetermined Objectives (Annual Performance Report)

AGSA performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. Furthermore, AGSA performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

There were no material findings made on the usefulness and reliability of reported information. However, material misstatements in the annual performance report were identified. These material misstatements were on the reported performance information relating to Pillar 3 – A city that delivers excellent services and protects the environment. Given that management subsequently corrected the misstatements identified, these misstatements did not generate any material findings on the usefulness and reliability of the reported performance information. The non-achievement of targets was also identified as a matter of concern.

In response to these audit findings and as a matter of intuitive management intervention to improve performance, the City has already begun implementing controls to address the root causes of the misstatements identified and improve performance (target achievement).

4.4 NEXT STEPS

As per Section 121 of the MFMA, the Consolidated Annual Report of the municipality, the Annual Reports of the municipal entities and the Consolidated Annual Financial Statements must be tabled at Council by the end of January 2019. Council is required to perform oversight on the report and to adopt an oversight report as required by Section 129 of the MFMA by the end of March 2019.

The Annual Report will be made public by the City Manager in the course of February 2019 for written public comments in line with Section 129 (3) of the MFMA. Notices will be placed in newspapers once the report has been tabled at Council. The Annual Report and the oversight report must be submitted to legislated stakeholders as per the requirements of sections 127 and 129 of the MFMA.

5. COMMENTS OF THE STAKEHOLDER DEPARTMENTS

5.1 COMMENTS OF THE CHIEF FINANCIAL OFFICER

Cognisance is taken of the contents of the report.

The tabling of the Consolidated Annual Report of the City of Tshwane and its municipal entities for the period July 2017 to June 2018 has been dealt with in line with section 127(2) of the Municipal Finance Management Act (MFMA) for written public comments and that this will have financial implications.

Therefore, copies of the Annual Report will be made available in draft format, and be made available as reference materials. All financial implications emanating as result of this report should be managed within the limitations of the department's approved budget allocation.

(Unaltered from 2016/17 financial year)

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

The purpose of this report is to table the Consolidated Audited Annual Report of the City of Tshwane and its municipal entities for the period July 2017 to June 2018, as per section 127(2) of the Municipal Finance Management Act (MFMA). The purpose of the Annual Report is to provide a record of activities, report on performance against the budget and promote accountability to the local community for the decisions made through-out the year by the municipality or municipal entity.

In terms of Sections Section 121 of the Municipal Finance Management Act, 2003 (Act 56 of 2003) (Hereafter called MFMA) requires every municipality and every municipal entity to prepare an Annual Report for each financial year. The key requirements of the MFMA pertaining to the annual report are set out in sections 121, 127 and 129. The Accounting Officer must in compliance to section 127(5) make the Annual Report public and submit the Annual Report to the Auditor-General (AG), the Gauteng Provincial Treasury and the Gauteng Department of Cooperative Governance and Traditional Affairs (COGTA) and Section 41 of the Municipal Systems Act, 2000 (Act 32 of 2000), municipalities are required to report quarterly, biannually and annually on their Integrated Development Plan (IDP), Service Delivery Budget Implementation Plan (SDBIP) and Medium-term Revenue Expenditure Framework (MTREF).

The report also confirm in paragraph 3 that in addition, section 45 and 46 of the Municipal Systems Act (MSA) require the performance results of a municipality to be audited as part of the internal auditing process conducted by the Auditor-General. These sections also require that the Annual Performance Report must form part of the municipality's Annual Report. The Consolidated Annual Report has been audited by the Auditor-General (AG) and the report of the Auditor-General is contained within the report.

Having regards to the aforesaid, and with specific reference to the contents of the report, we advise that the report complies with supra mentioned provision of the legislation, as such Group Legal and Secretariat Services Department take cognizance and supports the recommendation thereof.

6. IMPLICATIONS

6.1 HUMAN RESOURCES

Chapter 4 of the Annual Performance Report contains information on human resources of the City, as submitted by the Human Capital Management Department. This was audited by the Auditor-General South Africa as part of the human resource audit.

6.2 FINANCES

The Consolidated Annual Report contains the audited Consolidated Annual Financial Statements (AFS) of the municipality and its entities. The detailed AFS (including all notes to the AFS) is attached as an annexure, in terms of guidelines by the National Treasury MFMA Circular 63.

6.3 CONSTITUTIONAL AND LEGAL FACTORS

The report complies with the requirements of the MFMA. Once tabled to Council, it will be distributed to the legislated stakeholders in terms of Section 127 of the MFMA.

6.4 COMMUNICATION

The report must be communicated to stakeholders on the municipal website, at libraries, at customer care centres and be distributed to the National and Provincial Treasury, the Auditor-General, and the National and Provincial COGTA. The Office of the Speaker must ensure that legislated stakeholders are invited to the Council meetings per section 130 of the MFMA.

6.5 PREVIOUS COUNCIL OR MAYORAL COMMITTEE RESOLUTIONS

The Annual Report Process Plan was approved by the Mayoral Committee in May 2018. The Annual Performance Report and Annual Financial Statements were considered by the Mayoral Committee before submission to the Auditor General in August 2018.

7. CONCLUSION

The consolidated annual report presents audited information on the financial and non-financial performance of the municipality and its entities. The City will have to implement clearly customized improvement plans to impact positively on planning and reporting.

The Special Mayoral Committee on 23 January 2019 resolved to recommend to Council as set out below:

IT WAS RECOMMENDED (TO THE COUNCIL: 31 JANUARY 2019):

1. That the Consolidated Annual Report be tabled at Council in terms of Section 127(2) of the Municipal Finance Management Act (MFMA);
2. That the Mayoral Committee advises Council of its obligation as stipulated in Section 129 of the MFMA regarding the adoption of an oversight report on the Consolidated Annual Report two months after tabling of this report to Council; and
3. That Council refers the report to the Section 79 Oversight Committee: Municipal Public Accounts for further scrutiny.

When the Speaker officially tabled this report to Council after the presentation by the representative of the Office of the Auditor-General and the Chairperson of the Audit and Performance Committee of the CoT and its Municipal Entities during the Council meeting of 31 January 2019, Cllr MD Matsena addressed Council and thereafter, seconded by Cllr AM Maluleka proposed the following amendments:

(Unaltered)

- "2. That Council must exercise its obligation as stipulated in Section 129 of the MFMA regarding the adoption of an oversight report on the consolidated Annual report.**

3. That the Accounting Officer in accordance with Section 127(5) of the MFMA:
 - (a) Makes public the consolidated Annual report in accordance with Section 21(A) of the Municipal Systems Act and invite the local community to submit representations in connection with the Annual report.
 - (b) Submits the consolidated Annual report to the Auditor-General, Gauteng Department of Finance and National Department of COGTA.
4. That the consolidated Annual report be referred to the Municipal Public Accounts Committee for scrutiny and the preparation of an oversight report.
5. That Council consider the Annual report together with the oversight report and any representation made by the community at the March 2019 Council meeting.

Council acceded to Cllr Matsena's proposal and it was thereafter resolved as set out below:

ANNEXURES:

- A: 2017/18 Draft Consolidated Annual Report.
- B: 2017/18 Consolidated Annual Financial Statements.
- C: City of Tshwane (CoT) Consolidated Audit Report.
- D: 2017/18 Tshwane Economic Development Agency (TEDA) Annual Performance Report.
- E: 2017/18 Housing Company Tshwane (HCT) Annual Performance Report.

RESOLVED:

1. That the Consolidated Annual Report be tabled at Council in terms of Section 127(2) of the Municipal Finance Management Act (MFMA).
2. That Council must exercise its obligation as stipulated in Section 129 of the MFMA regarding the adoption of an oversight report on the consolidated Annual report.
3. That the Accounting Officer in accordance with Section 127(5) of the MFMA:
 - (a) Makes public the consolidated Annual report in accordance with Section 21(A) of the Municipal Systems Act and invite the local community to submit representations in connection with the Annual report.
 - (b) Submits the consolidated Annual report to the Auditor-General, Gauteng Department of Finance and National Department of COGTA.
4. That the consolidated Annual report be referred to the Municipal Public Accounts Committee for scrutiny and the preparation of an oversight report.
5. That Council consider the Annual report together with the oversight report and any representation made by the community at the March 2019 Council meeting.



City of Tshwane Draft Annual Report



TABLE OF CONTENTS

1 EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY	1
A EXECUTIVE MAYOR'S FOREWORD	1
B CITY MANAGER'S OVERVIEW	4
C REPORT OF THE AUDIT AND PERFORMANCE COMMITTEE FOR THE REPORTING PERIOD ENDED 30 JUNE 2018..	8
D EXECUTIVE SUMMARY	16
MUNICIPAL OVERVIEW.....	16
ORGANISATIONAL DEVELOPMENT OVERVIEW	24
FINANCIAL OVERVIEW	25
2 GOVERNANCE	30
A POLITICAL AND ADMINISTRATIVE GOVERNANCE	30
B INTERGOVERNMENTAL RELATIONS	42
C PUBLIC ACCOUNTABILITY AND PARTICIPATION.....	43
D CORPORATE GOVERNANCE	47
3 SERVICE DELIVERY PERFORMANCE	52
INTRODUCTION	52
COMPONENT A: BASIC SERVICES	53
WATER AND SANITATION	53
PROVISION OF SANITATION	60
ELECTRICITY	64
WASTE MANAGEMENT	69
HOUSING.....	72
HOUSING COMPANY TSHWANE	74
COMPONENT B: ROADS AND TRANSPORT	76
ROADS AND STORM WATER.....	76
TRANSPORT	78
COMPONENT C: PLANNING AND DEVELOPMENT	82
PLANNING	82
LOCAL ECONOMIC DEVELOPMENT	97
TSHWANE ECONOMIC DEVELOPMENT AGENCY	100

COMPONENT D: COMMUNITY AND SOCIAL SERVICES	103
LIBRARIES	103
ENVIRONMENTAL MANAGEMENT	104
CEMETERIES	107
NATURE RESERVES AND RESORTS	107
COMPONENT E: HEALTH	109
SOCIAL DEVELOPMENT	118
INDIGENT PROGRAMME	118
EARLY CHILDHOOD DEVELOPMENT PROGRAMME	119
COMPONENT F: SECURITY AND SAFETY	122
METRO POLICE SERVICES.....	122
FIRE SERVICES	124
COMPONENT G: SPORT AND RECREATION.....	129
SPORT AND RECREATION	129
SPORT PROGRAMMES	129
ARTS AND CULTURE PROGRAMMES.....	131
COMPONENT H: CORPORATE POLICY OFFICES AND OTHER SERVICES.....	133
INFORMATION AND COMMUNICATION TECHNOLOGY	133
INNOVATION AND KNOWLEDGE MANAGEMENT.....	134
PROPERTY MANAGEMENT	136
COMMUNICATION AND MARKETING.....	137
KEY HIGHLIGHTS AND OTHER PROJECTS	139
COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD.....	141
4 ORGANISATIONAL DEVELOPMENT PERFORMANCE.....	142
A MUNICIPAL PERSONNEL	142
B MANAGING THE MUNICIPAL WORKFORCE	150
C MANAGING THE WORKFORCE EXPENDITURE.....	156
5 FINANCIAL PERFORMANCE.....	169
1 INTRODUCTION	169
2 ACCOUNTING FRAMEWORK FOR 2017/18.....	170

3	REVIEW OF OPERATING RESULTS.....	171
4	FINANCIAL SUSTAINABILITY AND FINANCIAL RATIOS.....	177
5	TREATMENT OF MATTERS RAISED BY THE AUDITOR-GENERAL DURING THE PREVIOUS AND CURRENT AUDIT 189	
6	CREDIT RATING (MUNICIPALITY ONLY).....	190
7.	MUNICIPAL ENTITIES.....	191
8.	MUNICIPAL STANDARD CHART OF ACCOUNTS (MSCOA).....	192
	CONCLUSION.....	193
6	<u>REPORT OF THE AUDITOR-GENERAL.....</u>	<u>194</u>
	INTRODUCTION AND SCOPE	194
	OTHER MATTERS	195
	REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION.....	195
	INTRODUCTION AND SCOPE	195
	OTHER INFORMATION	197
	INTERNAL CONTROL DEFICIENCIES	198
	OTHER REPORTS.....	198
	<u>APPENDICES.....</u>	<u>200</u>
	APPENDIX A: COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE	200
	APPENDIX B: COMMITTEES AND PURPOSE OF COMMITTEES.....	218
	APPENDIX C: THIRD-TIER ADMINISTRATIVE STRUCTURE	227
	APPENDIX F: WARD INFORMATION.....	229
	APPENDIX G: RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE (2017/18 FY).....	233
	APPENDIX H: LONG-TERM CONTRACTS AND PUBLIC-PRIVATE PARTNERSHIPS	246
	APPENDIX J: DISCLOSURE OF FINANCIAL INTEREST	253
	APPENDIX K: ORGANISATIONAL PERFORMANCE SCORECARD	255
	APPENDIX N: CAPITAL PROGRAMMES BY PROJECT (CAPITAL PROJECTS EXPENDITURE).....	292
	APPENDIX O: CAPITAL PROGRAMMES BY WARD.....	312
	<u>GLOSSARY OF TERMS.....</u>	<u>321</u>
	<u>ACRONYMS</u>	<u>324</u>

LIST OF FIGURES

FIGURE 1: TSHWANE IN CONTEXT	16
FIGURE 2: CITY OF TSHWANE VALUES	20
FIGURE 3: THREE KEY FRAMERS OF THE CITY.....	21
FIGURE 4: THREE FRAMERS OF THE CITY.....	22
FIGURE 5: FIVE STRATEGIC PILLARS OF THE CITY.....	22
FIGURE 6: GOVERNANCE MODEL OF THE CITY OF TSHWANE	31

FIGURE 7: POLITICAL LEADERSHIP OF THE CITY	34
FIGURE 8: CITY OF TSHWANE MACRO ORGANISATIONAL STRUCTURE.....	40
FIGURE 9: TOTAL AVERAGE WATER SUPPLY	55
FIGURE 10: ANNLIN RESERVOIR (PLANNED FOR COMPLETION AT END OF 2018).....	64
FIGURE 11: MAMELODI 3 132/11 kV SUBSTATION	68
FIGURE 12: ELDORAIGNE 132/11 kV SUBSTATION.....	68
FIGURE 13: HANDING OVER OF TITLE DEEDS TO RESIDENTS OF HAMMANSKRAAL	73
FIGURE 14: THE EXECUTIVE MAYOR, CLLR SOLLY MSIMANGA, ADDRESSING DELEGATES DURING THE HOUSING INVESTMENT INDABA	74
FIGURE 15: A RE YENG BUS.....	80
FIGURE 16: CYCLERS SUPPORTING TRANSPORT MONTH	81
FIGURE 17: LAND RECEIVED BY FEDISATLALA COOPERATIVE	98
FIGURE 18: ARBOR CITY AWARD, AWARDED TO THE CITY OF TSHWANE IN SEPTEMBER 2017	105
FIGURE 19: EXHIBITIONS DURING BIODIVERSITY DAY	106
FIGURE 20: THE EXECUTIVE MAYOR OF TSHWANE, CLLR SOLLY MSIMANGA, AND THE GAUTENG MEC FOR HEALTH, DR GWEN RAMOKGOPA, DURING THE OPENING OF THE SOSHANGUVE CLINIC	111
FIGURE 21: STAKEHOLDERS DURING THE DRUG ABUSE ROADSHOW	117
FIGURE 22: SILVERTON CLINIC OPEN DAY	117
FIGURE 23: CHEQUE HANDOVER CEREMONY BY THE MMC FOR COMMUNITY AND SOCIAL DEVELOPMENT SERVICES, CLLR NTSIKI MOKHOTHU.....	120
FIGURE 24: THE CHAIRPERSON OF THE SECTION 79 COMMITTEE, THABISILE VILAKAZI, ADDRESSING YOUTHS AT THE STATE THEATRE	121
FIGURE 25: THE SPAR WOMEN'S RACE	130
FIGURE 26: THE EXECUTIVE MAYOR, CLLR SOLLY MSIMANGA, DURING THE KICK-OFF OF THE TSHWANE OPEN	131
FIGURE 27: ENTHUSIASTIC DANCERS DURING THE GAUTENG CARNIVAL.....	132
FIGURE 28: COMPARISON OF INNOVATION INDEX WITH THE PREVIOUS YEARS.....	135
FIGURE 29: WONDERBOOM AIRPORT IN THE NORTH-EAST OF PRETORIA.....	138
FIGURE 30: FACILITIES MANAGEMENT OFFICIALS ATTENDING THE C40 CITIES INTERNATIONAL WORKSHOP.....	139
FIGURE 31: CONSOLIDATED OPERATING RESULTS 2017/18.....	172
FIGURE 32: CONSOLIDATED OPERATING REVENUE 2017/18.....	174
FIGURE 33: OPERATING EXPENDITURE FOR 2017/18	175
FIGURE 34: CONSOLIDATED REMUNERATION VS OPERATING EXPENDITURE FOR 2017/18.....	176
FIGURE 35: GRANTS & SUBSIDIES.....	177
FIGURE 36: SUMMARY OF FINANCIAL POSITION.....	180
FIGURE 37: CAPITAL EXPENDITURE PER ASSET CLASS	188

LIST OF TABLES

TABLE 1: COMPOSITION OF TSHWANE	17
TABLE 2: MAJOR NATURAL RESOURCES.....	19
TABLE 3: STATUTORY ANNUAL REPORT PROCESS.....	27
TABLE 4: CHAIRPERSONS OF COMMITTEES.....	33
TABLE 5: MEMBERS OF THE MAYORAL COMMITTEE	34
TABLE 6: ALLOCATION OF COUNCIL SEATS	35

TABLE 7: CHAIRPERSONS OF STANDING COMMITTEES OF COUNCIL	36
TABLE 8: AUDIT AND PERFORMANCE COMMITTEE MEETINGS	37
TABLE 9: CITY OF TSHWANE TOP MANAGEMENT	38
TABLE 10: MUNICIPAL ENTITIES OF THE CITY	41
TABLE 11: SCHEDULE OF ENGAGEMENTS.....	45
TABLE 12: BY-LAWS INTRODUCED DURING THE 2017/18 FINANCIAL YEAR	48
TABLE 13: MUNICIPAL WEBSITE CONTENT AND CURRENCY OF MATERIAL	48
TABLE 14: CUSTOMER SATISFACTION SURVEY (HOUSEHOLDS).....	50
TABLE 15: CUSTOMER SATISFACTION SURVEY (BUSINESSES)	50
TABLE 16: CUSTOMER SATISFACTION SURVEY (EMBASSIES/CONSULATES)	51
TABLE 17: PROVISION OF WATER SERVICES.....	56
TABLE 18: UPGRADE OF WATER CONNECTIONS FROM BASIC TO FULL SERVICE	56
TABLE 19: WATER SERVICE DELIVERY LEVELS	57
TABLE 20: WATER SERVICE POLICY OBJECTIVES IN ACCORDANCE WITH IDP	57
TABLE 21: BLUE DROP ASSESSMENT	58
TABLE 22: USE OF WATER BY SECTOR	59
TABLE 23: SANITATION PROVISION	61
TABLE 24: SANITATION SERVICE DELIVERY LEVELS	62
TABLE 25: SANITATION SERVICE POLICY OBJECTIVES TAKEN FROM THE IDP	62
TABLE 26: SANITATION INFRASTRUCTURE UPGRADED (METER, BULK AND NETWORK)	63
TABLE 27: ACCESS TO ELECTRICITY 2017/18.....	65
TABLE 28: ELECTRICITY SERVICE POLICY OBJECTIVES FROM THE IDP	66
TABLE 29: INSTALLATION OF PREPAID METERS	68
TABLE 30: WASTE MANAGEMENT SERVICE POLICY OBJECTIVES IN ACCORDANCE WITH THE IDP	70
TABLE 31: FOUR COMPLIANT LANDFILL SITES IN TSHWANE	71
TABLE 32: STORM WATER INFRASTRUCTURE.....	77
TABLE 33: COST OF CONSTRUCTION/MAINTENANCE	77
TABLE 34: ROAD SERVICE POLICY OBJECTIVES IN ACCORDANCE WITH THE IDP	77
TABLE 35: STORM WATER SERVICE OBJECTIVES IN ACCORDANCE WITH THE IDP	78
TABLE 36: MUNICIPAL BUS SERVICE DATA	80
TABLE 37: LAND USE APPLICATIONS RECEIVED FOR THE 2017/18 FINANCIAL YEAR	84
TABLE 38: BUILDING CONTROL, BUILDING PLAN APPLICATIONS AND INSPECTION MANAGEMENT	87
TABLE 39: DETAILS OF APPLICATIONS FINALISED FOR THE 2017/18 FINANCIAL YEAR.....	89
TABLE 40: LED OBJECTIVES IN ACCORDANCE WITH THE IDP	99
TABLE 41: SERVICE DATA FOR CLINICS	110
TABLE 42: CLINICS' OBJECTIVES IN ACCORDANCE WITH THE IDP.....	110
TABLE 43: TSHWANE DISTRICT: PRIMARY HEALTHCARE FACILITIES PER REGION.....	112
TABLE 44: SAMPLING RESULTS FOR 2017/18 FINANCIAL YEAR	115
TABLE 45: FREE BASIC SERVICE OBJECTIVES IN ACCORDANCE WITH THE IDP	119
TABLE 46: METRO POLICE SERVICE DATA.....	123
TABLE 47: METRO POLICE OBJECTIVES IN ACCORDANCE WITH THE IDP	124
TABLE 48: LEARNING INTERVENTIONS STATISTICS	124
TABLE 49: FIRE SERVICE DATA	125
TABLE 50: FIRE SERVICE OBJECTIVES IN ACCORDANCE WITH THE IDP	126
TABLE 51: EMERGENCY MEDICAL OPERATIONS.....	126

TABLE 52: AMBULANCE SERVICE DATA	128
TABLE 53: CATEGORISATION OF OCCUPATIONAL LEVELS	142
TABLE 54: EMPLOYEES PER OCCUPATIONAL LEVELS	143
TABLE 55: HUMAN RESOURCE OBJECTIVES IN ACCORDANCE WITH THE IDP	144
TABLE 56: POSITIONS ADVERTISED VS POSITIONS ADVERTISED	144
TABLE 57: POSTS FILLED PER DEPARTMENT	145
TABLE 58: EMPLOYEES IN PERMANENT POSITIONS COMPARED TO ECONOMICALLY ACTIVE POPULATION.....	147
TABLE 59: EMPLOYEE TURNOVER RATE	147
TABLE 60: TOTAL NUMBER OF EMPLOYEES (INCLUDING DISABLED) PER OCCUPATIONAL LEVEL AS AT 30 JUNE 2018	148
TABLE 61: THE NUMERIC TARGETS, INCLUDING PEOPLE WITH DISABILITIES, AT 30 JUNE 2018	149
TABLE 62: INJURIES RECORDED IN LINE WITH THE OHS ACT	151
TABLE 63: IOD STATISTICS FOR 2017/18 FINANCIAL YEAR	151
TABLE 64: SICK LEAVE.....	152
TABLE 65: SUSPENSIONS LIFTED	153
TABLE 66: TRAINING AND SKILLS DEVELOPMENT	154
TABLE 67: FINANCIAL COMPETENCY DEVELOPMENT	155
TABLE 68: REMUNERATION EXPENDITURE	156
TABLE 69: DISCLOSURES OF SENIOR MANAGEMENT	156
TABLE 70: DISCLOSURES OF COUNCILLORS	158
TABLE 71: NEW ACCOUNTING STANDARDS EFFECTIVE FROM 1 JULY 2017.....	170
TABLE 72: OVERALL OPERATING RESULTS FOR FINANCIAL YEAR ENDING 30 JUNE 2018	173
TABLE 73: REMUNERATION	175
TABLE 74: GOVERNMENT GRANTS AND SUBSIDIES	176
TABLE 75: FINANCIAL POSITION RATIOS	179
TABLE 76: INCREASE IN DEBT PER CUSTOMER CLASSIFICATION	181
TABLE 77: THE INCREASE/DECREASE IN CONSUMER DEBT PER AGEING ANALYSIS	182
TABLE 78: FINANCIAL PERFORMANCE AS AT 30 JUNE 2018	185
TABLE 79: CASH FLOW.....	186
TABLE 80: INCREASE/DECREASE IN FUNDING SOURCES	187
TABLE 81: ACTUAL CAPITAL EXPENDITURE ACCORDING TO ASSET CLASS.....	188
TABLE 82: ACTUAL CAPITAL EXPENDITURE PER SOURCES OF FINANCE-MUNICIPALITY.....	189
TABLE 83: NATIONAL SCALE RATINGS	191

1 EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

A EXECUTIVE MAYOR'S FOREWORD



The 2017/18 financial year brought to the City of Tshwane a mixed bag of fortunes, ie significant achievements and a reminder that we are not yet out of the woods as far as our targets for service delivery are concerned. This report provides us with an opportunity to reflect on the impact of our interventions as we honour the Integrated Development Plan and respond to the needs of the residents of Tshwane.

The difficult journey of restoring the financial sustainability of the City of Tshwane started in the 2016/17 financial year when we took over an office that was “less than desirable but not unsalvageable”. We recognised that in order to provide better, more efficient service **delivery**, we would have to **stabilise** the new government and **revitalise** Tshwane’s economy.

In the 2017/18 financial year, we were mindful that building the City we wanted would require us to use the tools and instruments that are at the disposal of local governments and give effect to what local governments ought to be good at and that was to approach our service delivery agenda with infrastructure at the forefront of our collective minds.

We recognised that infrastructure-led growth would be the key to unlocking the potential of Tshwane. The expansion, upgrading and refurbishment of water, electricity and road networks and public transport, where necessary, would allow for greater commercial activity across Tshwane.

After finalising the macro structure, the City went on to fill all the vacancies in top management, ie Section 56 managers. The recruitment of divisional heads began and almost 80% of divisional heads were appointed and the process to fill the remaining posts is underway. In carrying out our plans to turn around the administration, we started the process to create a new long-term vision for the City, and we submitted the 2017–2021 Integrated Development Plan (IDP) to Council, with this vision embedded in it. Financial sustainability is essential for any institution that wants to pursue a developmental agenda and implement change. We proposed a budget for the 2017/18 financial year that took into consideration the deficits we faced when we took office.

During our almost two years in office, we worked in earnest to steer this giant ship on course. We established a cable theft task team to focus on preventing vandalism and sabotage of our strategic assets. The incidents of cable theft are shocking to say the least. From November 2017 to June 2018, at least 1 498 incidents of cable theft and vandalism occurred, in some regions far worse than in others. The City plans to unveil the vehicles that will be used by our law enforcement officers in the Anti-Cable Theft Unit to help curb this scourge that is terrorising our VIPs, ie the residents of Tshwane.

In the past year the City was under attack and faced a possible lawsuit about the sinkhole that caused massive disruption to traffic flow and local businesses in Centurion. Thanks go to my team for committing over R25 million from the operating budget to start repairs on the Jean Avenue sinkhole and, in so doing, bringing us one step closer to restoring optimum business activity in the area.

There are presently 24 sinkholes in Tshwane, of which 23 are in the Centurion, Laudium and Olievenhoutbosch areas. Fixing all these sinkholes at once will cost an estimated R60 million and the City has committed to address the problem over the next financial years.

Our partnership with the University of Pretoria saw the establishment of the Community-oriented Substance Use Programme (COSUP). COSUP not only assists addicts to overcome their addiction but also to meet the social and psychological challenges they face and that contributed to their addiction. We also launched our 24-hour call centre, Hopeline, which is not only taking calls and referring callers but also provides a basic transport service, accommodation, food and blankets in case of emergencies.

Since 2013, the number of informal settlements in Tshwane has grown to 178, and this remains one of the major challenges facing the City. We have started to regulate all informal settlements by marking shacks, confirming beneficiaries and estimating the cost of infrastructure requirements. Our approach is premised on the appreciation that, as the City of Tshwane, it is our task to administer and manage the entire urban environment, including informal settlements. Our approach from now on will focus on sites and services – we will provide all the infrastructure and formalise informal settlements, while the construction of a top structure pipeline is attended to through a partnership with the Gauteng Provincial Government and other stakeholders. The City will also accelerate the handing over of title deeds with a view to expanding access to housing opportunities and making residents part of the society we are creating. We set a target of issuing 5 000 title deeds in the 2017/18 financial year. We are pleased to announce that we have already given out over 5 024 title deeds and we will be issuing more in the future.

Over 4 000 indigent households were supported by the City through its indigent policy. Our Extended Public Works Programme target of 23 000 fell short by a few numbers, which we hope to address in the next financial year. When Chilwavirusiku Mine was about to start operation in Bronkhorstspuit and was looking at just more than 100 employees during its first phase, the City worked hand in hand with Black Royalty Minerals to provide buses for free to unemployed youths so that they could submit their applications at a dedicated location in Bronkhorstspuit.

A safe and reliable public transport system and a state-of-the-art road infrastructure network are ingredients that contribute to creating a progressive capital city. The Rainbow Junction Bypass, a Tshwane Rapid Transit project, was completed by the end of the 2017/18 financial year. We have successfully launched the Belle Ombré Compressed Natural Gas Depot, which will be fully operational before the end of the 2018/19 financial year. Of the 114-strong bus fleet, 40 buses are running on compressed natural gas (CNG), thus making Tshwane the first city in sub-Saharan Africa to run fully CNG-propelled buses. We will continue to seek to maintain our position as a leader in green technology and other green interventions. In October 2017, the City of Tshwane also took over bus service operations from AutoPax in Mamelodi. It has always been our desire to provide transport services to high-density areas that do not have fast modes of transport, such as Mamelodi, Atteridgeville and Soshanguve.

Zooming in on our performance on capital projects, the City had a total of 275 projects approved for the 2017/18 financial year. Of these projects, 34 had a citywide footprint. Project milestones planned to be delivered over the course of the 2017/18 financial year were achieved on 139 projects. Planned project milestones on 136 projects were not achieved.

Despite the strides made since the August 2016 elections, we have not yet fully achieved the goals we set. Of the 77 targets in the Service Delivery and Budget Implementation Plan (SDBIP) scorecard, 48 were achieved, translating to 62,34%. There is still gruelling work ahead to achieve our aims of stabilisation, revitalisation and service delivery. Some of the main reasons cited for the variances include community unrest and disruptions that delayed progress on projects; harsh weather conditions that impeded work progress; and delays in the approval of servitudes.

The past year has been very important, as it provided us with the practical experience of putting into action our ideas. We have seen in practice that it is the capacity of all of us to translate these plans into practical activities that improves the quality of life and services rendered to our people.

In the 2017/18 year, which was our first full-year cycle in charge, the Auditor-General declared that the City of Tshwane had achieved an unqualified audit. This gave us confidence that we were on the right track towards stabilising the finances of the City.

I extend my gratitude to all who supported us in turning the tide that this administration faced. We will continue to honour the commitments we made to all the people of Tshwane – to be a government that they can be proud of.

Let us work together to build a world-class and prosperous city.

Cllr Solly Msimanga
EXECUTIVE MAYOR

B CITY MANAGER'S OVERVIEW



The City of Tshwane articulated its priorities and commitments for the 2017/18 financial year, informed by the growth and development objectives adopted by Council. These priorities and commitments were translated into concrete deliverables in the SDBIP for Tshwane. This guided the operations of the City over the 2017/18 financial year. Against this background, the development of the Annual Report for the 2017/18 financial year presents an opportunity for the City to reflect on how it performed against the priorities and commitments set for delivery over the 2017/18 financial year.

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

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

The execution of the plans driving each of these strategic pillars was meant to impact positively on the lives of the residents of Tshwane. Notwithstanding a number of impediments to the complete realisation of the concrete targets set, the City made commendable progress.

While the City continues to experience many of challenges, clean governance remains one of its strategic imperatives supporting the notion of realising “a City that is open, honest and responsive”. As an expression of its commitment to this ideal, the City continued to put systems in place to ensure regulatory compliance, strengthen management practices and institutionalise controls and assurance processes to mitigate identified business risks as well as to improve governance (financial prudence etc) and performance. With the understanding that broadening and strengthening community participation play a critical role in informing residents about the City’s plans and also allowing the City to understand the pressing needs of the communities, the City promoted meaningful interactions between its leadership and the community. In line with section 4 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), the Executive Mayor convened regular service delivery public meetings in various areas, based on a number of pressing community needs such as housing, water, sanitation, electricity and roads infrastructure. These interactions not only allowed engagement between the City and residents, but also promoted transparency and responsiveness as key tenets of good governance.

Furthermore, in its efforts to promote responsiveness, the City acknowledged that strategic partnerships and strong intergovernmental relations were critical enablers. In this regard, the City established an inter-sphere committee between itself, the Passenger Rail Agency of South Africa

(PRASA) and the Department of Public Works to drive spatial development, and reviewed its Intergovernmental Relations (IGR) Policy. Having acknowledged that developing and maintaining strong relationships with the international community play a critical role in the development of strategic relations whose trickle-down effect impacts positively on the residents of Tshwane, the City developed the International Relations Management Framework as its clear guide to establish and handle these relationships.

The City's economic development initiatives focused (in the main) on the acceleration of investment, facilitation of income-earning opportunities, developing industry-related skills, developing business development infrastructure, strengthening industrial competitiveness and broadening access to and participation (especially by small and medium enterprises) in the economic activities of the region. In this regard, the Tshwane Strategic Investment Attraction, Facilitation and Aftercare Plan was approved, investments worth more than R2,4 billion were attracted and 268 cooperatives were provided with support in business skills training, technical skills training (provided to agricultural cooperatives), access to finance for equipment and working capital. Other deliverables included training of 1 661 beneficiaries in sector skills development programmes, implementing a number of interventions to empower and support small, medium and micro enterprises (SMMEs), which benefited 396 SMMEs, supporting 248 youth-owned enterprises through economic development support programmes and creating 16 114 Extended Public Works Programme (EPWP) job opportunities through the implementation of capital and operational projects.

Reflection on the efforts to realise "A City that delivers excellent services and protects the environment" reveals that many challenges still hinder the complete realisation of service delivery commitments, but that great progress has also been made. This progress is demonstrated by, among other things, the following service delivery highlights:

- Replacement of 90 meters on defective sewer reticulation pipelines
- Completion of Work Package 1 (internal reticulation installation) of the provision of bulk sewer infrastructure in Chantelle X 39, with Work Package 2 still being in progress
- Completion of 7 km of bulk sewer line in Winterveld
- Upgrade of the Temba Waste Water Treatment Plant, which progressed up to commissioning and water-tight testing on all the completed structures at the end of Quarter 4 of the current financial year
- Electrification of 2 600 households in Nellmapius X 24, Region 6
- Electrification of 560 households in Soshanguve X 19, Region 1
- Electrification of 74 households in Mamelodi X 5, Region 6
- Electrification of 256 households in Melusi X 2, Region 3
- Electrification of 51 households in Winterveld, Region 2
- Implementation of 4 bulk electricity infrastructure projects to strengthen the existing network and provide additional capacity for new developments
- Reduction of 20,21% in non-revenue energy
- Building and refurbishment of reservoirs, reaching the following milestones:
 - Completed the excavation and bedding relating to the construction of the new Klipgat reservoir in Region 1

- Constructed a 10 Mℓ reservoir in Refilwe Manor in Region 5, with snags now being addressed
- Commenced with Doringkloof reservoir construction in Region 4
- Commenced with the extension of the Annlin reservoir in Region 2 and the refurbishment of the Magaliesberg reservoir in Region 1, and the new Parkmore LL reservoir and Babelegi reservoir in Region 2
- Replacement of 3 638 m of worn-out network pipes in Eersterust, Moreleta Park, Babelegi, Garstfontein and Ga-Rankuwa
- Commencement of water purification plant extension in Temba (Region 2) despite notable challenges

Efforts to promote security of tenure and realise the constitutional obligation to provide housing yielded the following results:

- 5 024 title deeds were distributed to targeted beneficiaries.
- 626 houses were constructed.
- 199 social housing units were constructed.
- 2 515 households (houses and stands) were connected to water supply.
- 1 645 households (houses and stands) were connected to sewerage reticulation.

Regarding the broadening of access to healthcare services and improving the health conditions of the residents of Tshwane, the following is reported:

- The newly built clinic in Soshanguve Block JJ was opened officially.
- The Tshwane Health District's tuberculosis (TB) cure rate increased from 90,6% to 91,9% over the financial year under review.
- A total of 27 750 eligible patients were introduced to antiretroviral therapy.
- The City in partnership with the University of Pretoria implemented the COSUP programme to address substance use and its harmful impact on communities, ideally before people's drug use becomes a serious problem.
- Regional Drug Action Committees were established and an associated roadshow was held in Mabopane.
- A Youth Health Dialogue was held in two schools, reaching about 3 000 learners and touching on STIs, teenage pregnancy and healthy lifestyles.

Notwithstanding the many challenges experienced, the City achieved commendable results against its commitments relating to roads and storm water. These results included the following:

- 1,508 km of Tshwane Rapid Transit (TRT) bus lanes was constructed.
- 15,671 km of roads was provided to the required standard.
- 3,107 km of storm water pipes was constructed.
- 2,93 km of road and storm water-dedicated TRT lanes was constructed, creating an estimated 329 job opportunities. The project is linked to the bus rapid transit infrastructure on Line 1A (from the CBD to Wonderboom Station/Rainbow Junction).

Conclusion

The City is working hard to improve governance and address the challenges that continuously hinder the effective delivery of services. Meeting these challenges will make it possible to respond adequately to the needs of Tshwane's residents. As the City implements its plans for the 2018/19 financial year, the lessons learnt in the 2017/18 financial year will assist in improving management practices. There is no doubt that with proper plans in place, a clear strategy, implementation plan, budget and well-adapted institutional arrangements supported by the relevant capacity (technical expertise), the City will continue to improve.

Dr M Mosola
CITY MANAGER

C REPORT OF THE AUDIT AND PERFORMANCE COMMITTEE FOR THE REPORTING PERIOD ENDED 30 JUNE 2018

1 INTRODUCTION

The Audit and Performance Committee (APC) presents its annual report for the year ended 30 June 2018 in accordance with sections 166(2) and (3) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA) and section 94(7)(f) of the Companies Act, 2008 (Act 71 of 2008), read with the related Treasury Regulations, the National Treasury Internal Audit Framework, MFMA Circular 65, dated 23 November 2012, and the applicable Council resolutions.

The APC provides oversight assurance for the City of Tshwane and its entities, namely Tshwane Economic Development Agency SOC Limited (TEDA), Housing Company Tshwane NPC (HCT) and Sandspruit Water Association NPC (SWA) trading as Odi Water Services has been disestablished.

LEGISLATIVE ROLES AND RESPONSIBILITIES

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

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

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

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

MEMBER QUALIFICATIONS AND MEETING ATTENDANCE

The meeting attendance by APC members during the reporting period is tabled below:

MEMBER QUALIFICATIONS AND MEETING ATTENDANCE DURING 2017/18 REPORTING PERIOD				APC meetings	
Member	Qualifications	Appointed	End of Term	Scheduled	Attended
Mr. R Cameron – Ellis	, BCom(Hons) Accounting, CTA, CA(SA), CFE, Registered Auditor	25 August 2017	Current Member	11	11
Mr. P S Fourie (Chairperson)	BCom (Hons) Accounting, CTA, CA (SA)Registered auditor	25 August 2017	Current Member	11	9
Ms. P Mzizi	BCompt (Hons) Accounting, CTA,CA(SA), BCom(Hons) in Transport Economics	25 August 2017	Current Member	11	10
Ms. T Njozela	MBA, BCompt (Hons) , B Com, CIA, CRMA, CCSA	25 August 2017	Current Member	11	11
Ms. L Sebesho	MBA, Bachelor of Commerce (HRM), Diploma in Labour Law	25 August 2017	Current Member	11	9

TERMS OF REFERENCE (APC CHARTER)

The APC has formal terms of reference (the Charter) which were approved by Council on 29 October 2015. In addition, reviewed terms of reference were approved by Council on 22 February 2018. During the year ended 30 June 2018, the APC primarily executed its duties in accordance with the Charter of 29 October 2015.

2 EFFECTIVENESS OF INTERNAL CONTROLS

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

The effectiveness of the City's internal controls was evaluated by both Group Audit and Risk and AGSA in the reporting period. The various reports issued by Group Audit and Risk and the AGSA show that the system of internal control has improved, but it remains less than satisfactory due to salient control issues that are listed below.

During the year under review, several deficiencies in the system of internal control and deviations therefrom were reported by Group Audit and Risk and AGSA. In certain instances, the AGSA reports include matters that were previously reported and that have not been fully addressed.

Notwithstanding progress made as compared to the previous financial year, the APC remains concerned about the following reported audit issues:

- Revenue recognition, collection and management remain serious challenges within the City, especially the inability to collect outstanding debt. This has a negative impact on the financial sustainability of the City and constrains service delivery. Outstanding debt amounts to R 1,2 Billion of which R8,2 billion is impaired (2016/2017: R 11 billion of which R7 billion was impaired).
- Asset management and maintenance remain areas of concern. Municipal resilience is constrained by insufficient maintenance and lack of an asset replacement programme.
- Material electricity losses of R1,5 billion (2016/17: R1,6 billion). These comprise technical losses of R525 million (2016/17: R532 million) and non-technical losses of R999 million (2016/17: R1,0 billion).

In addition, the APC has the following concerns:

- **Finance function capacity:** Although there has been progress in capacitating the finance function, key appointments were made late in the reporting period. Key vacancies were filled after the year end, but capacity is still constrained.
- **Late implementation of GRAP:** The City's revised GRAP-compliant impairment model was only finalised in late October 2018. This late finalisation resulted in a reported audit adjustment of R2,3 billion in the allowance for impairment of receivables in order to bring the final audited impairment allowance to R8, 3 billion.
- **Prior period restatements:** The APC noted the action plans of the Group Chief Finance Officer (GCFO) to address the root causes underlying consistent prior period restatements. The APC accepted the commitment by the GCFO to put preventative measures in place.

- **Financial sustainability plan:** The APC noted the progress made in implementing the Tshwane financial sustainability plan. This plan is vital to the effective running of the City and must continue to be carefully monitored and enhanced.
- **The disciplinary board:** The Council has not yet established a disciplinary board as required by section 4 of the Municipal Regulations of Financial Misconduct Procedures and Criminal Proceedings in terms of Regulation 430 of 30 May 2014. The City also lacks the capacity to instil a culture of discipline and to execute swift, consistent and decisive consequence management in order to drive proper accountability.
- **Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006:** The APC is awaiting the process plan by the “manager responsible for human resources” to include the APC in the 2016/2017 and 2017/2018 evaluation processes for the municipal manager and managers accountable to the municipal manager as directed by sections 27(4)(d) and (e) of Regulation 805.
- **Management of electricity and water losses:** The APC noted the progress to date in formulating and implementing strategies to reduce these material losses. Funding is required to ensure that these measures result in the planned savings. The APC also noted the non-achievement of the annual non-revenue energy target.
- **Filling of vacancies and management of overtime:** The APC noted the increased drive to fill critical vacancies in key service delivery areas. The APC also noted the increased actions to enhance internal controls with regard to the management of paid overtime. These issues must, however, continue to receive priority.
- **Municipal Continuous Audit Monitoring Process (MCAM):** The APC noted the Mayoral Committee resolution in terms of which reported internal and external audit matters that are not resolved within 120 days are escalated to the Mayoral Committee for appropriate action. Notwithstanding this escalation, issues are still not being resolved in a timely manner.

4 IN-YEAR MONITORING AND QUARTERLY REPORTS SUBMITTED TO THE APC

The APC was not fully satisfied with the timeliness and quality of monthly and quarterly reports submitted for oversight and assurance. The APC reported its concerns to the Mayoral Committee and the Municipal Public Accounts Committee (MPAC) by means of quarterly reports. The APC is not aware of any APC-related Council and/or APC-related MPAC resolutions that were not actioned by the APC.

5 MUNICIPAL ENTITIES

5.1 TSHWANE ECONOMIC DEVELOPMENT AGENCY (SOC LIMITED) (TEDA)

The APC was satisfied with the internal controls implemented by TEDA, however, the following issues remain:

- Clarification of TEDA's mandate, role clarity and support by the City
- Revisiting of the founding mandate of TEDA and effective utilisation of TEDA's mandate
- Effective tax planning to minimise the tax expense that arises from grants received from the City

The APC is of the view that the shareholder role and relationship need to be improved in order to ensure achievement of the City's objectives. This matter remains a key business issue and has been escalated to the Mayoral Committee/Council.

5.2 HOUSING COMPANY TSHWANE NPC (HCT)

The APC is concerned with basic failure of controls at HCT, which is compounded by a high vacancy rate in key positions. The APC is of the view that urgent interventions are required to capacitate HCT and to fill key vacancies in order to address basic internal control challenges within HCT.

6 RISK MANAGEMENT AND GOVERNANCE

The APC has an independent role in terms of section 166(1) (2) (a) (ii) of the MFMA, which states that each municipality and each municipal entity must have an audit committee, subject to subsection (6). An audit committee is an independent advisory body which must advise the municipal council, the political office bearers, the accounting officer and the management staff of the municipality, or the board of directors, the accounting officer and the management staff of the municipal entity, on matters relating to risk management.

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

Based on the quarterly reviews, risk management within the City is maturing to effective risk management, as evidenced by the new risk management structures. The APC noted the progress recorded in terms of enhancing the quarterly reports to the APC. The revised governance and risk oversight structures that were created contribute to a culture of integrated reporting and streamline performance and risk management.

7 EVALUATION OF PERFORMANCE INFORMATION

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

- Repeated concerns regarding the level of achievement of the organisation's predetermined objectives, given that only 62.34% of the targets on the adjusted SDBIP scorecard were achieved.
- Concerns that the City's performance against targets set for service delivery programmes remains consistently low, and there seems to be limited consequence management for departments that do not deliver as required.
- Concerns about the accuracy and reliability of information provided to substantiate performance.

More effort is still required to ensure consistent performance against set targets, including the quarterly tracking of annual targets.

8 EVALUATION OF ANNUAL FINANCIAL STATEMENTS

Quality of Annual Financial Statements

The APC concurs with the finding by AGSA that the City presented financial statements for audit purposes within the required period of time. The APC expressed concerns with regard to the non-timely finalisation of the impairment allowance for receivables. In addition, the APC expressed concerns on the extraordinarily detailed "Summary of significant accounting policies" as presented. However, AGSA reported the quality of the presented financial statements to be of concern, as material misstatements were identified and corrected during the audit process.

Statutory audit file and non-compliance with annual process plan

AGSA and Group Audit and Risk did not report any material deficiencies about the adequacy of the statutory audit file prepared by the finance function, but they expressed concerns about the audit files prepared by Supply Chain Management Division, Group Human Capital Management and the Revenue Section. However, the APC will evaluate the departures from the approved process plan in order to understand the root causes leading to the departures and to introduce measures to prevent reoccurrence.

Key audit matters

The APC concurs with AGSA's reported audit findings on key audit matters (KAMs) as defined, and it is not aware of any KAM that was not addressed and reported on in terms of the AGSA audit strategy.

9 COMPLIANCE WITH LAWS AND REGULATIONS

Several matters were reported to the APC that indicated material non-compliance with laws and applicable legislation. In particular, with regard to Supply Chain Management (SCM), significant interventions are required in the SCM function, specifically in respect of the people, systems and structures of acquisition management in order to ensure compliance with SCM regulations and policies. The unfortunate failure to reduce unauthorised, irregular, fruitless and wasteful expenditure (UIFW) emphasises the importance of the City enforcing a zero-tolerance approach towards UIFW by applying appropriate consequence management.

Expenditure management deficiencies resulted in the finding that reasonable steps were not taken to prevent irregular expenditure – amounting to R5, 2 billion (2016/2017: R3, 4 billion) – as required by section 62(1) (d) of the MFMA. Internal control deficiencies caused unauthorised expenditure of R729 million (2016/2017: R620 million).

10 ICT GOVERNANCE

The APC noted the sound progress recorded by the City and its entities in the implementation and management of the Corporate Governance Information and Communication Technology Framework. However, this did not adequately mitigate the challenges experienced with the implementation of the Municipal Standard Chart of Accounts (mSCOA).

The APC noted the progress recorded by the City and its entities, in conjunction with the National Treasury, on the implementation of the complex mSCOA-compliant information systems.

11 INTERNAL AUDIT FUNCTION

Each municipality and municipal entity must have an internal audit unit, in terms of section 165 of the MFMA, which advises the accounting officer and reports to the APC. The APC is satisfied that the internal audit function within the Group Audit and Risk Department has properly discharged its functions and responsibilities during the year under review.

In preparation for the external quality assessment of the internal audit function, the APC monitors the progress on corrective measures introduced by internal audit in response to self-assessment quality improvement reports in order to ensure progress on the January 2018 National Treasury report in keeping with its “Roadmap to Quality Assurance external review”.

12 AUDITOR-GENERAL SOUTH AFRICA (AGSA)

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

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

The APC concurs and accepts the conclusions of the Auditor-General South Africa on the group annual financial statements and is of the opinion that the audited group annual financial statements be accepted and read together with the report of the Auditor-General South Africa.

CONCLUSION

The Audit and Performance Committee thanks the Municipal Council, the Municipal Public Accounts Committee, the Mayoral Committee, boards of directors, accounting officers, chief financial officers, the Chief Audit Executive, the Auditor-General South Africa and all levels of management and staff for their cooperation and support during the year under review.

P.S. FOURIE

Chairperson
Audit and Performance Committee
3 January 2019

D EXECUTIVE SUMMARY

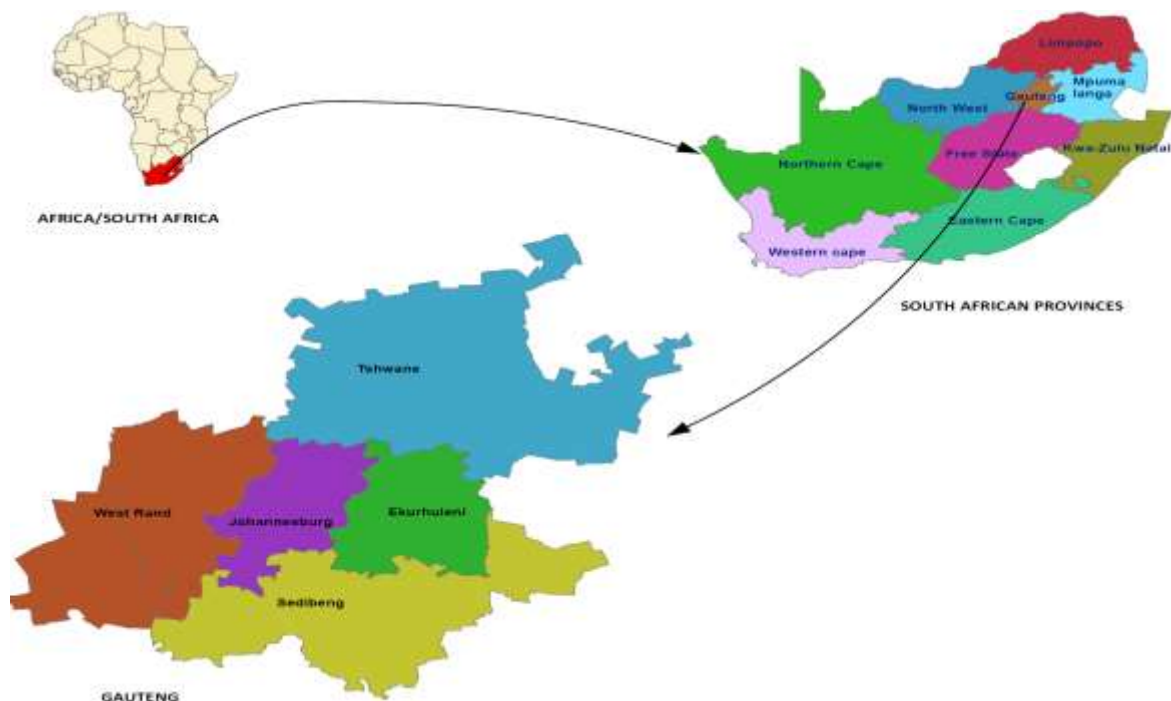
MUNICIPAL OVERVIEW

CITY OF TSHWANE IN CONTEXT

The City of Tshwane was classified as a Category A municipality by the Municipal Demarcation Board in terms of Section 4 of the Local Government Municipal Structures Act, 1998 (Act 117 of 1998). The Municipality was established on 5 December 2000 through the integration of various municipalities and councils that had previously served greater Pretoria and surrounding areas. The jurisdiction of the City was further amended on 28 May 2008, through a proclamation in the Government Gazette that incorporated the former Metsweding District Municipality, including Nokeng tsa Taamane (Cullinan) and Kungwini (Bronkhorstspuit) with the City. The incorporation, which gave birth to the new City of Tshwane in May 2011 after the local government elections, was in line with the Gauteng Global City Region Strategy to have the number of municipalities in Gauteng reduced by the year 2016.

The incorporation of the above-mentioned areas enlarged the area administered by the City to 6 345 km². Tshwane stretches almost 121 km from east to west and 108 km from north to south, making it at that time the third-largest city in the world in terms of land area, after New York and Tokyo/Yokohama. It also makes up more than 30% of Gauteng's 19 055 km².

Figure 1: Tshwane in context



The City of Tshwane has a mayoral executive system combined with a ward participatory system in accordance with section 8(g) of the Municipal Structures Act, 1998 (Act 117 of 1998). It consists of

107 geographically demarcated wards, 214 elected councillors (107 ward councillors and 107 proportional representative councillors) and has just over 3,3 million¹ residents. For administrative purposes and to enhance service delivery, it is divided into seven regions. As the administrative seat of government and hosting a number of embassies, Tshwane is a leader on the African continent in providing affordable industrial sites, various industries, office space, education and research facilities. An estimated 90% of all research and development in South Africa is conducted in Tshwane by institutions such as Armscor, the Medical Research Council, the Council for Scientific and Industrial Research, the Human Sciences Research Council and educational institutions such as the University of South Africa, the University of Pretoria and the Tshwane University of Technology.

KEY INFORMATION ABOUT TSHWANE

The following table provides information on the composition of Tshwane:

Table 1: Composition of Tshwane

Component	Description
Major residential areas	Akasia, Atteridgeville, Babelegi, Bronberg, Bronkhorstspuit, Centurion, Crocodile River, Cullinan, Eersterust, Ekangala, Elands River, Ga-Rankuwa, Hammanskraal, Laudium, Mamelodi, Pretoria, Rayton, Refilwe, Rethabiseng, Roodeplaat, Soshanguve, Temba, Winterveld and Zithobeni
Population	3,32 million in (2017) ² <ul style="list-style-type: none"> - Child population 785 182 (23,63%) - Working age population 2,35 million (70,77%) - Aged population 185 946 (5,60%)
Area	6 345 km ² Tshwane is the largest city in Africa and the third-largest in the world based on land area.
Municipal area GGDP³	R339,4 billion (current prices) ⁴
GGDP per capita	R129 146 GDP per capita (current prices) ⁶
GGDP growth	1,0% (2016) ⁶
Unemployment	27,9% (Q3: 2017) ⁵
Labour force	Unemployment rate 26,9% (Q4:2017) ⁶ <ul style="list-style-type: none"> - Labour force 1,83 million people - 1,23 million employed

¹ Quantec Easy Data 2017

² Quantec Easy Data 2017

³ GGDP refers to the gross geographic domestic product.

⁴ IHS Global Insight, 2017

⁵ Statistics South Africa, 2017

⁶ Statistics South Africa, 2018

Component	Description
	<ul style="list-style-type: none"> - 50,0 employment absorption ratio <p>73,6% labour force participation rate</p>
Poverty rate	49,2% (2016) people living below the upper bound of the poverty line ⁶
Principal languages	English, Sepedi, Afrikaans, Xitsonga and Setswana
Industrial estates	Babelegi, Bronkhorstspuit, Despatch, Ekandustria, Ga-Rankuwa, Gateway, Hennospark, Hermanstad, Irene, Kirkney, Klerksoord, Koedoespoort, Lyttelton Manor, Pretoria North, Pretoria West, Rooihuiskraal, Rosslyn, Samcor Park, Silverton, Silvertondale, Sunderland Ridge and Waltloo
Principal economic activities	Government and community services (28%), finance (25%) and manufacturing (13%). All figures are for 2016. ⁶
Focus sectors	<ul style="list-style-type: none"> - Advanced manufacturing - Agribusiness (agricultural production and processing) - Tourism - Research and innovation
Interesting facts about Tshwane	<ul style="list-style-type: none"> - Home to over 135 foreign missions and organisations - Highest concentration of medical institutions per square kilometre in South Africa - Knowledge and research and development capital of South Africa - 25% of Gauteng's GDP (2016)⁶ - 9% of national GDP (2016)⁶ - 53% of transport equipment exported from South Africa originate in Tshwane.

The table above shows that:

- The population of Tshwane is mainly composed of those in the working age bracket (15–64 years)⁷.
- The unemployment rate is sitting at 26,9 %, which requires the creation of an environment in which the economy can grow to provide work opportunities.
- Nearly 50% of the population live below the minimum poverty level, which places stress on the social support system to provide for the families concerned.
- The economic sectors of Tshwane have the potential to create work opportunities and to contribute to the overall economic growth of the province and the country. Tshwane is contributing 25% to the Gauteng GGDP and 9% to the National GGDP, which indicates its importance in our country. To support development in the main sectors and the various industrial and economic nodes, the City has prioritised investment in areas such as Rosslyn, Babelegi, Ekandustria and Sunderland Ridge.

⁷ Statistics South Africa, Quarterly Labour Force Survey, Quarter 2: 2018

NATURAL RESOURCES

The following table lists Tshwane's major natural resources and their relevance to the community.

Table 2: Major natural resources

Number	Major natural resource	Relevance to community
1.	Rietvlei Nature Reserve (4624,63 ha)	<ul style="list-style-type: none"> - Game viewing and bird watching - Picnic/braai area - Hiking/horse trails - Protected drinking water catchment - Tourism - Overnight accommodation and camping - Yachting - Angling
2.	Groenkloof Nature Reserve (684,75 ha)	<ul style="list-style-type: none"> - Game viewing - Picnic/braai area - Hiking/mountain biking trails - Protected drinking water catchment - Tourism
3	Faerie Glen Nature Reserve (128 ha)	<ul style="list-style-type: none"> - Hiking and dog-walking trail - Conservation of biodiversity
4.	Klapperkop Nature Reserve (239,5497 ha)	<ul style="list-style-type: none"> - Viewpoint - Mountain biking trail - Tourism - Conservation of biodiversity
5.	Colbyn Wetland Nature Reserve (60,736 ha)	<ul style="list-style-type: none"> - Storm water regulation - Conservation of biodiversity
6.	Voortrekker Monument Nature Reserve (237,2991 ha)	<ul style="list-style-type: none"> - Tourism - - Heritage
7.	Austin Roberts Bird Sanctuary (12 ha)	<ul style="list-style-type: none"> - Bird watching - Conservation of biodiversity
8.	Wonderboom Nature Reserve (120 ha)	<ul style="list-style-type: none"> - Picnic/braai area - Heritage - - Conservation of biodiversity
9.	Bronkhorstspuit Nature Reserve (870 ha)	<ul style="list-style-type: none"> - Angling - Picnic and camping - Conservation of biodiversity
10.	Moreletakloof Nature Area (94 ha)	<ul style="list-style-type: none"> - Hiking trail - Bird watching - Restaurant
11.	Bishop Bird Nature Area (19 ha)	<ul style="list-style-type: none"> - Outdoor leisure
12.	Struben Dam Bird Sanctuary (11 ha)	<ul style="list-style-type: none"> - Angling

Number	Major natural resource	Relevance to community
		<ul style="list-style-type: none"> - Hiking - Conservation of biodiversity
13.	Kruinpark Nature Area (4 ha)	<ul style="list-style-type: none"> - Outdoor leisure
14.	Eugène Marais Nature Area (3 ha)	<ul style="list-style-type: none"> - Outdoor leisure
15.	Skuilkrans Koppie (10 ha)	<ul style="list-style-type: none"> - Outdoor leisure
16.	Chaimberlain Bird Sanctuary (2 ha)	<ul style="list-style-type: none"> - Bird watching - Outdoor leisure

TSHWANE IDP 2017/18

Tshwane Vision 2030 is summarised as “a prosperous capital city through fairness, freedom and opportunity”. The new vision of the City of Tshwane capitalises on Tshwane’s position as South Africa’s capital city. The vision is underpinned by the values of fairness, freedom and opportunity. Below is a detailed diagram highlighting what each value stands for.



Figure 2: City of Tshwane values

After the local government elections of 3 August 2016, the new government committed to taking Tshwane resolutely forward. To implement Tshwane Vision 2030 from 2017 to 2021, the IDP 2017/18 identified three key framers for budgeted implementation, namely to stabilise, revitalise and deliver services to the community. These framers are illustrated in the following diagram:

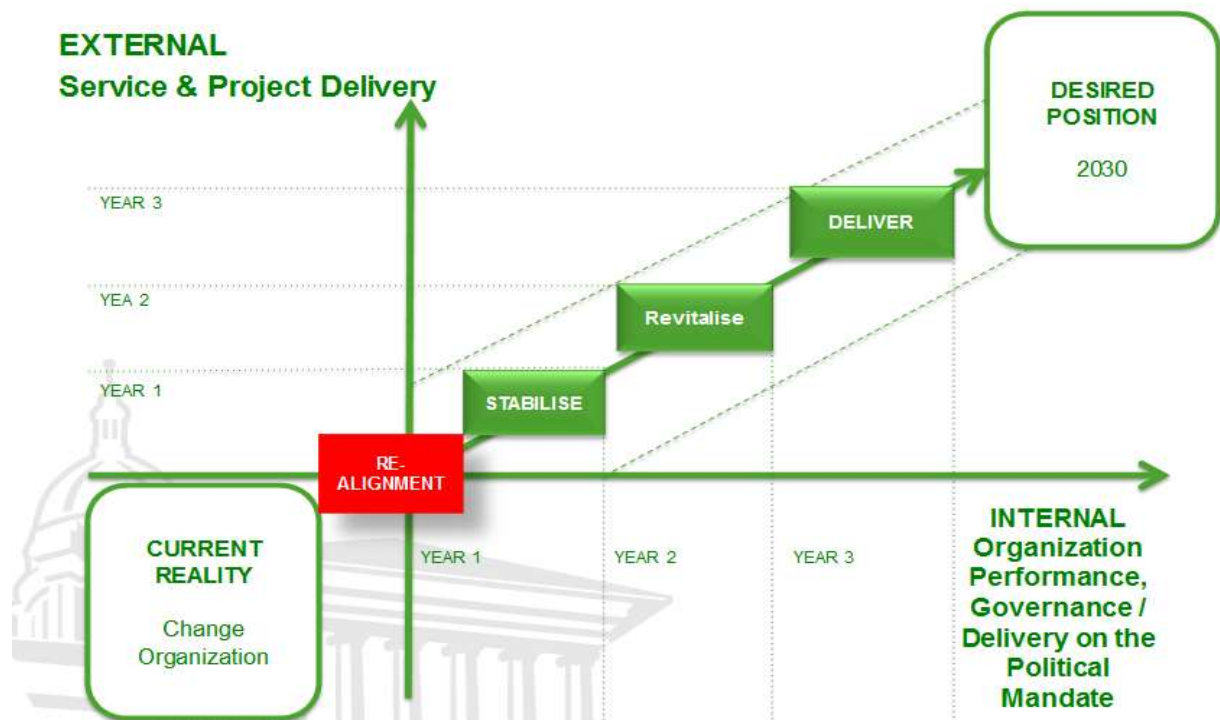


Figure 3: Three key framers of the City

Below are the details of what each key framer aims to achieve:

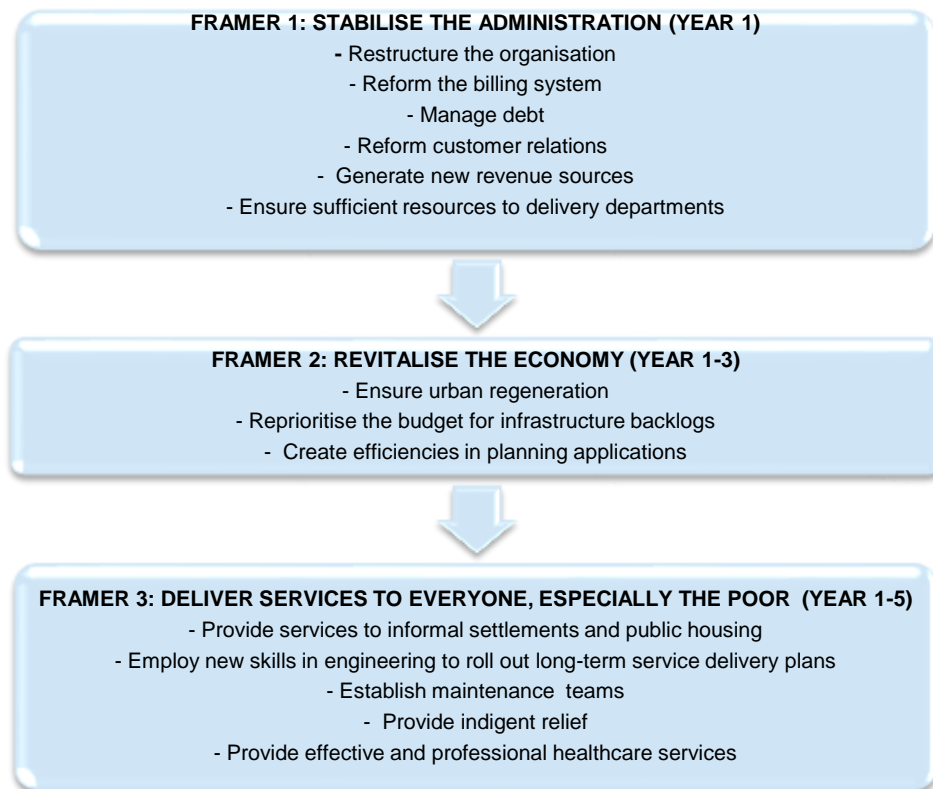


Figure 4: Three framers of the City

The City's vision is supported by the following five strategic pillars:



Figure 5: Five strategic pillars of the City

These five strategic pillars have been designed to measure incrementally the City's success. Each strategic pillar has its own objective.

SERVICE DELIVERY OVERVIEW

Despite challenges in the delivery of certain projects, the City was on track with the provision of basic services. Measures were put in place to address challenges hindering performance and areas where planned targets were not realised. The level of service delivery provision by the City is evidenced by a customer satisfaction survey that indicated overall customer satisfaction of 59% against the target of 70% for the financial year under review. The performance of the City against its IDP and SDBIP targets and the municipal entities against their business plans is captured in component I and J of this report.

Over the financial year under review, the City committed to 77 targets in the SDBIP and achieved 48 targets, translating to 62,34% target achievement. Although not achieved completely as set, progress was made on the other 29 targets.

Some of the service delivery highlights include:

- Aggressive attraction of investment worth more than R2,4 billion
- Economic development support to 248 youth-owned enterprises
- Creation of 16 114 EPWP job opportunities through capital and operational projects
- Provision of business skills training and technical skills training to 268 cooperatives
- Replacement of 90 meters on defective sewer reticulation pipelines
- Provision of bulk sewer in Chantelle X 39 in Region 1, with Work Package 1 (internal reticulation installation) completed and Work Package 2 in progress
- Provision of bulk sewer in Winterveld, with 7 km of bulk sewer line completed
- Upgrading of the Temba Waste Water Treatment Plant, with commissioning and watertight testing of all completed structures done as at the end of Quarter 4 of the financial year
- Electrification of 2 600 households in Nellmapius X 24, Region 6
- Electrification of 560 households in Soshanguve X 19, Region 1
- Electrification of 74 households in Mamelodi X 5, Region 6
- Electrification of 256 households in Melusi X 2, Region 3
- Electrification of 51 households in Winterveld, Region 2
- Strengthening of the existing electricity network and provision of additional capacity for new developments through 4 bulk electricity infrastructure projects
- Reduction of 20,21% in non-revenue energy
- Building and refurbishment of reservoirs, reaching the following milestones:
 - Completed the excavation and bedding for the construction of the new Klipgat reservoir in Region 1
 - Constructed a 10 Mℓ reservoir in Refilwe Manor in Region 5, with snags being addressed
 - Commenced with Doringkloof reservoir construction in Region 4
 - Commenced with the extension of the Annlin reservoir in Region 2 and the refurbishment of the Magaliesberg reservoir in Region 1, the new Parkmore LL reservoir and the Babelegi reservoir in Region 2
- Replacement of 3 638 m of worn-out network pipes in Eersterust, Moreleta Park, Babelegi, Garstfontein and Ga-Rankuwa

- Commencement of water purification plant extension in Temba (Region 2) despite notable challenges

Efforts to promote security of tenure and realise the constitutional obligation to provide housing yielded the following results:

- 5 024 title deeds were distributed to targeted beneficiaries.
- 626 houses were constructed.
- 199 social housing units were constructed.
- 2 515 households (houses and stands) were connected to water supply.
- 1 645 households (houses and stands) were connected to sewerage reticulation.

Regarding the broadening of access to healthcare services and improving the health conditions of the residents of Tshwane, the following is reported:

- The newly built clinic in Soshanguve Block JJ was opened officially.
- The Tshwane Health District's TB cure rate increased from 90,6% to 91,9% over the financial year under review.
- A total of 27 750 eligible patients were introduced to antiretroviral therapy.
- The City, in partnership with the University of Pretoria, implemented the COSUP programme to address substance use and its harmful impact on communities, ideally before people's drug use becomes a serious problem.
- Regional Drug Action Committees were established and an associated roadshow was held in Mabopane.
- A Youth Health Dialogue was held in two schools, reaching about 3 000 learners and touching on STIs, teenage pregnancy and healthy lifestyles.

Notwithstanding the many challenges experienced, the City achieved commendable results against its commitments relating to roads and storm water. These results included the following:

- 1,508 km of TRT bus lanes was constructed.
- 15,671 km of roads was provided to the required standard.
- 3,107 km of storm water pipes was constructed in the north, mainly Zone 1, Ga-Rankuwa.
- 2,93 km of road and storm water-dedicated TRT lanes was constructed, creating an estimated 329 job opportunities. The project was linked to the bus rapid transit infrastructure on Line 1A (from the CBD to Wonderboom Station/Rainbow Junction).
- 3,1 km of storm water drainage network was provided.

ORGANISATIONAL DEVELOPMENT OVERVIEW

The City acknowledges that the realisation of its growth and development objectives as well as the provision of acceptable levels of service delivery depends on the existence of an effective workforce. In acknowledging this reality, the City takes a holistic approach to human resource management and development. Priority is given to skills and capacity development initiatives, change management, development and implementation of policies that support individual development while also striving

to create an exciting workplace for full realisation of everyone's potential and talents in order to improve competencies and efficiencies. The ability to evolve and respond adequately to the changing labour market and individual employee needs is also a critical imperative for the City.

Demonstrating a commitment to promoting effective organisational development that drives efficiencies and responsiveness, the City achieved commendable progress and results. This progress was achieved despite countless challenges. Some of the results achieved included the following:

- The City made admirable progress in filling critical top management positions.
- Training was provided to 11 304 employees based on skills and capacity demands as captured in the Workplace Skills Plan.
- Compliance with occupational health and safety requirements improved. Section 24 incidents were reduced by at least 10%.
- Employment equity reached 92%.

The City had 25 937 employees in the 2017/18 financial year, and 19 660 of these were permanent employees, who were distributed as follows:

- 6 160 African females
- 151 coloured females
- 56 Indian females
- 854 white females
- 10 729 African males
- 187 coloured males
- 58 Indian males
- 1 465 white males

FINANCIAL OVERVIEW

Sustainable growth and development that support effective service delivery thrive under conditions of sound financial management. Promoting and improving sound financial management practices are a City of Tshwane priority. While many challenges remain, the City's efforts to improve financial governance led to commendable performance strides over the year under review. The following are key performance highlights of the commendable improvement in the City's management of its financial resources:

- Improved credit rating by Moody's (Aa1.za/P-1.za)
- Increase in the City's total assets by 5%
- Increase in total income by 5%
- Increase in total expenditure by 3%
- Generation of a surplus of R3,3 billion (adjusted budget 2018: R2,4 billion) compared to R2,5 billion in 2017
- Closing cash balance of R482,7 million compared to the 2016/17) closing cash balance of R389,5 million)

The City places a premium on improving financial viability to meet its financial obligations in a sustainable manner. To this effect, the Municipality continued to implement improvement plans to promote sound financial management in order to impact positively on the growth and development of the Tshwane region.

STATUTORY ANNUAL REPORT PROCESS

Table 3: Statutory annual report process

Number	Activity	Time frame	Status
1	Submit the next financial year’s budget and IDP process plan. Except for the legislative content, the process plan should reflect in-year reporting formats to ensure that reporting and monitoring feed seamlessly into the Annual Report process at the end of the budget/IDP implementation period.	July	Completed in August 2018
2	Implement and monitor the approved budget and IDP (in-year financial reporting).		Completed
3	Finalise the Quarter 4 report for the previous financial year.		Completed and approved by Council, 26 July 2018
4	Submit the draft Year 0 Annual Report to Internal Audit and the Auditor-General.		Submitted 22 August 2018
5	Submit the draft Annual Reports of municipal entities to the CM.		Submitted end July 2018
6	Audit and Performance Committee considers the draft Annual Report of the Municipality and entities (where relevant).	August	Submitted and considered on the 24 th August 2018
8	The Mayor tables the unaudited Annual Report.		To be considered by the Mayoral Committee before the Council meeting in January 2019
9	Submit the draft Annual Report including consolidated annual financial statements and performance report to the Auditor-General.		31 August 2018
10	Submit the Annual Performance Report (as submitted to the Auditor-General) as input to the IDP analysis phase.		
11	The Auditor-General audits the Annual Report including consolidated annual financial statements and performance data.	September – October	The AGSA audits the Annual Performance Report including consolidated AFS and submitted back to the City December 2018
12	Municipalities receive and start to address the Auditor-General’s comments.	November	
13	The Mayor tables the Annual Report and audited financial statements at a Council meeting complete with the Auditor-General’s report.		January 2019
14	The audited Annual Report is made public and inputs are invited.		February 2019
15	The Oversight Committee assesses the Annual Report.		March 2019
16	Council adopts the Oversight Report.	December	End of March 2019
17	The Oversight Report is published.		After adoption by Council at the end of March 2019
18	The Oversight Report is submitted to relevant provincial councils.		After adoption by Council at the end of March 2019

19	The draft budget/IDP finalisation for the next financial year commences, based on the Annual Report and oversight reports.	January	March 2019
<i>T 1.7.1</i>			

2 GOVERNANCE

This chapter presents an account of governance matters in the City of Tshwane. The following topics are explored:

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

A POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION

An accountable government is one that is transparent, responsive and accessible to its citizenry. This section provides an overview of the framework of the institutional management and governance structures through which the City implements its strategies using the appropriate resources.

1 POLITICAL GOVERNANCE

This section presents the structures and the governance model that support the political decision-making process of Council.

CITY OF TSHWANE GOVERNANCE MODEL

The governance model adopted by Council consists of the legislature, the Speaker of Council, the Chief Whip and the Section 79 portfolio and standing committees; and the executive branch consists of the Executive Mayor, members of the Mayoral Committee (MMCs) and the administration, which is led by the City Manager. This model was consistently applied in the affairs of the City.

The model intends to ensure that the City executes its functions through the leadership of the Executive Mayor while the legislature oversees the activities of the executive branch for transparency and accountability.

The following diagram presents the City's governance arrangements:

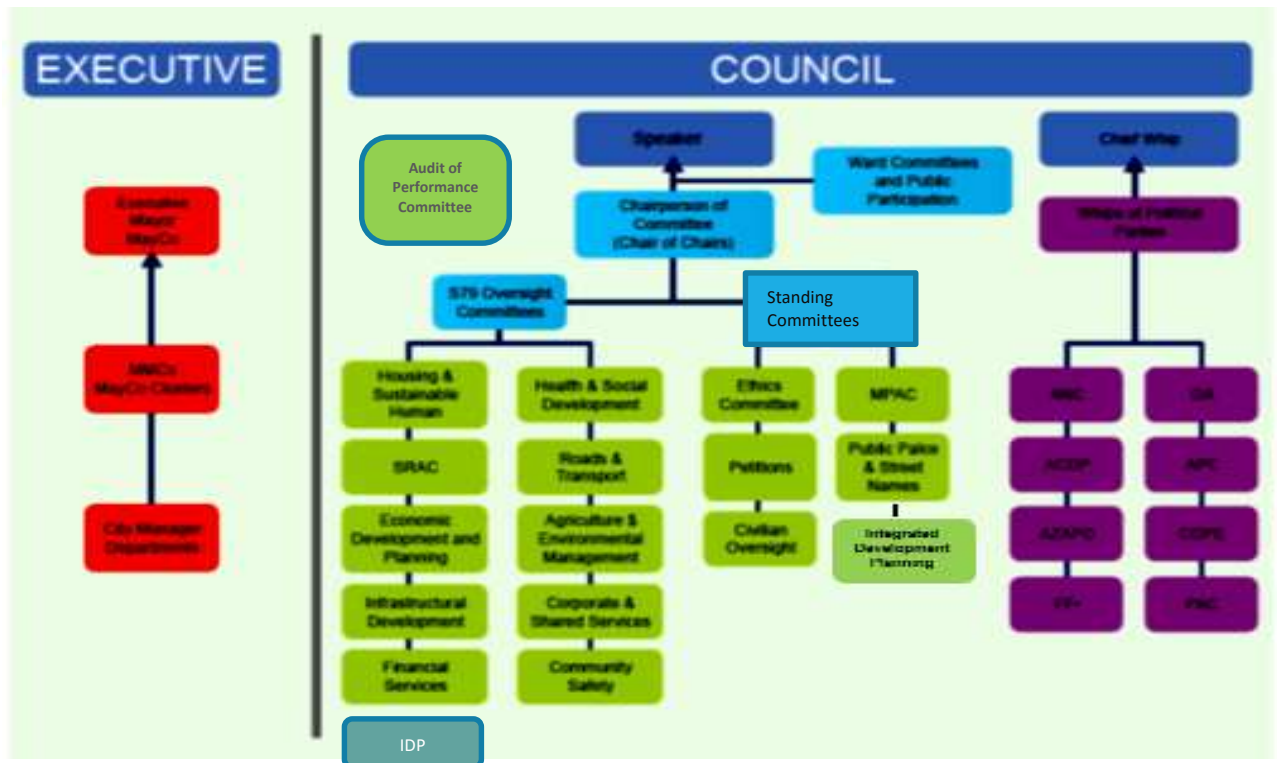


Figure 6: Governance model of the City of Tshwane

LEGISLATURE

The legislature is made up of Council; the Speaker of Council, Cllr Rachel Mathebe; the Chief Whip, Cllr Christiaan van den Heever; and two sets of Council committees: Section 79 portfolio committees and standing committees.

COUNCIL

Council consists of 214 elected councillors, of which 107 are ward councillors and 107 are proportional representation councillors. In terms of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), the role of Council is to engage in meaningful discussion on matters related to Tshwane's development. Council takes decisions concerning the exercise of all the powers and the performance of all the functions of the Municipality. It does so by delegating such powers and functions to political structures, office bearers, councillors and staff.

Council may not delegate functions such as the approval of municipal by-laws, the IDP, the budget and tariffs. Further, Council, through its various committees, monitors and scrutinises delivery and outputs as carried out by the executive branch. In relation to public participation, Council is responsible for facilitating stakeholder and community participation in the affairs of the Municipality as described by the Municipal Structures Act, 1998 (Act 117 of 1998).

OFFICE OF THE CHIEF WHIP

The Chief Whip of Council is one of the political principals elected by Council in terms of the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The role of the Chief Whip of Council

covers both the political and administrative domains of Council, with emphasis on the political aspect. The Chief Whip of Council works with a committee, the Multiparty Whippers, which consists of the whips of the various political parties represented in Council.

The roles and responsibilities of the Multiparty Whippers include the following:

- Ensuring that the meetings of Council and those of Council committees quorate
- Promoting and maintaining positive party-to-party relations
- Ensuring that councillors attend Council and committee meetings and represent their parties in the Programming Committee
- Ensuring that party members are familiar with the Standing Rules and Orders of Council
- Organising the work of councillors in party caucuses
- Nominating speakers for debates
- Assessing the performance of councillors
- Deciding the party allocation of councillors to committees
- Facilitating and coordinating inspections in loco in respect of study groups

The Multiparty Whippers met at least twice a month to primarily consider the business of Council and the administrative reports of the office. This regular interaction of the Multiparty Whippers resulted in great improvement in the work of the Office of the Chief Whip and accelerated innovation in the methods and processes of service delivery. With regard to the work of councillors, the office reported directly to Council while administrative reports were submitted to the Multiparty Whippers regularly and to the Mayoral Committee quarterly.

OVERSIGHT COMMITTEES OF COUNCIL

The oversight committees assist Council to exercise its oversight role. As part of the core of Council's model and its commitment to the separation of powers, 16 Section 79 oversight and standing committees have been established and adopted by Council. The Section 79 oversight committees are chaired by councillors who are designated full-time councillors and their chairpersons are elected by Council.

The following are the Section 79 oversight committees:

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

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

- Scrutinising reports referred to them by Council and emanating from the Executive Mayor and/or Mayoral Committee and advising Council accordingly
- Overseeing the performance of the executive branch and departments on behalf of Council
- Providing an advisory legislative role

The following councillors are chairpersons of these committees in the City:

Table 4: Chairpersons of committees

Name	Committee
Cllr Ali Makhafula	Community Safety
Cllr Peter Sutton	Finance
Cllr Thabisile Vilakazi	Community and Social Development Services
Cllr Abel Nkwana	Economic Development and Spatial Planning
Cllr Dikeledi Selowa	Utility Services
Cllr Wildri Peach	Agriculture and Environmental Management
Cllr Zweli Khumalo	Human Capital Management and Shared Services
Cllr Elmarie Linde	Roads and Transport
Cllr Nkele Molapo	Housing and Human Settlement
Vacant	Health
Cllr Clive Napier	Integrated Development Planning

THE EXECUTIVE

POLITICAL LEADERSHIP OF THE CITY

Following the conclusion of the 2016 local government elections, the Executive Mayor, Cllr Solly Msimanga, took the reins of the administrative capital on 19 August 2016. In terms of the Municipal Structures Act, an executive mayor must appoint a mayoral committee from the elected councillors to assist him or her. An executive mayor may delegate specific responsibilities and powers to the MMCs.

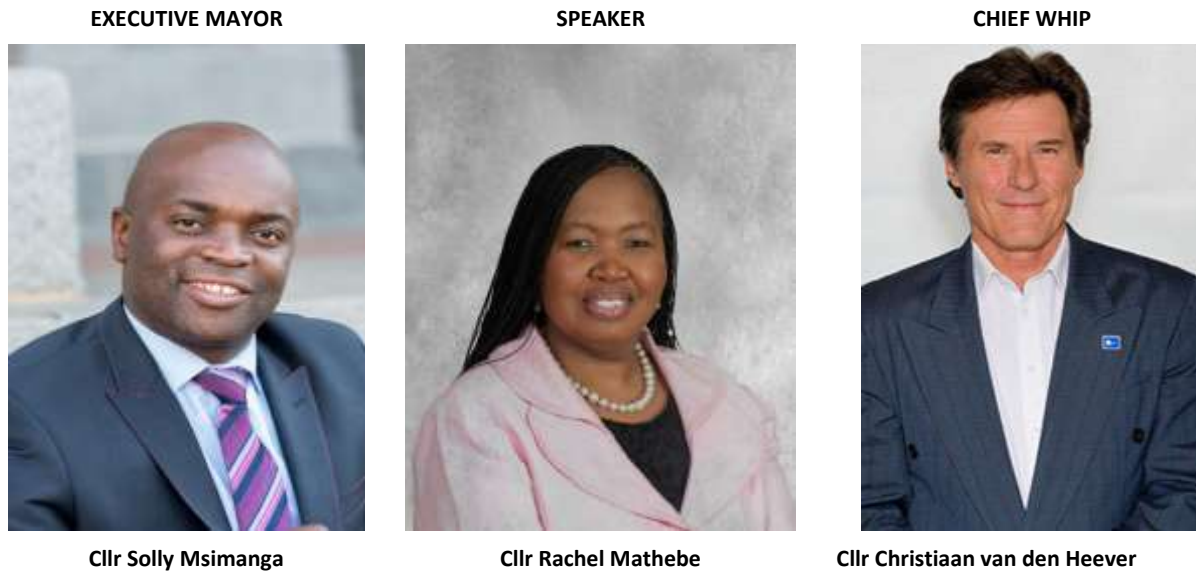


Figure 7: Political leadership of the City

EXECUTIVE MAYOR AND THE MAYORAL COMMITTEE

The Executive Mayor has an overarching strategic and political responsibility to promote good governance in the operations of the Municipality. The executive powers are vested in him by Council so as to manage the daily affairs of the City. The Executive Mayor, Cllr Solly Msimanga, assisted by the Mayoral Committee, leads the executive branch of the City. Each MMC is responsible for a particular portfolio, as listed below:

Table 5: Members of the Mayoral Committee

Member	Portfolio
Cllr Mike Mkhari	Agriculture and Environmental Management
Cllr Randall Williams	Economic Development and Spatial Planning
Cllr Cilliers Brink	Human Capital Management and Shared Services
Cllr Anniruth Kisoonduth	Community Safety
Cllr Mare-Lise Fourie	Finance
Cllr Sakkie du Plooy	Health
Cllr Mandla Nkomo	Housing and Human Settlement
Cllr Darryl Moss	Utility Services
Cllr Ntsiki Mokhotho	Community and Social Development Services
Cllr Sheila Lynn Senkubuge	Roads and Transport

Table 6: Allocation of Council seats

SUMMARY OF COUNCIL SEAT ALLOCATION					
NUMBER	PARTY		WARD SEATS	PR SEATS	TOTAL SEATS
1.	Democratic Alliance	DA	39	54	93
2.	African National Congress	ANC	68	21	89
3.	Economic Freedom Fighters	EFF	0	25	25
4.	Freedom Front Plus	FF+	0	4	4
5.	African Christian Democratic Party	ACDP	0	1	1
6.	Congress of the People	COPE	0	1	1
7.	Pan Africanist Congress of Azania	PAC	0	1	1
	TOTAL SEATS		107	107	214

SPEAKER OF COUNCIL

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

In the main, the role of the Speaker includes the following:

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

CHIEF WHIP OF COUNCIL

The Office of the Chief Whip of Council was established in terms of Gazette 23964 dated 18 October 2002 as approved by the Minister of Provincial and Local Government and Administration and as a section 12 notice by the then MEC for Local Government.

The Chief Whip plays a pivotal role in the overall system of governance by ensuring and sustaining cohesiveness within the governing party, and also maintaining relationships with other political parties. Cllr Christiaan van den Heever was the Chief Whip in the reporting year.

In the main, the role of the Chief Whip includes the following:

- Ensure proper representation of political parties in the various committees
- Maintain sound relations with the various political parties represented in Council

- Attend to disputes between political parties and build consensus.

The Office of the Chief Whip is structured to provide the following support functions to the political structures of the City:

- Councillor capacity development
- Councillor performance management
- Constituency support services
- Councillor research support
- Political liaison support
- Councillor wellness support

PORTFOLIO COMMITTEES

The City has 11 Section 79 oversight committees and 5 standing committees. Among others, the responsibilities of these committees are:

- Scrutinising reports referred to them by Council and advising accordingly
- Overseeing the performance of the executive and departments on behalf of Council
- Providing an advisory legislative role
- Overseeing implementation of the IDP
- Overseeing the monthly performance report on the SDBIP of departments

STANDING COMMITTEES

Standing committees are permanent committees established to deal with Council-related matters. They are delegated some decision-making powers and are required to submit reports to Council. The standing committees are chaired by councillors, except for the Audit and Performance Committee, which is chaired by an independent person in line with the prescriptions of the Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA).

The standing committees and their chairpersons are as follows:

Table 7: Chairpersons of standing committees of Council

Committee	Chairperson
Municipal Public Accounts	CLlr Awie Erasmus
Civilian Oversight	CLlr Hannes Coetzee
Petitions	CLlr Kate Prinsloo
Rules and Ethics	CLlr Piet Uys
Local Geographical Names	CLlr Karen Meyer

AUDIT AND PERFORMANCE COMMITTEE

The Audit and Performance Committee (APC) was established in terms of section 166 of the MFMA. Its main objective is to assist Council in carrying out its responsibilities as defined in the MFMA. In terms of section 166 of the MFMA, the APC is responsible for oversight over the following functions:

- Internal audits
- External audits
- Financial reporting
- Risk reporting
- Combined assurance
- Internal controls
- Information technology governance
- Performance management
- Annual reporting

The following meetings were held in the 2017/18 financial year:

Table 8: Audit and Performance Committee meetings

Number	Date of meeting	Purpose of meeting	City of Tshwane and/or entities
1	25 August 2017	Consolidated APR for submission to AGSA AG Dashboard/Q4 Management Letter Action Plan (MLAP) Progress Report Internal Audit Evaluation	City of Tshwane and entities
2	30 August 2017	Review of AOPI – Quarter 1 to 4 (City of Tshwane and entities) Deviation Quarterly Reports (City of Tshwane and entities)	City of Tshwane and entities
3	27 September 2017	Consolidated Annual Financial and Interim Financial Statements (City of Tshwane) and Entities Internal Audit Charter Audit Committee Charter: Three-Year Audit Coverage Annual Audit Coverage	City of Tshwane and entities
4	28 November 2017	Risk Management Plan Risk Advisory Report	Entities and City of Tshwane
5	13 December 2017	AGSA Annual Report	City of Tshwane
6	20 February 2018	SDBIP Mid-term Adjustment/Annual Report AOPI – Alignment of Performance Agreements with SDBIP 2017/18 (section 56) AFS Review (interim and final) – City of Tshwane and entities	AOPI and entities
7	13 March 2018	Accounting Officer's Report (quarterly)	City of Tshwane
8	17 May 2018	Accounting Officer's Report (quarterly) AG Dashboard/Q4 MLAP Progress Report	AOPI and entities
9	29 May 2018	Internal Audit Quarterly Report	City of Tshwane

2 ADMINISTRATIVE GOVERNANCE

After the local government elections on 3 August 2016, the new political leadership reviewed the institutional arrangements in the City. The purpose was to restructure the organisation to enable it to respond to and deliver on the priorities of the current term of Council. The following were the framers on which the institutional review was based:

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

Following the approval of the new macro structure, the City appointed Dr Moeketsi Mosola as the City Manager. A city manager is the administrative head of a municipality as defined by the Municipal Structures Act and the accounting officer in terms of the Municipal Finance Management Act. The incumbent manages the financial affairs and service delivery of a municipality.

The following table lists the City's top management.

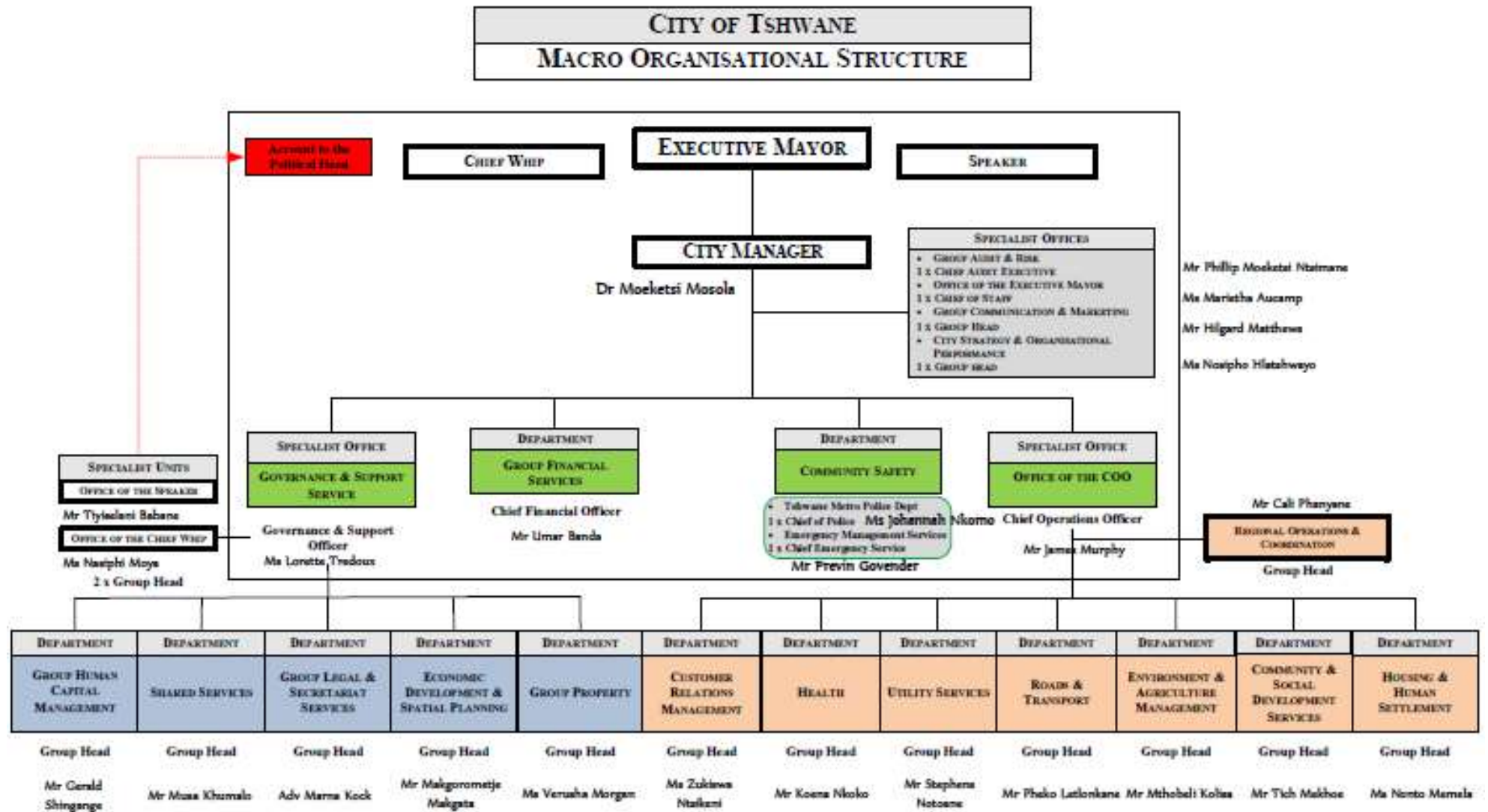
Table 9: City of Tshwane top management

Position	Name
City Manager	Dr Moeketsi Mosola
City Manager's Specialist Offices	
Chief of Staff: Office of the Executive Mayor	Mr Pule Mmutlana (acting)
Chief Audit Executive	Mr Phillip Moeketsi Ntsimane
Group Head: Communication, Marketing and Events	Mr Hilgard Matthews
Group Head: City Strategy and Organisational Performance	Ms Nosipho Hlatshwayo
Chief Financial Officer	Mr Umar Banda
Chief of Police: Tshwane Metro Police	Ms Johanna Nkomo
Chief of Emergency Services	Mr Previn D Govender
Governance Support Officer	Ms Lorette Tredoux
Group Head: Group Human Capital Management	Mr Gerald Shingange
Group Head: Shared Services	Mr Musa Kumalo
Group Head: Economic Development and Spatial Planning	Mr Makgorometja Makgatha
Group Head: Group Legal and Secretariat Services	Adv Marna Kock
Group Head: Group Property	Ms Verusha Morgan
Group Head: Office of the Speaker	Mr Tiyyiselani Babane
Group Head: Office of the Chief Whip	Ms Nasiphi H Moya
Chief Operating Officer	Mr James Murphy
Group Head: Customer Relations Management	Ms Zukiswa Ntsikeni

Position	Name
Group Head: Health	Mr Koena J Nkoko
Group Head: Utility Services	Mr Stephens Notoane
Group Head: Roads and Transport	Mr Pheko Letlonkane
Group Head: Environment and Agriculture Management	Mr Mthobeli S Kolisa
Group Head: Community and Social Development Services	Mr Tich Mekhoe
Group Head: Housing and Human Settlement	Ms Nonto Memela
Group Head: Regional Operations and Coordination	Mr Cali Phanyane
Regional Executive Director: Region 1	Mr Phillemon Mathane
Regional Executive Director: Region 2	Mr Godfrey Mnguni
Regional Executive Director: Region 3	Ms Leah Poto (acting)
Regional Executive Director: Region 4	Mr Tebello Masehe
Regional Executive Director: Region 5	Ms Nomsa Mabasa
Regional Executive Director: Region 6	Mr Sello Chipu
Regional Executive Director: Region 7	Mr Robert Maswanganyi

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

Figure 8: City of Tshwane macro organisational structure



SHAREHOLDER UNIT

The Shareholder Unit is tasked with reviewing, monitoring and overseeing the affairs, practices, activities, behaviour and conduct of the municipal entities (TEDA and HCT) to satisfy the City that their affairs and businesses are being conducted in the manner expected and in accordance with the commercial, legislative and other prescribed or agreed norms. The unit is poised to assist the institution and its entities to comply with applicable legislation by providing regular advice and reports on compliance and recommending remedial action where required. The unit regulates the functions of the entities and coordinates these with prevailing political imperatives, while ensuring alignment with departmental SDBIPs.

The Shareholder Unit achieved the following in the financial year under review:

- Analysis of the entities' quarterly performance reports
- Assessment of the entities' business plans as well as their revised business plans
- Holding Chairpersons' quarterly meetings
- Appointment of new boards for both TEDA and HCT in January 2018
- Running an induction programme for board members in May 2018

MUNICIPAL ENTITIES

The City established two municipal entities to perform some of its responsibilities. Although they are separate legal entities, municipal entities are managed through shareholder arrangements and service delivery agreements developed in line with the growth and development objectives set by the City. The City is currently assessing and reviewing the entity model with regard to its mandate and functionality as well as the role of the Shareholder Unit. This will ensure the effective functionality of the entities.

The following table lists the entities of the City:

Table 10: Municipal entities of the City

Entity	CEO
Housing Company Tshwane (HCT)	Ms Amolemo Mothoagae (acting until 27 April 2018) Mr Moroka Kaotsane (acting from 1 May 2018 to date)
Tshwane Economic Development Agency (TEDA)	Mr Solly Mogaladi

REGIONAL SERVICES

The City's regional services model and regional structures are integral parts of its rationale to bring services closer to the people and to transform regions into superb places to live and work, while capitalising on each region's uniqueness to create strong, resilient and prosperous areas.

The regionalisation of service delivery entails the decentralisation of certain operational and maintenance functions to regional offices led by the respective Regional Executive Directors, who report to the Chief Operations Officer. While functions such as strategic planning and the implementation of capital projects remain the responsibility of City departments, maintenance, repairs, information desks, etc are the direct and daily responsibility of the following functions in the regions:

- Health
- Utility Services
- Roads and Transport

- Environment and Agriculture Management
- Community and Social Development Services
- Human Settlements
- Regional Operations and Coordination
- Customer Relations Management

B INTERGOVERNMENTAL RELATIONS

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

Strategic Relationship Coordination (SRC) is one of the divisions of the City Strategies and Organisational Performance Department. (SRC was previously located in the Office of the Executive Mayor.) The main function of SRC is to strategically manage the City's relations with various domestic and international partners.

The City's achievements in the area of intergovernmental relations in the 2017/18 financial year were the following:

- Review of the City's IGR policy
- Establishment of clear procedures for IGR management and reporting and institutionalisation of reporting on IGR activities by departments
- Engagement of provincial and national departments in the City's plans before and after tabling the IDP at a Council meeting
- Facilitation of engagement between other spheres of government and the communities of Tshwane
- Establishment of an inter-sphere committee between the City, PRASA and the Department of Public Works to drive spatial development

The City's achievements in the area of international relations in the 2017/18 financial year are listed below.

- Developed the City's International Relations Management Framework;
- Periodically assessed agreements with international partners and reported on progress with agreed activities; and
- Actively participated at various stages in the development and implementation of a relationship with the Danish Embassy, which is now used as a model for managing inter-city agreements.

The City's achievements in stakeholder and strategic relations in 2017/18 are summarised as follows:

- Reviewed a partnership agreement with two academic institutions and one research institution;
- Revived the relationship between the City and the business and sports community through ongoing engagements and monitoring of action plans; and
- Piloted some of the City's innovation ideas through existing relations.

The City participates in the Public Sector Economists Forum. In this forum, it is represented by economists in the Office of the Executive Mayor. The forum serves as a platform for different cities, provincial governments, state-owned entities and public universities to share ideas, exchange knowledge and experience and discuss the respective research agendas.

The City also approached the Auditor-General of South Africa to share information (ie audit reports, working papers and the audit coverage plan) and coordinate activities for proper coverage and minimisation of duplication of efforts. Meetings with AGSA take place monthly and quarterly, or as and when required during the statutory audit period.

PROVINCIAL INTERGOVERNMENTAL STRUCTURES

The City was represented at the Gauteng Research Working Group by economists from the Office of the Executive Mayor. Local or municipal economists in Gauteng (Gauteng Department of Agriculture and Rural Development (GDARD); Gauteng Growth and Development Agency (GGDA; Gauteng Department Economic Development (GDED); and other municipalities) collaborate via this forum on the province's joint research work in the field of economics.

The Provincial Department of Cooperative Governance and Traditional Affairs (CoGTA) reviews Operation Clean Audit (OPCA) monthly. To this end the City contributes through its continuous audit monitoring process modelled on a ten-point plan. The City also provides updates to CoGTA on the status of matters impacting negatively on OPCA and how these have been resolved, and exchanges lessons with other metros in Gauteng. The engagements with CoGTA take place quarterly.

The Provincial Coordinating Committee is a committee established by both CoGTA and Gauteng Treasury and invites chief financial officers and chief audit executives from Gauteng metropolitan municipalities to report on progress with regard to the implementation of action plans to address the findings of AGSA. The committee also serves as a platform to share the best practices of the respective municipalities on how to resolve or deal with AGSA findings.

C PUBLIC ACCOUNTABILITY AND PARTICIPATION

The City has a long-standing culture of community and stakeholder engagement, which promotes transparency and accountability. These values are an integral part of any truly democratic society, and are enshrined in the Constitution. This democratic culture is realised through various platforms for community and stakeholder involvement in matters of municipal governance, and include public meetings and stakeholder engagement sessions.

The community and stakeholder engagement fulfils a legislated mandate, namely to develop a culture of democratic municipal governance and to encourage and create conditions for the local community to participate in the affairs of the Municipality.

In line with section 4 of the Municipal Systems Act, 2000 (Act 32 of 2000), the Executive Mayor convened regular service delivery public meetings in the various areas of Tshwane, based on pressing community needs such as housing, water, sanitation, electricity and roads infrastructure.

The Office of the Speaker plays a critical role in training all ward committees in identified core skills as part of the drive to capacitate ward committees for improved participation, and to play a meaningful role as a bridge between Council and the community. The functionality and effectiveness of the ward committee system are determined by the outcomes of the IDP.

PUBLIC PARTICIPATION

Public participation is a critical part of democracy and a communication forum between the Municipality and the community. It gives members of the community and stakeholders an opportunity to inform the Municipality of their development needs. The Office of the Speaker mobilises the community to ensure effective public participation.

Consultations were facilitated, among others, regarding the following:

- Draft by-laws
- IDP and Medium-term Revenue and Expenditure Framework (MTREF)

PETITIONS RAISED BY THE COMMUNITY

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

PARTICIPATION OF TRADITIONAL LEADERS IN ACCORDANCE WITH LEGISLATION

Section 81 of the Municipal Structures Act, 1998 (Act 117 of 1998) stipulates the following:

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

IDP PARTICIPATION AND ALIGNMENT

The City's commitments regarding the promotion of public participation and consultation are based on constitutional and legal obligations including the governance model. Therefore the City continues to promote participatory engagements with communities in all its processes, including the development of the IDP.

Public participation is a critical part of democracy, as it affords members of the community and stakeholders an opportunity to inform the Municipality about their developmental needs. The process also gives community members a clear understanding of how the Municipality arranges for public participation.

PARTICIPATORY FRAMEWORK FOR THE 2018/19 IDP REVIEW

Since the first democratic elections in South Africa in 1994, the nature and functions of municipalities changed drastically, with more emphasis being placed on the developmental role of local governments. Developmental local government means a commitment to working with citizens to find sustainable ways to meet their social and economic needs with the intention of improving the quality of their lives.

Ward councillors were elected on 3 August 2016 for the 2016–2021 term of Council. Part of the role of a councillor is to foster community participation in accordance with section 16(1)(b)(ii) of the Municipal Systems Act, 2000 (Act 32 of 2000). This places a responsibility on them to facilitate participatory processes within their wards, and one way of doing this, is through the IDP processes.

The process of engaging stakeholders and communities in the IDP and budget processes for the 2018/19 financial year was divided into two phases. Phase 1 entailed convening public meetings in various regions of the City from July to October 2017. This process was headed by the Executive Mayor, supported by the MMCs and the administration. Phase 2 focused on sharing with communities the draft IDP and MTREF. This resulted in multiple meetings with various stakeholders throughout the City's regions in April 2018. The process took place within the legislated commenting period for the draft IDP and budget.

IDP PUBLIC MEETINGS OF THE EXECUTIVE MAYOR AND MMCs

Between July and October 2017, the Executive Mayor scheduled a series of meetings with communities in the regions to reiterate the City's commitment to the 2017/18 IDP review in accordance with the Council-approved IDP review process plan. The Executive Mayor also gave a full account of the work that the current administration was doing as well as plans to stabilise and revitalise the City and deliver services.

The schedule of the Executive Mayor and MMCs for meetings with communities and other stakeholders in the regions is given below.

Table 11: Schedule of engagements

DATE	REGION	VENUE
23 July 2017	5	Zithobeni Community Hall
10 September 2017	6	Elangala Community Hall
17 September 2017	1	Soshanguve Klipspruit Hall
4 October 2017	4	Erasmia Primary School
5 October 2017: Amandebele ba Lebelo Council and Amandebele a Ndundza Traditional Council	2 and 5	Executive Mayor's office
12 October 2017	4	Centurion Council Chambers
29 October 2017	2	Hammanskraal Sports Ground
4 November 2017	4	Olievenhoutbosch Community Hall
11 November 2017	1	Mabopane Sports Complex
10 October 2017: Stakeholder meeting	3	Sammy Marks Conference Centre

SUMMARY OF ISSUES RAISED DURING THE EXECUTIVE MAYOR'S OUTREACH

The main issues raised by the communities were the following:

- Access to basic services – water, sanitation, electricity, roads and transport
- Provision of houses and formalisation of informal settlements
- Access to community facilities such as sport and recreation grounds and community halls
- Access to land for churches
- High rates and taxes – the unemployed and pensioners cannot afford these
- Economic development and work opportunities
- Speeding up the issuing of title deeds
- Repairs and maintenance of all types of infrastructure
- Illegal dumping and the increase in scrapyards in residential areas
- Assistance to non-governmental organisations (NGOs) that are involved in drug rehabilitation

The inputs received from the communities were incorporated with the IDP review and budget for the 2018/19 financial year. Provision of basic services is a key priority for the City and was allocated the largest portion of the capital budget.

RISK MANAGEMENT

The City's Risk Management Unit is responsible for the coordination of the risk reality and business risk profile. Reports in this regard are submitted to the various oversight committees in line with the approved risk management policy, strategy and framework to ensure that the oversight committees provide effective and efficient risk advisory services regarding the risk management systems. The City implements a number of mechanisms to mitigate the risks identified, such as the institutionalisation of assurance processes in compliance reporting, supply chain management (procurement) and financial management.

A City-wide strategic risk workshop was held on 29 June 2018. The purpose was to discuss the objectives of the strategic risk assessment for 2018/19 and what the committee intended to achieve. It took into consideration the IDP and the SDBIP for the 2018/2019 financial year. The process took into account the City's vision, strategic pillars and priorities that drive the mandate of the City. Furthermore, the City facilitated a 2018/19 strategic risk assessment with the departments to identify risks that may hinder the achievement of objectives and measures to improve the management of risks. The City's Risk Register for the departments is 67% complete.

ANTI-CORRUPTION AND FRAUD

The City's Ethics Management and Forensics Unit is responsible for the investigation, monitoring and implementation of anti-fraud and anti-corruption strategies. The work that was performed by the unit in the financial year under review is listed below.

- Detection operations that uncovered illegal electricity connections, leading to potential revenue recovery
- Interception of a fraud and corruption scheme involving electricity meters
- Registration of all reported cases for investigation
- Opening of criminal cases for investigation by the police
- Provision of witness services during disciplinary hearings
- Assistance to the police with investigations
- Anti-fraud and anti-corruption awareness campaigns
- Production of digital articles on fraud and corruption
- Partnership with the Ethics Institute in conducting an ethics risk assessment of the City
- Investigation of Section 32 cases (unauthorised, irregular, fruitless and wasteful expenditure)
- Presentation of cases to the Section 79 committee

Two types of surveys on ethics management maturity and risk assessment were conducted for the City.

- An online survey, done through an email with a link to all employees that was circulated by the Office of the City Manager, was initiated in Quarter 2 and concluded in Quarter 4 of the 2017/18 financial year.
- A paper-based, shorter survey aimed at blue-collar workers was initiated and concluded in Quarter 4 of the 2017/18 financial year. The results of the survey were linked to the categories of risk. The response strategies will be reported in the 2018/19 financial year.

Section 11(3)(m) of the Municipal Systems Act, 2000 (Act 32 of 2000) provides municipal councils with the legislative authority to pass and implement by-laws.

The following table provides information on by-laws developed by the City in the 2017/18 financial year:

Table 12: By-laws introduced during the 2017/18 financial year

Newly developed	Revised	Public participation conducted prior to adoption of by-Law (Yes/No)	Dates of public participation	By-law gazetted (Yes/No)	Date of publication
N/A	Tariffs, 22 August 2014	Yes	29 June 2016	Yes	LAN 1031, Provincial Gazette 175, Volume 24 of 27 June 2018 Page 528–702
	Health By-law for the Keeping of Animals, Birds and Poultry	Yes	March 2015	Yes	04/10/2017
	City of Tshwane Metropolitan Municipality: Air Quality Management By-law, 2014	No	N/A	No	Not yet
	Section 22 of the Municipal Property Rates Act - Special Rating Area	No	N/A	No	Not yet
	Childcare Services	Yes	25 June 2018	No	Not yet
	Childcare Facilities By-law	Yes	September 2017	No	Not yet
Embedded generation	N/A	Yes	8 July 2017	No	Not yet
			T2.9.1		

WEBSITE

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

Table 13: Municipal website content and currency of material

Documents published on the Municipality's website	Yes/No	Publishing date
Current annual and adjustment budgets and all budget-related documents	Yes	07/06/2017
Adjustment budget	Yes	07/03/2018
Previous annual report (Year -1)	Yes	31/01/2018
Annual report (Year 0) published/to be published	Yes	01/01/2017

Documents published on the Municipality's website	Yes/No	Publishing date
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	01/08/2017
All quarterly reports tabled in Council in terms of section 52(d) during Year 0	Yes	Q4 – 01/08/2017 Q1 – 02/11/2017 Q2 – 30/01/2018 Q3 – 04/05/2018
T2.10.1		

PUBLIC SATISFACTION WITH MUNICIPAL SERVICES

Based on the City's Mayoral Committee resolution of 19 August 2009, customer satisfaction surveys must be conducted biannually. Consequently, the City conducted household, business and embassy satisfaction surveys in 2009, 2011, 2013, 2015 and 2018.

The main aim of the 2018 customer satisfaction survey was to measure the satisfaction level of households, businesses and embassies/consulates with the municipal services provided by the City. More specifically, the 2018 customer satisfaction survey measured satisfaction against (i) core municipal and community services; (ii) public safety and by-law enforcement; (iii) billing and payment services; and (iv) customer care services. Supplementary aims of the study were to measure customers' views regarding (i) challenges for households and business constraints; (ii) involvement in metro consultative and participatory processes; (iii) awareness of corruption within the City's structures; and (iv) confidence in various abilities of the City.

Against the set target of 70%, the City achieved overall customer satisfaction of 59%. Research findings emerging from the 2018 survey indicate that the satisfaction levels of customers regarding the service delivery performance and standards of the City deteriorated since 2015, especially among households and business customers. Citizens were less satisfied with the services delivered by the City. Overall household satisfaction in 2018 stood at 57%, business satisfaction at 50% and embassy satisfaction at 70%.

The 2018 survey among businesses revealed poor satisfaction with core services (electricity, roads, storm water drainage, street/public lights and land-use planning permissions). Low satisfaction was recorded with regard to all community services, by-law enforcement, public safety, customer care and public participation and communication. Businesses showed low confidence in the leadership of the City to generate economic growth, increase investment and root out corruption. In addition, households identified critical challenges such as crime, unemployment, poor access to core services, corruption and drug and substance abuse.

Although embassies or consulates showed greater satisfaction with the City's service delivery, low satisfaction was recorded with regard to core services (electricity, roads, sanitation and water provision). Embassies or consulates also showed poor satisfaction with municipal taxi ranks and customer care. A high level of confidence was shown by embassies or consulates in the City's leadership to generate economic growth, increase investment and root out corruption.

The following table summarises the City satisfaction survey results for each category.

Table 14: Customer satisfaction survey (households)

Subject matter	Method	Date	Number of people included	Survey results
Municipality (confidence in)	Mixed method: Qualitative and quantitative; included computer-aided telephone interviews, face-to-face interviews, and observation research and focus group discussions	February to April 2018	<u>Households</u> : 3 601 households distributed across the seven City administrative regions, of which 46,5% completed the questionnaire by means of computer-aided telephone interviews (CATI), while 53,5% did so by means of personal face-to-face interviews. The eight focus group discussions involved 89 residents.	58%
Municipal service delivery				57%
Mayor				60%
Refuse collection				69%
Road maintenance				55%
Electricity				63%
Water supply				69%
Information provided by the Municipality to the public (communication)				65%
Opportunities for consultation on municipal affairs				54%

The following table summarises the City customer satisfaction survey results for businesses.

Table 15: Customer satisfaction survey (businesses)

Subject matter	Method	Date	Number of people included	Survey results
Municipality (confidence in)	A quantitative research design was applied in executing the 2018 business satisfaction survey. This procedure involved interviewer-aided telephone or self-administrated web-based interviews with formal businesses and 297 face-to-face interviews with informal businesses during business hours.	February to April 2018	A total of 816 businesses operating in Tshwane (519 formal and 297 informal businesses) participated.	64%
Municipal service delivery				50%
Mayor				67%
Refuse collection				61%
Road maintenance				53%
Electricity				57%
Water supply				64%
Information provided by the Municipality to the public (communication)				52%
Opportunities for consultation on municipal affairs				55%

The following table summarises the City satisfaction survey results for embassies/consulates.

Table 16: Customer satisfaction survey (embassies/consulates)

Subject matter	Method	Date	Number of people included	Survey results
Municipality (confidence in)	A quantitative research design was used, entailing interviewer-aided telephone or self-administrated web-based questionnaires. The interviewer-aided telephone interviews were conducted during business hours with the relevant ambassadors/high commissioners/counsellors of embassies and consulates.	March 2018	Altogether 35 embassies/consulates in Tshwane participated.	84%
Municipal service delivery				70%
Mayor				86%
Refuse collection				81%
Road maintenance				75%
Electricity				63%
Water supply				81%
Information provided by the Municipality to the public (communication)				68%
Opportunities for consultation on municipal affairs				69%

INTRODUCTION

This chapter presents the performance of the City over the 2017/18 financial year. In the main, the focus is on performance against predetermined objectives as presented in the SDBIP scorecard approved by Council. Capital expenditure for all functions is reported in the appendix to this report. The detailed financial statements form a separate volume. However, this report presents a summary of the financial statements.

The strategic agenda of the City over the current term of office is captured in the IDP for 2017–2021. The City identified the following strategic pillars to anchor its development objectives and guide the implementation of programmes for effective service delivery:

- A City that facilitates economic growth and job creation
- A City that cares for residents and promotes inclusivity
- A City that delivers excellent services and protects the environment
- A City that keeps residents safe
- A City that is open, honest and responsive

Over the financial year under review, the City committed to expanding access to and improving effectiveness in the provision of basic services in order to improve the living conditions of disadvantaged residents while maintaining good service standards in the affluent and previously serviced areas. The provision of water and sanitation, roads and storm water networks, waste management, electricity, housing, health services, disaster management, law and order maintenance, emergency services such as ambulances and firefighting, social programmes for the elderly and other vulnerable groups, poverty reduction, early childhood development and a reduction in the number of indigent households in Tshwane were all identified as priority focus areas.

Against the commitments articulated in the City's IDP and SDBIP, the performance highlights recorded over the 2017/18 financial year included the following:

- Installed and upgraded 18 088 m of water pipelines
- Provided 2 338 households in formal settlements with a waste removal service
- Provided 4 949 households with water connections
- Provided 817 households with a sanitation service
- Provided 1 855 households with new electricity connections
- Constructed 15,671 km of roads
- Constructed 3,107 km of storm water system

Towards growing a diversified economy that impacts positively on inclusive growth, the City achieved the following:

- Facilitated 16 114 income-earning opportunities
- Supported 396 SMMEs
- Facilitated investment worth R2,4 billion

INTRODUCTION TO BASIC SERVICES

The increasing population of Tshwane and the growth of knowledge among residents about what is due to them and demanding it, place a much higher demand on the provision of basic services. The growth in the youth population together with the backlog in basic services, in particular, severely pressurise the City to deliver and sustain good quality basic services. This is further compounded by resource limitations that impede the reduction of backlogs (let alone responding to new demands for services).

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

- Water and sanitation
- Electricity, including contributions by Eskom
- Waste management
- Housing, including contributions by Housing Company Tshwane (municipal entity)

WATER AND SANITATION

INTRODUCTION

The efficient provision of water and sanitation as basic services for survival is one of the critical priorities of the City. However, a broad range of issues impact on the efforts to promote efficiencies and effectiveness in the provision of water and sanitation. Basic to them all is the ever increasing demand resulting from population growth.

In an effort to promote access to water and sanitation and to improve the quality of services rendered, the City committed to a broad range of deliverables over the current term of Council. These include the reduction of water losses, increase in water treatment capacity, stabilisation of the waste water treatment works and water purification plants, and provision of reservoir capacity for new developments. Over the short term, the focus of the City is on ensuring effective management of water and sanitation infrastructure, and promoting an economical, effective and efficient supply of adequate bulk water (that is, on a continuous basis and of an acceptable quality and price), thus promoting the safety of residents. The City is also focusing on sustainable distribution of potable water to satisfy the needs of communities and other stakeholders. This can all be achieved through effective and efficient planning and implementation of new water and sanitation infrastructure.

PROVISION OF WATER

The water provision strategy of the City upholds the safeguarding of water security, redressing historical unequal service provision and addressing inherited delivery backlogs. Underpinning the strategy is the provision of quality water services to all residents and providing solutions to water service delivery challenges for sustainability. Promoting effective water resource utilisation and reducing water losses while broadening access to water services, especially among disadvantaged residents and communities, are the hallmark of water services provision by the City.

In the financial year under review, the City focused on addressing the backlog in water connections, water meter connections, infrastructure upgrades and building new water infrastructure. Among others, this entailed delivering on connecting households to water services, installation of water meters, building reservoirs, replacing worn-out network pipes and refurbishing water purification plants. ⁷⁰

Over the financial year under review, the City continued to enhance water provision services and provided 4 949 households with new water connections.

ACCESS TO WATER

In pursuit of broadening access to water services over the financial year under review, construction was underway on a number of projects while some were completed. The details are as follows:

- Milestones in building and refurbishing reservoirs:
 - Completion of the excavation and bedding for the construction of the new Klipgat reservoir in Region 1
 - Construction of a 10 Mℓ reservoir in Refilwe Manor in Region 5 to the level of addressing snags
 - Construction of the Doringkloof reservoir in Region 4 was underway
 - Commencement of the extension of the Annlin reservoir in Region 2, and refurbishment of the Magaliesberg reservoir in Region 1, the new Parkmore LL reservoir and the Babelegi reservoir in Region 2
- Replacement of worn-out network pipes: 3 638 m of water pipes was replaced covering Eersterust, Moreleta Park, Babelegi, Garstfontein and Ga-Rankuwa.
- Despite notable challenges, extension of a water purification plant at Temba in Region 2 began.

Approximately 86% households in Tshwane had access to piped water inside the dwelling. The other 14% were supplied through communal street standpipes and tanker services. As the City aimed to provide full services (access to piped water inside the dwelling) to all households in Tshwane, a backlog strategy was formulated.

The City was implementing service backlog eradication projects in the formalisable settlements of Ramotse, Marokolong, Kudube, Suurman, Mashemong, Majaneng, Stinkwater, New Eersterus, Tswaing and Ekangala. These areas had already been supplied with a basic water service. Upgrading to metered full-service water connections for stands was scheduled before the installation of waterborne sanitation. Some progress was made with this phase as indicated in the table below. According to the 2011 Census, 793 017 households to date had access to piped water through a community standpipe less than 200 m from the dwelling, piped water inside a yard and piped water inside a dwelling.

Bulk water and sanitation infrastructure projects preceded the reticulation components. Temba Waste Water Treatment Works and Temba Water Purification Plant upgrades were part of such components, as was the Babelegi Reservoir.

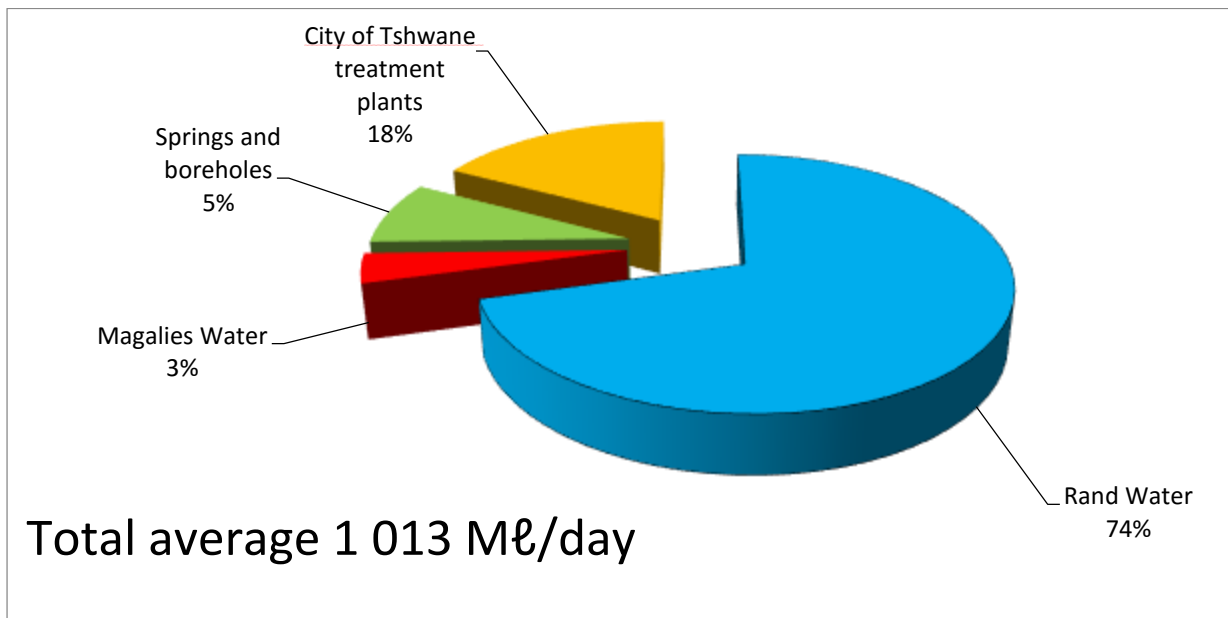


Figure 9: Total average water supply

Provision of water to informal settlements

The City also ensured water access to informal settlements via water tanker filling points and standpipes. However, the growth in informal settlements led to backlogs in the distribution of metered water to these areas. Hence Council resolved to ensure provision of water in these informal settlements to address the backlog in the short term. The long-term solution is the formalisation of these areas so that permanent networks can be installed.

Provision of water supply to meet growing demand

The anticipated future water demands and sewer return flows require a growth rate of $\pm 2\%$ per annum in water supply for Tshwane, which is not altogether unrealistic, given historical statistics. However, growth may or may not realise as anticipated in a few very large areas, which may significantly affect sewer return flows and therefore water resource availability at certain points in the Crocodile and Olifants River basins. The areas concerned are:

- R21 corridor (extends into Ekurhuleni)
- Western Centurion
- Area east of Silver Lakes
- Doornpoort (north of Montana)
- Kameeldrift/Derdepoort (southwest of Roodeplaat Dam)
- Area southeast of Soshanguve
- Area south of Temba

The following table provides statistical information on water provision since 2000.

Table 17: Provision of water services

Indicator or service	Five-year plan (2000–2006)		Five-year plan (2006–2011)		Five-year plan (2011–2016)		Current 2017/18		Total to date
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
New water meter connections (consumer applications)	16 000	20 639	21 000	18 571	9 560	10 300	4 500	4 621	54 131
Water infrastructure upgraded (meter, bulk and network)	132 090 m	216 341 m	857 917 m	813 688 m	21 400 m	17 394,6 m	9 200	18 088	1 065 184,6
Water backlog (number)	-	-	23 578	25 761	8 000	-	0	0	25 761
New water infrastructure (meter, bulk and network)	24 300 m	37 356 m	142 816 m	246 317 m	31 898 m	30 576 m	0	0	314 249

The following table provides statistical information on water connection upgrades from basic to full service.

Table 18: Upgrade of water connections from basic to full service

KPI	Five-year programme target (2006–2011)	Five-year achievement (2006–2011)	Five-year programme target (2011–2016)	Achievement to date (2011–2016)	Five-year programme target (2017–2022)	Achievement to date (2011–2015)
Number of households in formal areas with access to water (new meter connections)	Five-year target: 23 578 2006/07: 1 816 2007/08: 5 624 2008/09: 12 293 2009/10: 3 155 2010/11: 690	Achieved: 25 761 2006/07: 942 2007/08: 11 168 2008/09: 6 794 2009/10: 6 857 2010/11: 0	Five-year target: 15 312 2011/12: 787 2012/13: 180 (967) 2013/14: 6 905 2014/15: 6 040 2016/17: 5 200	Achieved: 1 319 2011/12: 787 2012/13: 325 2013/14: 14 292 2014/15: 9 358 2015/16: 4502 2016/17: 5 516	Five-year target: 2017/18: 4 500	Achieved: 2017/18: 4 949

The following table presents statistical information on water service delivery levels for 2017/18.

Table 19: Water service delivery levels

Description	2016/17	2017/18
	Actual households	Actual households
	Number	Number
<u>Water (above minimum level)</u>		
Piped water inside dwelling	630 349	642 956
Piped water inside yard (but not in dwelling)	0	0
Public tap (within 200 m from dwelling)	53 772	54 847
Other water supply (within 200 m)		
<i>Minimum service level and above subtotal</i>	684 121	697 803
<i>Minimum service level and above percentage</i>	86%	86%
<u>Water (below minimum level)</u>		
Public tap (more than 200 m from dwelling)	6 725	6 859
Other water supply (more than 200 m from dwelling)	102 172	104 215
<i>Below minimum service level subtotal</i>	108 897	111 074
<i>Below minimum service level percentage</i>	14%	14%
Total number of households*	793 017	808 877
<i>* To include informal settlements</i>	T 3.1.3	

The following table presents statistical information on water service policy objectives taken from the IDP for 2017/18.

Table 20: Water Service Policy objectives in accordance with IDP

Water Service Policy objectives from IDP								
Strategic pillars	Outline service targets	Year -1		Year 0		Year 1	Year 2	Year 3
		Target	Actual	Target	Actual	Target		
		2016/17	2016/17	2017/18	2017/18	2018/19	2019/20	2020/21
Service objective								
A City that delivers excellent services and protects the environment	Percentage/ number of households in formal areas with access to water (metered connections)	81,97%	82,02%	83,69%	83,01%	10 000	8 000	8 000
A City that delivers excellent services and protects the environment	Percentage/number of informal settlements with access to rudimentary water services	100%	101,86%	100%	122,4%	134 informal settlements	134 informal settlements	134 informal settlements
								T3.1.6t

BLUE DROP ASSESSMENT

The Blue Drop assessment indicates the quality of drinking water managed by various municipalities in accordance with the requirements set by the National Department of Water Affairs. The following table provides comparative information on the Blue Drop assessment scores for the City for the 2017/18 financial year.

Table 21: Blue Drop assessment

Performance area	Tshwane Central and South (Rietvlei)	Nokeng	Tshwane North (Roodeplaat)	Temba	CBD (Findley)	Bronkhorstspuit	Bronkhorstbaai	Summer Place
2010 Blue Drop score	96,36%	61,25%	96,36%	96,36%	96,36%	41,25%	19,50%	Not assessed
2011 Blue Drop score	97,22%	83,01%	95,48%	82,35%	92,22%	81,24%	66,99%	Not assessed
2012 Blue Drop score	99,20%	90,75%	96,88%	93,50%	97,02%	95,33%	78,07%	66,33%
2013 Blue Drop (estimate)	99,50%	95,00%	97,00%	97,00%	98,00%	97,00%	95,00%	80,00%
2014 Blue Drop score	97,56%	-	97,22%	88,97%	96,04%	96,08%	90,67%	95,57%
2015 Blue Drop score	No score	-	No score	No score	No score	No score	No score	No score
2016 Blue Drop score	No score	-	No score	No score	No score	No score	No score	No score
2017 Blue Drop score	No score	0	No score	No score	No score	No score	No score	No score
System design capacity (Mℓ/day)	40	14	60	60	40	54	1	1
Operational capacity (% in terms of design)	92,50%	69%	75%	92%	94%	93%	100%	91%
Population served	1 193 194	63 595	643 860	500 875	5 000	121 228	2 000	500
Water safety planning (%)	97%	84%	97%	97%	97%	97%	90%	84%
Treatment process management	100%	93%	100%	100%	75%	85%	51%	36%
DWQ compliance	100%	100%	100%	86%	100%	100%	62%	18%

Performance area	Tshwane Central and South (Rietvlei)	Nokeng	Tshwane North (Roodeplaat)	Temba	CBD (Findley)	Bronkhorstspuit	Bronkhorstbaai	Summer Place
Microbiological compliance (%)	99,90%	97,20%	99,20%	98,60%	99,90%	99,90%	94,30%	87,50%
Chemical compliance (%)	99,90%	99,90%	99,90%	99,90%	99,90%	99,90%	99,10%	95,10%

75

COMMENT ON WATER USE BY SECTOR

In accordance with the City's current water and sewer master plan, which is based on the Municipal Spatial Development Framework, Tshwane's potable water demand is set to increase over the next 40 to 50 years to 2 600 Mℓ/d, with an associated increase in sewer return flows to 1 600 Mℓ/d. The domestic water consumption is the largest sector of water use in Tshwane. The following table provides information on water utilisation by sector.

Table 22: Use of water by sector

Total use of water by sector (cubic metres)					
	Agriculture	Forestry	Industrial	Domestic	Unaccounted-for water losses
2017/18	0	0	94 million m ³ /annum	140 million m ³ /annum	80 million m ³ /annum
T 3.1.2					

Reduction of unaccounted-for water

The components affecting non-revenue water are primarily related to matters such as metering, reactive and preventative maintenance, loss minimisation, retrofitting, water theft, effective meter reading and billing. Secondary issues such as water quality, rehabilitation of water resources, social awareness and minimisation of pollution also play an important role in water demand management (and therefore may affect non-revenue water).

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

- **Consumer meter audit:** A number of consumer meters were logged. The objective of the logging exercise was to monitor consumer water usage and to identify potential leakages. A consumer meter audit was undertaken in the Pretoria CBD, Arcadia and Sunnyside. The exercise was meant to find unmetered connections, eliminate incorrect billing and to identify and subsequently replace all meters that were older than ten years, not working correctly and no longer readable.
- **PRV zone investigations and logging:** A number of Pressure Reducing Valve zones were investigated to assess if there was scope for pressure reduction. Where applicable, a recommendation was made to reduce pressure in future.

- **Reservoir level monitoring:** Reservoir level was monitored at 20 selected Tshwane reservoirs. This was aimed at facilitating the improvement of operating rules for these reservoirs.
- **Monitoring of water tanker filling points:** Monthly readings were taken on the meters of all known tanker filling points in Tshwane that supplied water to informal settlements. However, some points were unmetered. Recommendations on each water tanker filling point were made based on the condition of the filling point when the site was investigated.
- **Monitoring of flow and pressure in zones:** Global System for Mobile (GSM) loggers were used throughout Tshwane to remotely monitor pressure and flow. The logging data were used for, among others, leakage monitoring, calibrating the hydraulic model and assessing operational conditions.

These efforts led to an overall non-revenue water reduction of 20,49% in the 2017/18 financial year.

OTHER INTERVENTIONS TO CURB UNACCOUNTED-FOR WATER

New meter management system

During the 2017/18 financial year, the City introduced a ground-breaking new meter management system aimed at ensuring that its customers get accurate and up-to-date meter readings and bills. The new system, called “Click Soft”, uses the best of breed technology to eliminate estimations and subsequent uncertainty.

This change follows after the old system, which presented meter management and billing challenges for both internal and external stakeholders, was reviewed. The new automated meter management system will proactively solve both the residents’ and the City’s challenges by verifying information through triangulation, which reduces human error as a result of manual input.

The advantages of switching to Click Soft include:

- Real-time update of meter reading
- Timely and accurate readings
- Consistent meter reading
- Correct billing as a direct result of accurate readings
- Timely billing due to automating the meter-reading process
- Reduction in billing errors
- Reduction in administrative errors and queries on the exceptions report
- Improved readings even without access control
- Improved capturing of information, resulting in more accurate and sometimes lower bills for consumers
- Elimination of estimations and subsequent uncertainty
- Reduction of billing adjustments and improved revenue management for the City

PROVISION OF SANITATION

INTRODUCTION TO SANITATION

The provision of effective and high-quality sanitation services is one of the targeted improvement areas of the City. This commitment is expressed through, among others, the installation of waterborne sanitation infrastructure, addressing sanitation service backlogs, extending the capacity of waste water treatment

Although the City continued to experience challenges that impeded the full realisation of its set commitments for the financial year under review, the following commendable progress was made:

- Replacement of 90 meters on defective sewer reticulation pipelines
- Upgrade of the Temba Waste Water Treatment Plant up to commissioning and watertight testing on all the completed structures
- Completion of Work Package 1 (internal reticulation installation) for bulk sewer provision in Chantelle X 39 in Region 1; Work Package 2 is in progress
- Completion of 7 km of bulk sewer line for bulk sewer provision in Winterveld

The provision of sanitation services and improving access to them are key priorities of the City in response to the aspirations of Pillar 3: A City that delivers excellent services and protects the environment. Over the financial year under review, key objectives relating to the provision of a waste water service included the recovery and treatment of waste water in an effective and efficient manner and the disposal of all by-products from treatment processes in accordance with legally prescribed standards to prevent pollution of the environment. In addition, improving customer satisfaction through education, promotion and communication about the provision of water and sanitation services and the effective utilisation of water services remains a priority for the City.

Access to sanitation services is defined on two levels:

- At least a basic level of service, namely urine diversion system toilets for rural areas, such as Winterveld with its large plots that vary in size from 5 to 10 morgen
- Full sanitation services for areas without access to waterborne sanitation services (flush toilets), such as the Atteridgeville and Soshanguve South X 1 projects that installed waterborne sanitation with toilet top structures.

The following table summarises achievements in sanitation provision.

Table 23: Sanitation provision

Indicator or service	Five-year plan (2006–2011)		Five-year plan (2011–2016)		Five-year plan (2017–2022)		Five-year plan (2017–2022) Current (2017/18)		Total for year to date
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
Sanitation backlog (number)	13 852	9 516	12 823	9 999	0	0	0	0	0
New sanitation infrastructure (meter, bulk and network)	104 869 m	37 869 m	128 731 m	113 227	2 750	7 130	0	0	0
Sewer infrastructure upgraded (meter, bulk and network)	159 720 m	140 029 m	85 810 m	90 125	3 000	0	10 300	7 789	7 789

The following table summarises sanitation service delivery levels up to 2018.

Table 24: Sanitation service delivery levels

Sanitation service delivery Levels					78
Households*					
Description	2016/17		2017/18		
	Target	Actual	Target	Actual	
	Outcome	Outcome	Outcome	Actual	
	Number	Number	Number	Number	
<u>Sanitation/sewerage (above minimum level):</u>					
Flush toilet (connected to sewerage)		582 994		594 654	
Flush toilet (with septic tank)					
Chemical toilet					
Pit toilet (ventilated)		4 975		0	
Other toilet provisions (above minimum service level)		12 943		13 202	
<i>Minimum service level and above subtotal</i>		600 912		607 856	
<i>Minimum service level and above percentage</i>		75%		74%	
<u>Sanitation/sewerage (below minimum level):</u>					
Bucket toilet					
Other toilet provision (below minimum service level)					
No toilet provision		185 289		0	
<i>Below minimum service level subtotal</i>		203 174		207 237	
<i>Below minimum service level percentage</i>		25%		26%	
Total households		804 085		815 093	
* Total number of households including informal settlements					T 3.2.3

The following table presents statistical information on sanitation service policy objectives taken from the IDP for the 2017/18 financial year.

Table 25: Sanitation Service Policy objectives taken from the IDP

Waste water (sanitation) service policy objectives taken from the IDP								
Strategic pillars	Outline service targets	Year -1		Year 0		Year 1	Year 2	Year 3
		Target	Actual	Target	Actual	Target		
		2016/17	2016/17	2017/18	2017/18	2018/19	2019/20	2020/21
Service objective								
A City that delivers excellent services and protects the environment	Percentage/number of households with access to sanitation	79,14%	79,13%	80,05%	79,91%	783	3 000	3 500

A City that delivers excellent services and protects the environment	Percentage/number of informal settlements with access to rudimentary sanitation services	100,00%	118,06%	100%	99,6%	67 informal settlements	67 informal settlement	79 67 informal settlements
								T3.2.6

NEW BULK INFRASTRUCTURE AND UPGRADES

The provision of bulk services is costly and takes time to plan and develop properly, which constrains easy access to water and sanitation services.

The following table summarises bulk infrastructure upgrades since 2011:

Table 26: Sanitation infrastructure upgraded (meter, bulk and network)

Five-year plan (2006–2011)	Five-year achievement (2006–2011)	Three-year programme target (2011–2016)	Three-year achievement (2011–2014)	Three-year target (2017–2021)	Three-year achievement (2017–2021)
Target: 159 720 2006/07: 21 943 2007/08: 67 284 2008/09: 31 160 2009/10: 10 533 2010/11: 28 800	Achieved: 140 029 2006/07: 26 892 2007/08: 54 022 2008/09: 21 711 2009/10: 3 794 2010/11: 33 610	Target: 74 769 2011/12: 38 809 2012/13: 33 938 2013/14: 2 022	Achieved: 82 397 2011/12: 44 393 2012/13: 34 464 2013/14: 10 047	Target: 10 300 2016/17: 0 2017/18: 10 300	Achieved: 7 789 2016/17: 0 2017/18: 7 789

Addressing sanitation backlogs

Addressing sanitation backlogs is dependent on a number of prerequisites, including full-service water supply, formalised plans, bulk infrastructure, the availability of sewer reticulation and, most importantly, funding. The proposed 2016–2021 MTREF funding for the City is insufficient to meet the ideal of waterborne sanitation in line with the national Targets and is therefore not achieved for the 2017/18. To date 600 912 sanitation backlogs were addressed through flush toilets, and other toilet formats were provided to 804 085 households.

The process of addressing sanitation backlogs includes the following:

- Identifying and quantifying backlogs
- Evaluating infrastructure constraints
- Defining and planning for additional required infrastructure
- Selecting appropriate service options per area
- Registering projects as IDP projects and requesting funding
- Proceeding with construction as allowed by the funding

Further bulk infrastructure that is currently under construction and scheduled for completion in the next three financial years (including the 2017/18 FY) is as follows:

- Temba Waste Water Treatment Plant upgrade (completed at the end of 2018)
- Construction of Annlin and Klipgat reservoirs (completed at the end of 2018)

The community of Pretoria North, Annlin, Sinoville and future developments will benefit immensely from the Annlin reservoir once the project is completed.



Figure 10: Annlin Reservoir (planned for completion at end of 2018)

ELECTRICITY

INTRODUCTION TO ELECTRICITY

The City's strategy for the provision of electricity places a premium on improving access to electricity, sustainable electricity supply with minimum interruptions, reduction of unaccounted-for electricity, addressing electricity backlogs and safeguarding energy security. The levers used by the City to realise the electricity strategic objectives include the provision of public lighting, provision of bulk electricity infrastructure, new service connections and upgraded existing supplies for residential, business, commercial, industrial and street reserve connections.

Over the financial year under review the City committed to the following deliverables: upgrading of existing primary substations and construction of new power lines; installation of street lights, lamp posts, street lamps and high-mast lights. The focus was also on the electrification of houses to address service backlogs; removal of illegal connections to reduce distribution losses (technical and non-technical losses); and installation of prepaid meters for customers to aid the collection of revenue.

ACCESS TO ELECTRICITY

Over the financial year under review, construction on a number of projects was completed in pursuit of broadening access to electricity services. The details are as follows:

- Electrification of 2 600 households in Nellmapius X 24, Region 6
- Electrification of 560 households in Soshanguve X 19, Region 1
- Electrification of 74 households in Mamelodi X 5, Region 6
- Electrification of 256 households in Melusi X 2, Region 3

- Electrification of 51 households in Winterveld, Region 2
- Electrification of 3 687 households in Mamelodi X 11, Fortwest X 4, Ga-Rankuwa Zone 4, Pienaarspoort, Olievenhoutbosch X 60 and Zithobeni X 9
- Upgrading of Eldoraigue Substation, Region 4

Below is a summary of access to electricity for households in Tshwane.

Table 27: Access to electricity 2017/18

Households with access to electricity			Households with no access to electricity		
Metering type	Tshwane-licensed area	Eskom-supplied area	Confirmed electrification backlogs	Informal settlements	% of households with access to electricity
Prepaid	280 615	235 512	90 488	Estimated to be 200 000	92%
Conventional	182 000				
Commercial and industrial	16 000				
Subtotal	478 615	235 512			
Total	714 127		90 488	200 000	92%

The following table presents statistical information on electricity service policy objectives taken from the IDP for 2017/18.

Table 28: Electricity service policy objectives from the IDP

Electricity service policy objectives from the IDP								
Strategic pillars	Outline service Targets	Year -1		Year 0		Year 1	Year 2	Year 3
		Target	Actual	Target	Actual	Target		
		2016/17	2016/17	2017/18	2017/18	2018/19	2019/20	2020/21
Service objective								
A City that delivers excellent services and protects the environment	Percentage of formal households with access to electricity	81,46%	80,95%	82,82%	82,61%	6 800	9 900	11 200
								T3.3.5

Electricity for All to address backlogs

The Electricity for All programme prioritises areas where there is no access to electricity, with a specific focus on low-cost housing, formalised areas and informal settlements, to ensure that they are electrified. Over the years, the City experienced countless illegal land invasions, which contributed to an increase in the number of households in many wards across Tshwane. The City's Housing and Human Settlement Department developed the Informal Settlement Formalisation Strategy, which aimed to identify households to be prioritised for the provision of basic services, including electricity services. The strategy assisted the City to identify 52 informal settlements without basic services, of which 4 were formalised in the 2017/18 year.

Addressing electricity backlogs was prioritised for the next financial year for the following areas:

- Kudube Unit 9 in Region 2
- Refilwe Manor in Region 5
- Temba View X 1 in Region 2
- Olievenhoutbosch X 60 in Region 4

Public lighting

Public lighting is a visible indicator of electricity service delivery. The provision of street lights and high-mast lights is no longer a luxury but a basic need, as it increases visibility for communities, motorists and pedestrians during darkness. Through the IDP process, the City continues to receive petitions, letters and requests for the installation of street lights and high-mast lights in areas that still lack this service.

Public lighting is achieved through the installation of street lights, lamp posts, street lamps and high-mast lights (raised sources of light on the edge of a road or walkway and other areas). Depending on where the street is, the infrastructure is either connected through underground or overhead network wiring. To avoid having the entire system go dark when a single lamp burns out, each street lamp is equipped with a device that ensures that the circuit remains intact. With the recent vandalism of street light poles in areas surrounding the CBD, a resolution was made to replace the vandalised street light poles with concrete poles

Bulk capacity

Despite the financial constraints and high costs of infrastructure, the City prioritises the provision of bulk electricity infrastructure to ensure a sustainable electricity supply throughout Tshwane. In order to keep up with the load demands due to economic growth and maintain a reliable supply, the City has undertaken various bulk electricity infrastructure projects. These are implemented over a number of financial years. They consist of the upgrading of existing primary substations and the construction of new power lines. Four bulk electricity infrastructure projects were undertaken in the 2017/18 financial year in order to strengthen the existing network and to provide additional capacity for new developments.

Multi-year projects being implemented to eradicate backlogs			
<p>Construction of the new Soshanguve JJ 132/11 kV, 40 MVA substation</p> <p>Phase 1 of the Soshanguve bulk electricity programme to phase out the 33 kV network</p> <p>Bulk earthworks done. Status: The substation building was 90% complete and the contractor was electrifying the building and door ramps.</p>	<p>Upgrade of Eldoraigne 132/11 kV substation</p> <p>Upgrade of capacity from 40 MVA to 80 MVA</p> <p>Status: Completed and handed over to the City</p> <p>Upgrade of the substation was to stabilise the substation load and benefit new developments in Ward 69 and 70.</p>	<p>Upgrade of Mamelodi 3 132/11 kV substation</p> <p>Upgrade from the current capacity of 20 MVA to 80 MVA</p> <p>Status: Completed and handed over to the City</p> <p>Upgrade of the substation was to stabilise the substation load and benefit new developments in Ward 17, 40 and 97.</p>	<p>Construction of 132 kV power lines between Mamelodi 2 and the Hatherley primary substation</p> <p>To provide additional capacity for new developments in Nellmapius and Pienaarspoort</p> <p>Tower foundations (except 3) were completed.</p> <p>Contractor busy with assembly of steel towers.</p> <p>Status: 95% complete</p>





Figure 12: Eldoraigae 132/11 kV substation

New connections

The “New Connections” programme provide up to 11 kV electricity supply to all consumers in the Tshwane area of supply. This involves managing, planning and processing all electrical supplies, and the speedy and accurate compilation of a quotation in accordance with the applicable tariff document, conditions of supply, by-laws and safety standards. The entire project is application-driven, based on the needs of our consumers. It includes single- and three-phase connections which could be new or upgraded existing connections for residences, businesses, commercial and industrial enterprises and street reserves. In 2017/18, the electrification programme had an annual target of 1 850 household connections. Altogether 1 855 new connections were completed and energised.

Prepaid meters

The purpose of this project to install prepaid meters for customers is to increase revenue from electricity consumption, as customers have to pay upfront for their electricity. Customers include registered indigent households who are provided with prepaid meters at no cost. Other customers pay for the installation of the meters. A key benefit of prepaid meters is that consumers can proactively manage their electricity consumption. The number of City of Tshwane prepaid meter users increased with 15 000 from 2016/17 to 2017/18.

Table 29: Installation of prepaid meters

Financial year	Description	City of Tshwane-licensed area
2016/17	Prepaid metering type	265 000
2017/18	Prepaid metering type	280 000

Comparison	Difference	15 000
------------	------------	--------

REDUCTION OF UNACCOUNTED-FOR ELECTRICITY

The components that affect non-revenue energy are varied and relate primarily to matters such as metering, reactive and preventative maintenance, loss minimisation, retrofitting, cable theft, and ineffective meter reading and billing. The annual electricity distribution losses comprise technical and non-technical losses and boil down to a difference between electricity purchased and electricity sold.

To reduce the non-technical losses, the following initiatives were being implemented:

- Weekly cable operations to remove illegal connections
- Daily meter audits
- Normalisation of prepaid meters that were not buying electricity
- Strengthening of network and refurbishment
- Installation of tamper boxes
- Electrification

Overall, these efforts led to an overall 20,21% reduction in non-revenue energy in the 2017/18 financial year.

Strategic partnerships

Currently, the City is dependent on Rand Water for 72% of its bulk water supply and for more than 90% of its Eskom electricity supply. During the 2017/18 financial year the City entered into a strategic partnership with Eskom to supply electricity in the whole of Region 2 and bulk electricity to the City, and with Rand Water to supply bulk water to the City.

OVERALL PERFORMANCE FOR ELECTRICITY

Despite a number of challenges that impeded the full realisation of the commitments made by the City regarding the provision of electricity services, commendable strides were recorded in the year under review. These entailed the following:

- 9,96 km of cable was laid to strengthen networks.
- 731 households were electrified to eradicate backlogs, including Eskom areas (formal and informal).
- 1 855 households were provided with new connections.
- 2 396 street lights and high-mast lights were installed.
- Non-revenue energy was reduced to 20,21%.

WASTE MANAGEMENT

INTRODUCTION TO WASTE MANAGEMENT

Over the financial year under review, the City continued to prioritise the effective implementation of its waste management plan and waste collection, and the effective management of waste disposal sites. Central

- Cleaning of public spaces (litter picking and prevention and clearing of illegal dumping)
- Waste minimisation and recycling
- Community liaison, education and awareness
- Regulation and information management as well as legislative compliance (reporting)
- Waste collection and transportation to disposal sites
- Management of waste disposal

WASTE COLLECTION

The City implements a regionalised system of waste collection aimed at bringing the service closer to the local communities. Waste collection is operated and managed by regional administrative structures. The City's strategy for waste management also entails a combination of private sector and City of Tshwane waste collectors at a 70% and 30% split. Waste is collected from most premises once a week and care is taken to keep to the waste collection schedule and its frequencies at all times.

In its efforts to continuously improve its waste management services, the City distributes 240 ℓ wheelie bins at residential premises. A total of 12 000 of these bins were targeted for distribution and 13 124 were distributed, thus exceeding the target by 1 124 bins. This contributed to the prevention and reduction of illegal dumping and boosted general waste management, especially in previously disadvantaged communities.

The following table presents statistical information on the waste management service policy objectives taken from the 2017/18 IDP.

Table 30: Waste management service policy objectives in accordance with the IDP

Waste management service policy objectives taken from the IDP								
Strategic pillars	Outline service targets	Year -1		Year 0		Year 1	Year 2	Year 3
		Target	Actual	Target	Actual	Target		
		2016/17	2016/17	2017/18	2017/18	2018/19	2019/20	2020/21
Service objective								
A City that delivers excellent services and protects the environment	Percentage of formalised areas with access to weekly waste removal services	100,00%	101,53%	100,00%	100%	100%	100%	100%
T3.4.4								

Waste disposal sites

The City currently has four operational landfill sites while the other three are permanently closed. As and when required, continuous rehabilitation is done at the closed sites. The City's landfill sites are permitted and operated according to the minimum requirements for waste disposal at landfills as published by the Department of Water Affairs and Forestry. The minimum requirements regulate the quantification of general

waste and installation of weighbridges at landfill sites depending on the classification of the landfill site. If weighbridges are not available, alternative methods are used to give general estimates of waste volume. ⁸⁷

The absence of weighbridges made it difficult to quantify the volume of waste received at landfill sites as well as manage revenue properly. The City has since installed electronic weighbridges at the Soshanguve, Ga-Rankuwa, Hatherley and Bronkhorstspuit landfill sites. These weighbridges should enhance waste revenue information management significantly and ensure accurate data, as all vehicles pass over them.

Currently the City have five compliant landfill sites.

Table 31: Four compliant landfill sites in Tshwane

Operational landfill sites	Region	Estimated lifespan (years)
Ga-Rankuwa	1	10–15
Soshanguve	1	10–15
Hatherley	6	5–10
Bronkhorstspuit	7	7–10
Onderstepoort	1	Less than one year

HOUSING

INTRODUCTION TO HOUSING

The South African Constitution advocates for the right to adequate housing within the means and resources available, and in an incremental manner. This constitutional imperative remains a priority of the City. The housing functions performed by the City are based on the conditions of the Housing Act, 1997 (Act 107 of 1997). In terms of the institutional arrangements of the City, the critical stakeholders in the provision of housing include the Utility Services Department (water, sanitation and electricity) and the Roads and Transport Department (roads and storm water).

In the main, the fulfilment of the housing provision commitment is expressed in terms of the following key focus areas:

- Formalising and regularising informal settlements
- Managing and addressing housing backlogs
- Developing and managing housing and rental stock
- Acquiring land and delivering housing
- Ensuring security of tenure and providing houses in mixed developments
- Providing a wide range of rental housing options for Tshwane residents
- Offering special-needs housing for the aged, people with disability, people with HIV and AIDS, and children who are orphaned by HIV and AIDS
- Providing a mechanism to resolve disputes between landlords and tenants
- Facilitating and creating a conducive environment for development of social housing by identifying strategic land parcels and properties
- Providing low-cost housing for households earning less than R3 500 per month on an incremental basis

In addition, to fulfil its housing and human settlements objectives, the City is also supported by an entity, Housing Company Tshwane, which manages the City's rental housing stock.

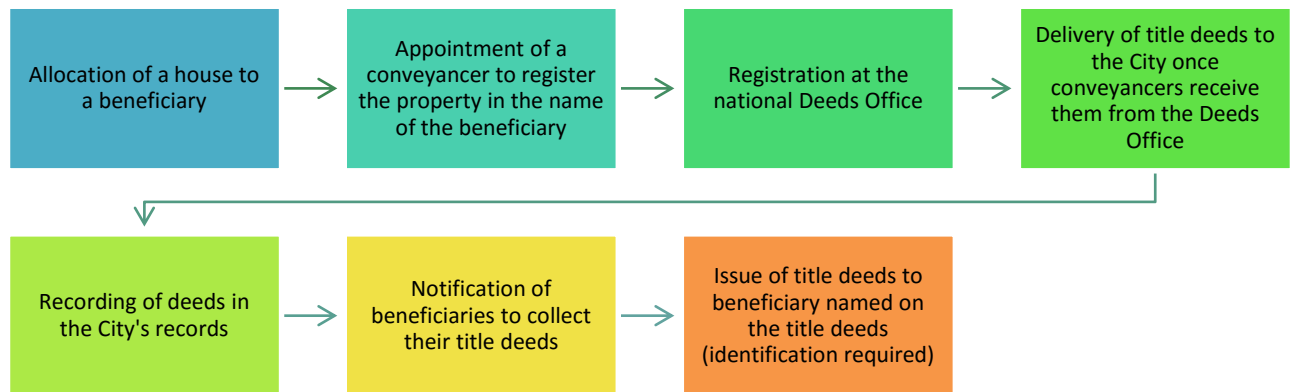
Despite a myriad of impediments to the full realisation of the City's targeted deliverables, the City recorded some commendable progress over the financial year under review, such as the following:

- Completed constructing of 626 low-cost houses
- Connected 2 515 households (houses and stands) to water supply
- Connected 1 645 households (houses and stands) to sewerage reticulation
- Facilitated the construction 199 social housing units and affordable rental units

PROPERTY REGISTRATIONS AND TITLE DEEDS

Providing security of tenure to Tshwane's residents is one of the City's critical deliverables. Upon allocation of low-cost houses, conveyancers are appointed to facilitate the registration process. They are provided with lists of beneficiaries in order to prepare and lodge applications with the Deeds Office for registration of the properties (title deeds). Over the financial year under review, 5 024 title deeds were issued to targeted beneficiaries, 15 of these being issued in Hammanskraal. The City also had a backlog of 9 904 uncollected

The diagram below illustrates the process followed for the registration of title deeds.



HIGHLIGHTS

TITLE DEED HANDOVER IN HAMMANSKRAAL

As an expression of its commitment to promoting security of tenure as well as promoting sustainable and integrated human settlements that are accessible and liveable while also ensuring adequate access to economic opportunities, the City handed over 15 title deeds to qualifying beneficiaries in Hammanskraal West, X 1 and 2 (Ward 49). This ceremonial handover was led by the MMC for Housing and Human Settlement, Cllr Mandla Nkomo.



Figure 13: Handing over of title deeds to residents of Hammanskraal

HOUSING INVESTMENT INDABA

The City hosted a Housing Investment Indaba on 18 May 2018 to showcase its approach to housing and human settlements. It was also aimed at highlighting the City's delivery, plans and projects to uplift communities and explore relationships with various stakeholders in the housing industry. The indaba was attended by various stakeholders, including delegations from the National Department of Corporate Governance and Traditional Affairs and the National Department of Human Settlement.



Figure 14: The Executive Mayor, Cllr Solly Msimanga, addressing delegates during the Housing Investment Indaba

HOUSING COMPANY TSHWANE

Housing Company Tshwane (HCT) was established as a Section 21 company by the City to implement its institutional/social housing programme in accordance with the Housing Act (Act 107 of 1997). The entity was established with the aim to develop and manage social housing and other forms of institutional housing in Tshwane. Therefore, the mandate of HCT consists of the following:

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

- Transferred 284 self-sufficient elderly rental stock units and had the lease agreements signed
- Achieved a 97% occupancy rate for the buildings under HCT management on behalf of the City
- Increased the rate of billed units from 90% to 96% in Eloff, Silwerkroon, Villieria, Capital Park, Claremont and Danville, which significantly boosted the revenue generated through rental stock
- Spent more than 50% of its allocated budget of R65 767 869 towards the support and development of BEE companies and SMMEs

One of the critical deliverables achieved in the financial year under review was that HCT reviewed its current operations in terms of policies, procedures, processes and systems to inform a turnaround strategy and identified where the parent department could strengthen its operations and property management portfolio. The turnaround will be implemented in the 2018/19 financial year.

Furthermore, the entity commenced with proper implementation of its debt collection mechanisms and non-paying tenants were handed over to debt collectors. Legal capacity was also insourced to bring eviction orders where applicable. Tenant management was improved through regular tenant meetings. To broaden tenants' access to information, a tenant newsletter was published. The Council resolution to transfer affordable rental stock from the City to HCT was being implemented.

COMMENTS ON THE OVERALL PERFORMANCE OF HOUSING

The efforts of the City to respond to the constitutional right to adequate housing and security of tenure yielded the following results:

- 5 024 title deeds were handed over to the rightful beneficiaries, 15 of these in Hammanskraal West, X 1 and 2 (Ward 49),
- 626 houses were constructed.
- 2 515 households (houses and stands) were connected to water supply.
- 1 645 households (houses and stands) were connected to sewerage reticulation.
- 199 social housing units were constructed.

Despite the achievement of these critical deliverables, the City continued to experience impediments to the realisation of all its commitments. However, the City was putting mechanisms in place to address the root causes of all the problems that could be resolved.

COMPONENT B: ROADS AND TRANSPORT

INTRODUCTION TO ROADS AND TRANSPORT

Effective roads and transport infrastructure plays a critical role in the achievement of the overall growth and development objectives of the City. Apart from ensuring regional integration, good roads infrastructure and an effective transportation system, especially public transport, enable citizens to get easy access to other services such as healthcare, education and employment and promote social cohesion. Furthermore, roads and transport infrastructure opens and links markets to centres of strategic importance such as agriculture and manufacturing. Since the City is committed to the realisation of the benefits listed above, roads infrastructure and the transport system in Tshwane drew a major part of the City's capital and operational expenditure in the reporting year.

The City serves its communities through coordinating, facilitating, planning and implementing the development and maintenance of a sustainable and integrated transport system, promoting public transport through demand management, and stimulating social and economic development. The aim is to eliminate backlogs in the provision of road, transport and storm water infrastructure as well as transform the entire public transport system of Tshwane. The City also recognises that road and storm water infrastructure is a critical element of services required for the proclamation of townships.

In its efforts to realise all these ideals, the City continued to commit to addressing backlogs and future demand for roads and storm water drainage, and ensuring the provision of a quality mass transportation system through the roll-out of bus rapid transit across Tshwane in the 2017/18 financial year. Furthermore, the City committed to improve integrated transport infrastructure planning, including the Integrated Rapid Transport Network (IRPTN), so as to establish a public transport system to benefit the whole Tshwane community.

ROADS AND STORM WATER

INTRODUCTION TO ROADS AND STORM WATER

There is growing recognition that road infrastructure contributes significantly to the realisation of the growth and development objectives of the City. A well-developed road network does not only reduce the cost of transportation, both in terms of money and time, it also helps to integrate various areas in Tshwane, which in turn contributes to other socio-economic spin-offs. In addition, the devastating effects of changing weather patterns and climate conditions require the development and maintenance of storm water infrastructure for greater resilience.

Providing roads and storm water infrastructure was identified in the 2017–2021 IDP as a key priority in terms of both service delivery and economic infrastructure development. Therefore, the construction, surfacing and refurbishment of roads are critical priorities of the City. Another priority is the construction, especially in poor communities, of new storm water systems and linking them to the existing network to improve storm water and drainage management overall.

Notwithstanding the many challenges experienced, the City achieved commendable results against its commitments relating to roads and storm water. These results included the following:

- 1,508 km of TRT bus lanes was constructed.
- 15,671 km of roads was provided to the required standard.
- 2,93 km of road and storm water lines for TRT lanes was constructed, creating 329 job opportunities. The project was linked to the bus rapid transit bus infrastructure on Line 1A, from the CBD to Wonderboom Station (Rainbow Junction).
- 3,1 km of storm water drainage lines was provided.

The following table presents the service levels relating to storm water during the 2017/18 financial year.

Table 32: Storm water infrastructure

Storm Water Infrastructure				
	Total storm water measures	New storm water measures	Storm water measures upgraded	Storm water measures maintained
2017/18	3,1 km	3,1 km	0 km	0
T 3.9.2				

The following table depicts storm water cost of construction/maintenance during the 2017/18 financial year.

Table 33: Cost of construction/maintenance

Cost of construction/maintenance			
R' 000			
	Storm water measures		
	New	Upgraded	Maintained
2017/18	R9 000 000	R0	R0
T 3.9.3			

The following table presents statistical information on road service policy objectives taken from the IDP for the 2017/18 financial year.

Table 34: Road Service Policy objectives in accordance with the IDP

Road service policy objectives taken from the IDP								
Strategic pillars	Outline service targets	Year -1		Year 0		Year 1	Year 2	Year 3
		Target	Actual	Target	Actual	Target	Target	Target
		2016/17	2016/17	2017/18	2017/18	2018/19	2019/20	2020/21
Service objective								
A City that delivers excellent services and protects the environment	% of roads provided to the required standard (km)	24,08%	24,17%	26,47%	24,68%	26 km	30 km	32 km
A City that delivers excellent services and protects the environment	% of completed TRT bus lanes constructed (km)	52,05%	0%	44,82%	44,07%	0,6 km	3,7 km	3,1 km
T3.7.6								

The following table presents statistical information on storm water service policy objectives taken from the IDP for the 2017/18 financial year:

Table 35: Storm water service objectives in accordance with the IDP

Storm water policy objectives taken from the IDP								
Strategic pillars	Outline service targets	Year -1		Year 0		Year 1	Year 2	Year 3
		Target	Actual	Target	Actual	Target	Target	Target
		2016/17	2016/17	2017/18	2017/18	2018/19	2019/20	2020/21
Service objective								
A City that delivers excellent services and protects the environment	% of required municipal storm water drainage network provided	38,55%	38,62%	42,38%	38,96%	20 km	25 km	23 km
T3.9.5								

COMMENTS ON THE OVERALL PERFORMANCE REGARDING ROADS AND STORM WATER

While the City experienced a myriad of challenges, significant progress was made relating to roads and storm water against the commitments set to be achieved over the financial year under review. The areas of notable progress included construction of TRT bus lanes, additional roads and storm water lines, and improvement of drainage. The projects concerned contributed significantly to job creation.

TRANSPORT

INTRODUCTION TO TRANSPORT

The City envisions a liveable, resilient and inclusive Tshwane where citizens enjoy a high quality of life and have access to social and economic opportunities. To achieve this, the City has to ensure the provision of an efficient and sustainable transport system. Hence its strategy is organised in terms of the integration of transport infrastructure planning, including the Integrated Rapid Public Transport Network (IRPTN), and the development and effective maintenance of roads and the transport network. To this effect, the City committed to the construction of roads over the financial year under review in order to effectively operate the transport system, construct TRT bus lanes, operationalise the IRPTN, operate passenger trips effectively, improve passenger experience of, and generate the targeted revenue from, the bus service, and improve the functionality of roads by improving storm water drainage.

Against these commitments, the City achieved the following progress:

- 1,508 km of TRT bus lanes was constructed.
- IRPTN Line 1A between Wonderboom and the CBD was opened.
- On 2 October 2017, 30 A Re Yeng buses started serving all routes that had been operated by AutoPax Passenger Services (SOC) Ltd in Mamelodi.
- 15,671 km of roads was constructed in newly proclaimed areas.

- 3,107 km of storm water drainage system was constructed in proclaimed areas.
- R16 541 715,06 in revenue was generated through the A Re Yeng bus service.
- R31 834 565,93 in revenue was generated through Tshwane Bus Services.
- At least 277 Tshwane Bus Services buses were branded.

TSHWANE RAPID TRANSPORT

The construction of the Tshwane Rapid Transit (TRT) system (A Re Yeng) kicked off in the 2013/14 financial year. The aim was to provide reliable, convenient and safe public transport. TRT development is supplemented by the construction of non-motorised transport facilities, especially in the inner city.

The TRT system improves access to public transport through the following:

- Ensuring that all residents live within 1 km of the rapid transit network by 2020
- Upgrading modal fleet facilities, stops and stations
- Ensuring that public transport facilities cater for people with special needs
- Providing safe and secure public transport operations
- Integrating public service networks, including facilities for walking/cycling and the taxi network
- Integrating electronic fare collection
- Providing car-competitive public transport that will reduce journey times

INTEGRATION WITH OTHER MODES OF TRANSPORT

The TRT trunk network connects to other modes of public transport at six key nodes: Kopanong, Wonderboom (Rainbow Junction), Pretoria Station, Belle Ombré, Hatfield and Denneboom. To improve the accessibility of non-motorised transport (NMT), the trunk and feeder network will also incorporate bicycle lanes. TRT also seeks to accommodate people with disabilities by providing universal access infrastructure at stations and feeder stops, and on buses and NMT.

The intention of the TRT service is to replace all competing road-based public transport services in the TRT corridor. Affected existing operators will be compensated or incorporated with the bus operating entity or entities that will be responsible for TRT operations. The creation of intermodal facilities at strategic locations, incorporating inter alia rail, TRT, Tshwane Bus Services, and park-and-rides, allows for the integration of all modes and transport systems, thus improving the overall efficiency of transport in Tshwane. Intermodal facilities are being developed at Kopanong, Wonderboom and Denneboom; others are being planned for Akasia, Menlyn, Atteridgeville, the CBD and Mahube Valley.

A RE YENG BUS SERVICE REPLACES AUTOPAX OPERATIONS IN MAMELODI

On 2 October 2017, the City introduced 30 A Re Yeng buses on all routes operated by AutoPax Passenger Services (SOC) Ltd in Mamelodi. AutoPax, which originated from the passenger services of the former South African Road Transport Services under the names of Transtate and Translux, provided transport services to Mamelodi commuters for many years. The transition from AutoPax to A Re Yeng was critical for the future of the A Re Yeng service as well as the City's strategic objective of intermodal, integrated public transport that is affordable and safe. Mamelodi commuters were informed through different communication media (radio, posters and flyers) of the changes in the bus service in their area.



Figure 15: A Re Yeng bus

TSHWANE BUS SERVICES

Tshwane Bus Services (TBS) embarked on a comprehensive turnaround strategy to improve its operations. It has three depots, namely C de Wet Centre, Jan Niemand Park and Pretoria North, and a fleet of 348 vehicles, mainly old buses. The 278 routes starting in the city centre have an average length of 14 km. The weekday services are provided over 14 hours, with the first service starting at 04:45 and the last service at 18:40. On Saturdays, the service runs over 8 hours. The morning peak headways range from 5 minutes to 30 minutes. The operations are within a radius of about 15 km from the city centre. There are 185 school routes, 95 normal routes and 2 contracted routes. A total of 2 212 trips are planned for each day, utilising 234 shifts.

The following table presents statistical information on Tshwane Bus Services.

Table 36: Municipal bus service data

Municipal bus service data			
	Details	2017/18	
		Estimated number	Actual number
1	Passenger journeys	0	2 936 234
2	Seats available for all journeys	0	14 254 833
3	Average unused bus capacity for all journeys	0	1 318 599
4	Size of bus fleet at year end	0	348
5	Average number of buses off the road at any one time	0	160
6	Number of bus journeys scheduled	0	337 500
7	Number of journeys cancelled	0	97 452
T.3.8.2			

CELEBRATING TRANSPORT MONTH

Cyclers support Transport Month by cycling from City Hall to Tshwane House

On 18 October 2017, enthusiastic cyclists, both beginners and experienced cyclers, hopped onto their bikes and cycled from the City Hall to Tshwane House. Their mission was to demonstrate that cycling was possible⁹⁷ in Tshwane. Most were also members of the newly established City of Tshwane Cycling Club and were supporting Transport Month and Car-free Fridays.



Figure 16: Cyclers supporting Transport Month

COMMENTS ON THE OVERALL PERFORMANCE OF TRANSPORT

In response to the need to provide efficient and sustainable transport infrastructure, the City achieved reasonable progress. Regardless of impediments regarding the realisation of all commitments, visible progress was achieved, including the following:

- A comprehensive turnaround strategy was embarked on to improve Tshwane Bus Services (TBS) operations.
- 1,508 km of TRT bus lanes was constructed.
- IRPTN Line 1A services between Wonderboom and the CBD were operationalised.
- 6 033 passenger trips were undertaken on A Re Yeng buses per day.
- On 2 October 2017, 30 A Re Yeng buses started serving all routes that had been operated by AutoPax Passenger Services (SOC) Ltd in Mamelodi.
- 15,7 km of roads was constructed in newly proclaimed areas.
- 3,1 km of storm water drainage system was constructed in newly proclaimed areas.
- R16 541 715,06 in revenue was generated through the A Re Yeng bus service.
- R31 834 565,93 in revenue was generated through Tshwane Bus Services.

INTRODUCTION TO PLANNING AND DEVELOPMENT

The City of Tshwane acknowledges the importance of spatial transformation in achieving its vision and realising its growth and development objectives. Therefore, greater emphasis is placed on the transformation of the urban built environment so as to create zones of accelerated investment and opportunities for local economic development and job creation. The City's approach has been that of expressing a clear position on how spatial transformation needs to look and manifest physically in order to realise both the tangible and intangible outcomes desired. A commitment to purposeful action has been identified as a key driver towards the ideal future of a transformed spatial form and the proliferation of developments for growth. In support of this visionary transformation agenda that seeks to rid Tshwane of the challenges of apartheid geography, the City guides spatial transformation through a suite of integrated, strategic, developmental and regulatory frameworks.

The City's Metropolitan Spatial Development Framework guides the design and development of Tshwane's spatial form through land-use management, spatial planning, development management and facilitation, built environment measures and enforcement, to create an efficient capital city. Acknowledging that collaboration and partnerships are critical success factors in achieving spatial transformation for effective growth and development, the City continued to intensify strategic partnerships with provincial and national government (Economic Development Department, National Department of Public Works) and agencies reporting to the two spheres of government, for example the Small Enterprise Development Agency. The Tshwane Economic Development Agency (TEDA) is a municipal entity that contributes to some of the City's economic growth and development objectives. Among the many IDP interventions and commitments are flagship programmes such as SMMEs, cooperatives and skills development through which the City makes meaningful contributions to the overall economic growth and development of South Africa and Tshwane in particular.

PLANNING

INTRODUCTION TO PLANNING

The City guides spatial transformation through a suite of integrated strategic, developmental and regulatory frameworks. The key principles underpinning the City's spatial planning strategic objectives include the following:

- Continuously providing spatial frameworks that guide the form, placement and character of physical development so as to ensure greater integration, efficiency, liveability and sustainability of the metropolitan area
- Providing a professional land use management function and information that facilitate development while providing legal protection of existing land use rights
- Applying building control in a professional manner to ensure a healthy and safe city
- Placing outdoor advertising signs in accordance with legal and safety requirements to not compromise the aesthetic environment
- Providing and managing the collection, organisation and dissemination of development information within the organisation and to the public
- Implementing the Tshwane Spatial Development Strategy

Land use legislation and application in Tshwane are strictly governed by legislation that prescribes all processes and procedures including the legislated decision-making bodies. These processes and procedures⁹⁹ are in turn guided by the policies and frameworks determined through political governance in so far as the Council approves the City's IDP, Spatial Development Framework and by-laws. The three legislated committees concerned are the Municipal Planning Tribunal, the Municipal Appeals Tribunal and the Authorised Officials Committee.

LAND USE APPLICATION (PER TYPE: 2017/18)

The following tables provide statistical information on land use applications received, processed and finalised during the 2017/18 financial year.

Table 37: Land use applications received for the 2017/18 financial year

APPLICATIONS RECEIVED									
RSP LAND USE APPLICATIONS: YEARLY STATS JULY 2017 – JUNE 2018									
TYPE OF APPLICATION	REGIONS								TOTAL
	1	2	3	4	5	6 NORTH	6 SOUTH	7	
CONSENT USES									
Consent Use General (Clause 16)	44	20	56	24	13	40	28	7	232
Permission Additional Dwelling-house (Clause 14(10))	4	4	9	32	4	26	21	2	102
Permissions	75	31	58	46	18	37	38	7	310
TOTAL: CONSENT USES	123	55	123	102	35	103	87	16	644
TOTAL: SUBDIVISIONS Section 16(12)	13	6	13	30	6	12	29	5	114
TOTAL: CONSOLIDATIONS Section 16(12)	11	2	15	21	0	12	16	1	78
TOTAL: SIMULTANEOUS SUBDIVISION AND CONSOLIDATION	1	0	0	0	0	2	6	0	9
REMOVAL/AMENDMENT/ CONSENT OF RESTRICTIVE CONDITIONS BY-LAW: Section 16(2) and Section 16(2)(d)	5	29	26	76	13	36	93	0	278

APPLICATIONS RECEIVED									
RSP LAND USE APPLICATIONS: YEARLY STATS JULY 2017 – JUNE 2018									
TYPE OF APPLICATION	REGIONS								TOTAL
	1	2	3	4	5	6 NORTH	6 SOUTH	7	
TOTAL REZONINGS Section 16(1)	28	18	71	61	9	60	116	4	367
Sections 16(18) and 16(19) By-law: Amendment of Applications	0	0	2	3	0	5	0	0	10
Section 32: Excision of Agricultural Holding	0	25	0	16	1	1	6	6	55
Section 23 By-law: ERROR AND OMISSIONS	0	2	7	0	0	1	0	2	12
TOTAL: Extension of Time – By-law Applications after Approval	0	0	5	0	0	2	0	0	7
TOTAL: SDPs and building plans	60	59	108	310	20	434	705	2	1698
Section 16(4) By-law 2016 Township establishment and extension of boundaries	15	10	1	53	0	14	11	5	109
Section 16(5) By-law 2016 – Division of township	1	1	1	14	0	2	0	1	20
Section 16(6), 16(8) By-law 2016 Extension of time, townships	19	0	12	6	5	1	39	6	88
Section 16(18) By-law 2016 Amendment of township, application pre-approval	2	0	0	3	0	0	0	0	5
Section 16(4)(i)(j)(k) By-law 2016 Amendment of township application/conditions after approval	0	0	0	4	0	0	0	0	4
TOTAL TOWNSHIP ESTABLISHMENT LUM	37	11	14	80	5	17	50	12	226

APPLICATIONS RECEIVED									
RSP LAND USE APPLICATIONS: YEARLY STATS JULY 2017 – JUNE 2018									
TYPE OF APPLICATION	REGIONS								TOTAL
	1	2	3	4	5	6 NORTH	6 SOUTH	7	
Section 96(4) Ordinance 15/1986 Amendment of township application	1	0	0	1	9	0	1	0	12
Section 100 Ordinance 15/1986 Amendment of township application; Post-approval Sec 100 Ord 15/1986	5	0	0	4	0	0	0	0	9
Section 98(5) Ordinance 15/1986 Amendment of conditions; Post-approval	19	13	16	67	0	18	9	0	142
Section 99 Ordinance 15/1986 Division of township (amount of phases)	0	0	0	0	0	0	0	0	0
Section 72(1), 101(2) Ordinance 15/1986 Extension of time, townships	79	43	12	102	21	31	59	13	360
TOTAL TOWNSHIP ESTABLISHMENT ORDINANCE 15/1986	104	56	28	174	30	49	69	13	523
TOTAL: RESTRICTION OF ACCESS	0	0	0	0	0	0	1	0	1
Any other application that is not mentioned above	17	0	1	0	0	0	0	1	19
APPLICATIONS RECEIVED	395	222	413	877	119	734	1 170	64	3 994
APPLICATIONS PROCESSED	395	222	413	877	119	734	1 170	64	3 994
									<i>T3.10.2</i>

BUILT ENVIRONMENT MANAGEMENT

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

Particulars	Previous financial years (2009/10 to 2011/12)	2014/15	2015/16	2016/17	2017/18	Total achieved
Building plan applications received	40 074	20 140	13 012	12 193	11 975	101 388
Building plan applications approved	33 502	16 248	11 267	10 253	10 563	81 833
Site development plans submitted	2 905	871	786	875	849	6 286
Site development plans approved	1 733	536	2 641	695	685	6 290
Encroachment and height relaxation applications received	6 474	2 643	2 641	3 026	2 668	17 423
Encroachment and height relaxation applications approved	4 829	2 298	2 519	3 239	2 449	15 334
Building-related inspections conducted	112 360	39 772	35 902	34 026	29 581	251 641
Building-related kilometres travelled	930 411	360 549	367 213	380 827	324 552	2 039 325
Contravention notices served	3 825	833	868	809	842	7 177
Occupation certificates issued – residential	13 601	7 283	4 560	8 562	7 654	34 014
Occupation certificates issued – non-residential	373	217	100	149	218	1 057
Occupation certificates issued – additions and alterations to existing residential and non-residential buildings	4 602	1 250	1 378	1 558	1 460	10 248
Approved construction area (N)	5 044 612	2 727 782	2 414 801	2 229 460	2 098 698	14 515 353

TOWN PLANNING SCHEME

The Land Use Legislation and Applications Section is the sole custodian of all land use rights on any property within Tshwane's boundaries. The subsection Land Use Scheme is responsible for the management and maintenance of the Tshwane Town-planning Scheme, 2008 (revised 2014) and ensures that the database is

updated on a daily basis when new land use rights are being adopted. This ensures that the community has surety with regard to their land use rights and that development in Tshwane can take place.

The subsection Land Use Scheme renders a valuable service to the community and internal clients with the interpretation of the town-planning scheme in relation to land development applications, the approved land use rights, sectional titles and the issuing of business, liquor and gambling licences. The scheme team audits the Arc GIS database on a continual bases to ensure that the correct land use rights are reflected. The Land Use Scheme Subsection embarked on the process of drafting Land Use Scheme as prescribed by the Spatial Planning and Land Use Act, 2013, as well as the City's Land Use Management By-law. It is envisaged that the draft Tshwane Land Use Scheme will be submitted to Council during the 2018/19 financial year.

STREET NAMING

The section Land Use Legislation and Applications further delivers an outstanding service to the community in response to queries with regard to street names, the correct allocation of street addresses and the approval of new street names throughout Tshwane. The statistics as set out below indicate the impact of the section on the daily lives of the community.

Street naming enquiries

- A total of 642 street naming enquiries were handled.
- These enquiries resulted in the correction of 703 street code records, 3 587 incorrectly linked street name records and 3 421 missing street name records.

Local geographical names projects

- 53 naming reports served before the Local Geographical Names Committee (1 364 names), six of which were called for by the Local Geographical Names Committee and only 1 of which went to Council and was approved.
- 43 naming reports were approved by Council (1 233 names): two reports were for the approval of a township zone name (two names), one project was for the naming of a public place (one name), one report was for the renaming of a street (one name), two reports were to get approval for the public participation process to rename a street/public place (two names), three reports were township-specific reports (30 names) and 34 reports were for the population of the Geographical Names Bank (1 199 names).
- There were 3 239 approved names on the Geographical Names Bank at the time of the writing of this report.

LAND USE LEGISLATION AND TOPONOMY

The City received 3 117 land use applications for the 6 345 km² land area of the seven regions of Tshwane. These applications included residential, retail and industrial land use as well as land use for entertainment centres and offices.

The following table provides statistical information on land applications received, processed and finalised during the 2017/18 financial year.

Table 39: Details of applications finalised for the 2017/18 financial year

APPLICATIONS FINALISED																																	
TYPE OF APPLICATION	REGIONS																												TOTAL				
	1				2				3				4				5				6 NORTH				6 SOUTH					7			
CONSENT USES	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL					
Consent Use General (Clause 16)	17	0	0	17	0	0	0	0	4	0	0	4	14	0	0	14	1	0	0	1	1	0	0	1	5	0	0	5	0	0	0	42	
Consent Use General (Clause 16) By-law	3	0	5	8	3	0	0	3	13	0	0	13	1	0	0	1	6	0	0	6	10	0	0	10	11	0	0	11	4	0	0	4	56
Clause 6 Peri-urban	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Permission Second Dwelling	2	0	1	3	1	0	0	1	0	0	0	0	4	0	0	4	0	0	0	0	2	0	0	2	4	0	0	4	0	0	0	0	14
Permission Additional Dwelling – By-law	2	0	0	2	2	0	0	2	16	0	0	16	18	0	0	18	1	0	0	1	9	0	0	9	8	0	0	8	0	0	0	0	56
Permission	10	0	0	10	1	0	0	1	0	0	0	0	6	0	0	6	2	0	0	2	10	0	0	10	3	0	0	3	2	0	0	2	34

APPLICATIONS FINALISED																																	
TYPE OF APPLICATION	REGIONS																											TOTAL					
	1				2				3				4				5				6 NORTH				6 SOUTH				7				
CONSENT USES	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	
Permission – By-law	14	1	0	15	14	0	0	14	12	0	0	12	32	0	0	32	10	0	0	10	9	0	0	9	10	0	0	10	18	0	0	18	120
TOTAL: CONSENT USES	48	1	6	55	21	0	0	21	45	0	0	45	75	0	0	75	20	0	0	20	41	0	0	41	41	0	0	41	24	0	0	24	322
SUBDIVISIONS (15/86)	1	0	0	1	3	0	0	3	1	0	0	1	0	0	0	0	0	0	0	2	0	0	2	3	0	0	3	0	0	0	0	10	
SUBDIVISIONS 16(12) By-law	7	0	0	7	6	0	0	6	5	0	0	5	13	0	0	13	1	0	0	1	8	0	0	8	18	0	0	18	1	0	0	1	59
CONSOLIDATIONS (15/86)	1	0	0	1	0	0	0	0	5	0	0	5	1	0	0	1	2	0	0	2	1	0	0	1	1	0	0	1	0	0	0	0	11
CONSOLIDATIONS 16/12 By-law	4	0	0	4	3	0	0	3	17	0	0	17	4	0	0	4	1	0	0	1	10	0	0	10	9	0	0	9	3	0	0	3	51
TOTAL: COUNCIL SUBDIVISION AND CONSOLIDATION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
SIMULTANEOUS SUBDIVISION/ CONSOLIDATION	0	0	0	0	2	0	0	2	1	0	0	1	1	0	0	1	2	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	6
SIMULTANEOUS SUBDIVISION/ CONSOLIDATION By-law	0	0	0	0	0	0	0	0	4	0	0	4	0	0	0	0	0	0	0	0	1	0	0	1	4	0	0	4	0	0	0	0	9

APPLICATIONS FINALISED																																
TYPE OF APPLICATION	REGIONS																											TOTAL				
	1				2				3				4				5				6 NORTH				6 SOUTH				7			
CONSENT USES	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL
REMOVAL/ AMENDMENTS/ CONSENT OF RESTRICTIVE CONDITIONS (ACT 3 OF 1996)	2	0	0	2	1	0	0	1	2	0	0	2	0	0	0	0	0	0	0	0	3	0	0	3	1	0	0	1	0	0	0	9
REMOVAL/ AMENDMENTS/ CONSENT OF RESTRICTIVE CONDITIONS By-law: Section 16(2) and Section 16(2)(d)	1	0	0	1	21	0	0	21	22	0	0	22	71	0	0	71	2	0	0	2	17	0	0	17	56	0	0	56	0	0	0	190
REZONINGS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Section 28 (City property)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Section 56	3	0	0	3	2	0	0	2	9	0	0	9	11	0	0	11	1	0	0	1	9	0	0	9	6	0	0	6	0	0	0	41
Section 16(1) By-law	7	0	0	7	11	0	0	11	37	0	0	37	26	0	0	26	1	0	0	1	30	0	0	30	45	0	0	45	3	0	0	160

APPLICATIONS FINALISED																																	
TYPE OF APPLICATION	REGIONS																											TOTAL					
	1				2				3				4				5				6 NORTH				6 SOUTH				7				
CONSENT USES	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	
Simultaneous Rezoning and Removal of Restrictive Title Conditions	0	0	0	0	1	0	0	1	0	0	0	0	2	0	0	2	0	0	0	0	1	0	0	1	5	0	0	5	0	0	0	0	9
TOTAL: REZONINGS	10	0	0	10	14	0	0	14	46	0	0	46	39	0	0	39	2	0	0	2	40	0	0	40	56	0	0	56	3	0	0	3	210
TOWNSHIP ESTABLISHMENT																																	
Section 98(1) or 96(1) Ordinance 15/1986	2	0	0	2	9	0	0	9	9	0	0	9	12	0	0	12	4	0	0	4	14	0	0	14	2	0	0	2	0	0	0	0	52
Section 108 (City townships)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0	0	0	0	0	1	
Section 16(4) By-law – Township	0	0	0	0	6	0	0	6	3	0	0	3	5	0	0	5	0	0	0	0	2	0	0	2	4	0	0	4	0	0	0	0	20
Division of Township – Section 99 Ordinance 15/1986 (number of phases)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1	0	0	1	0	0	0	0	2

APPLICATIONS FINALISED																																	
TYPE OF APPLICATION	REGIONS																												TOTAL				
	1				2				3				4				5				6 NORTH				6 SOUTH					7			
CONSENT USES	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	
Division of Township Section 16(5) By-law (number of phases)	0	0	0	0	1	0	0	1	1	0	0	1	0	0	0	0	0	0	0	0	0	0	0	2	0	0	2	0	0	0	0	4	
Ordinance 25 of 1965 (Section 66A)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL: APPROVAL TOWNSHIP ESTABLISHMENT ORDINANCE AND LUM	2	0	0	2	16	0	0	16	13	0	0	13	17	0	0	17	5	0	0	5	17	0	0	17	9	0	0	9	0	0	0	0	79
Section 98(5) Ordinance 15/1986 Amendment to layout plan and/or conditions of establishment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Amendment application – Section 100 Ord 15/1986	8	0	1	9	0	0	0	0	0	0	0	0	19	0	0	19	0	0	0	0	0	0	0	2	0	0	2	0	0	0	0	30	
Section 16(4)(i)(j)(k) By-law 2016 – Amendment to layout	0	0	0	0	1	0	0	1	0	0	0	0	5	0	0	5	1	0	0	1	0	0	0	1	0	0	1	0	0	0	0	8	

APPLICATIONS FINALISED																																	
TYPE OF APPLICATION	REGIONS																												TOTAL				
	1				2				3				4				5				6 NORTH				6 SOUTH					7			
CONSENT USES	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	
plan and/or conditions of establishment																																	
TOTAL: AMENDMENT AFTER APPROVAL OF A TOWNSHIP: ORDINANCE AND LUM	24	0	4	28	14	0	0	14	16	0	0	16	63	0	0	63	3	0	0	3	7	0	0	7	25	0	0	25	0	0	0	0	38
TOTAL RESTRICTIONS OF ACCESS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
WITHDRAWN/ Refused (Ordinance)	0	0	0	0	1	0	0	1	2	0	0	2	1	0	0	1	2	0	0	2	25	0	0	25	4	0	0	4	0	0	0	0	35
Total Withdrawn/Refused By-law	11	0	0	11	5	0	0	5	2	0	0	2	6	0	0	6	12	0	0	12	22	0	0	22	60	0	0	60	14	0	0	14	132
Sections 72(1) and 101(2) Ordinance 15/1986 – extension of time	73	0	0	73	81	0	0	81	23	0	0	23	94	0	0	94	21	0	0	21	51	0	0	51	51	0	0	51	13	0	0	13	407

APPLICATIONS FINALISED																																	
TYPE OF APPLICATION	REGIONS																											TOTAL					
	1				2				3				4				5				6 NORTH				6 SOUTH				7				
CONSENT USES	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	
Township extension of time – Sections 16(6) and 16(8) By-law 2016	26	0	0	26	3	0	0	3	2	0	0	2	17	0	0	17	2	0	0	2	2	0	0	2	72	0	0	72	7	0	0	7	131
Extension of time after approval in order to comply with the conditions of approval	0	0	1	1	0	0	0	0	5	0	0	5	1	0	0	1	5	0	0	5	0	0	0	0	4	0	0	4	1	0	0	1	17
TOTAL: EXTENSION OF TIME ORD AND LUM	99	0	1	100	84	0	0	84	30	0	0	30	112	0	0	112	28	0	0	28	53	0	0	53	127	0	0	127	21	0	0	21	555
Site Development Plans and Building Plans	63	0	5	68	144	12	0	156	78	0	30	108	206	0	43	249	4	0	0	4	324	0	13	337	163	0	11	174	2	0	0	2	1098
Sections 16(18) and 16(19): Amendment of applications:	0	0	0	0	0	0	0	0	2	0	0	2	0	0	0	0	0	0	0	0	3	0	0	3	1	0	0	1	1	0	0	1	7
Excision of Agricultural Holding: Sec 32	0	0	0	0	28	5	0	33	0	0	0	0	20	0	0	20	1	0	0	1	3	0	0	3	8	0	0	8	5	0	0	5	70
ERROR AND OMISSIONS SECTION 23	2	0	0	2	8	0	0	8	8	0	0	8	5	0	0	5	1	0	0	1	2	0	0	2	0	0	0	0	4	0	0	4	30
Any other applications not mentioned above	2	0	0	2	1	0	0	1	1	0	0	1	1	0	0	1	0	0	0	0	1	0	0	1	52	0	0	52	1	0	0	1	59

APPLICATIONS FINALISED																																	
TYPE OF APPLICATION	REGIONS																												TOTAL				
	1				2				3				4				5				6 NORTH				6 SOUTH					7			
CONSENT USES	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL	AO-COM	MPT	Delegated Com	TOTAL					
TOTAL APPLICATIONS FINALISED	286	1	16	303	360	17	0	377	301	0	30	331	672	0	43	707	95	0	0	95	555	0	13	568	639	0	11	650	86	0	0	86	3117

LOCAL ECONOMIC DEVELOPMENT

INTRODUCTION TO LOCAL ECONOMIC DEVELOPMENT (LED)

The City's economic development initiatives focus on the acceleration of investment, facilitation of income-earning opportunities, development of industry-related skills and business development infrastructure, strengthening of industrial competitiveness and influencing broader access and participation (especially by small and medium enterprises) in the economic activities of the region. The strategic levers of this economic development drive include efforts to make it easy to do business in the region, revitalise and support entrepreneurship, develop sector value chains in order to identify opportunities for investment and job creation, review the township vitalisation programme, catalyse and revitalise existing nodal economies and build the necessary infrastructure to support growth and development. Youth skills development and the establishment of job centres as well as maximising the participation of SMMEs and cooperatives in the existing procurement opportunities were identified as critical drivers of economic development and the growth aspirations harboured by the City.

In its efforts to stimulate growth and development in the region, the City committed to a number of impactful deliverables, such as aggressive attraction and retention of investment, development of the Tshwane Integrated Economic Development Strategy, provision of business support interventions to SMMEs and cooperatives, leveraging procurement opportunities to support businesses in Tshwane, and creation of short-term labour-intensive work opportunities and opportunities for small business development through targeted interventions. These interventions yielded commendable results. Some of the results achieved included the following:

ATTRACTING AND RETAINING INVESTMENT

The City approved the Tshwane Strategic Investment Attraction, Facilitation and Aftercare Plan. The plan commits the City to undertake major investment attraction and technical cooperation drives in order to solicit investments from strategic countries. The City attracted investments worth R2,4 billion, which contributed to an increase in the positive trade balance of Tshwane.

LED STRATEGY

The City embarked on developing the Tshwane Integrated Economic Development Strategy and this process will be completed by the end of the 2018/19 financial year.

COOPERATIVES SUPPORTED

A total of 268 cooperatives were provided with the following support: business skills training, technical skills training to agricultural cooperatives, and access to finance for equipment and working capital. The support provided was successfully implemented in collaboration with the National Development Agency, National Department of Forestry and Fisheries, Small Enterprise Development Agency, Gauteng Enterprise Propeller (GEP) and Gauteng Department of Economic Development. A need to develop cooperative sectoral programmes was identified by the City and some of the aforementioned stakeholders were engaged to collaborate with the City in this regard. These programmes will assist the

cooperatives to become commercial and competitive in the market so that they can participate in the economy and eventually contribute to the Tshwane GDP.

Fedisatlala Cooperative operating in Refilwe (Region 5) is one the 268 cooperatives supported by the City. Operating in the agricultural sector, it received 12 hectare of land from the Petra Diamond Mine and a working equipment grant, a comprehensive business plan and marketing material from GEP. The Gauteng Provincial Department of Agriculture donated a tractor to the cooperative. The co-operative was supplying the local community and **AFGRI** with their maize, but was experiencing a challenge with water supply and relied on rain.



Figure 17: Land received by Fedisatlala Cooperative

SUPPORT THROUGH MENTORSHIP TRAINING TO TSHEPO 10 000 COOPERATIVES IN ALL WARDS

Tshepo 10 000 is a job creation initiative that aims to empower the youth of Tshwane with entrepreneurial skills and focuses on infrastructure development and maintenance to advance roads and transport, electricity, water, housing and human settlements. The main objective of this programme is to tackle youth unemployment in all wards of Tshwane through skills programmes that will lead to higher labour absorption through building strong partnerships and strategic alliances with other key stakeholders and role players, such as businesses and civil society.

Tshepo 10 000, an inclusive collective entrepreneurship youth programme, also focuses on the holistic development of young people in Tshwane, in direct response to the high prevalence of youth unemployment. Support through mentorship and training for Tshepo 10 000 cooperatives was provided by external stakeholders such as the National Development Agency, Hand-in-Hand South Africa, Gauteng Enterprise Propeller, Department of Environmental Affairs, Glass Recycling Company, Petco Plastic Recycling Company and Paper Recycling Association of South Africa. Financial and non-financial support was provided.

The following was realised at the time of writing this report:

- 262 Tshepo 10 000 cooperatives were provided with business support and technical skills training by the University of Pretoria, GEP, National Youth Development Agency and Desto.
- 248 youth-owned enterprises were supported through economic development support programmes.

- 16 114 EPWP job opportunities were created through the implementation of capital and operational projects.
- 1 661 beneficiaries were trained in sector skills development programmes.

The following table presents statistical information on the local economic development service policy objectives taken from the IDP for the 2017/18 financial year.

Table 40: LED objectives in accordance with the IDP

Local Economic Development Service Policy objectives taken from the IDP								
Strategic pillars	Outline service targets	Year -1	Year 0		Year 1	Year 2	Year 3	
		Target	Actual	Target	Actual	Target		
		2016/17	2016/17	2017/18	2017/18	2018/19	2019/20	2020/21
Service objective								
A City that facilitates economic growth and job creation	Support through mentorship/training to Tshepo 10 000 cooperatives	245	289	257	262	265	135	140
A City that facilitates economic growth and job creation	Number of new income-earning opportunities facilitated by the City	21 500	17 183	23 000	16 114	25 000	27 000	29 000
T3.11.7								

SUPPORT TO SMMEs AND COOPERATIVES

The City implements a number of interventions to empower and support small, medium and micro enterprises (SMMEs). These interventions are implemented to ensure that they lessen unemployment, generate income, contribute to skills development and attract investment to Tshwane. During the 2017/18 financial year, 18 SMMEs (against a set target of 25) were supported through various business support initiatives provided by the City in partnership with the Small Enterprise Development Agency (SEDA), Department of Trade and Industry and Gauteng Enterprise Propeller.

EXPANDED PUBLIC WORKS PROGRAMME

The City implements the Expanded Public Works Programme (EPWP) in response to its EPWP Policy. The City's EPWP Policy aims to –

- achieve a large impact in a short time;
- focus on the infrastructure, social and environment sectors, which offer the best opportunities for unskilled labour;
- focus on unemployed, under-skilled and under-qualified persons and provide an opportunity to –

- draw significant numbers of the unemployed into productive work to enable them to earn an income while working on an EPWP project;
- provide unemployed people with education and skills;
- ensure that participants are able to translate the experience by setting up their own businesses or becoming employed; and
- utilise public sector budgets to reduce unemployment.

The City recorded commendable strides in creating work opportunities for unemployed and unskilled Tshwane residents over the financial year under review. These efforts specifically focused on the unemployed youth. The EPWP and Tshepo 10 000 initiatives were the key drivers of addressing the challenges of unemployment and lack of economic opportunities in Tshwane. Through these targeted interventions, the City created short-term labour-intensive work opportunities and opportunities for small business development. The City initially committed to create 23 000 EPWP work opportunities for the financial year under review, but only managed to create 16 114 opportunities.

TSHWANE FRESH PRODUCE MARKET

The Tshwane Market is the second largest of the 19 national fresh produce markets in South Africa. The market experienced resounding growth over the past financial years. It played an important socio-economic role, such as improved access to quality food, providing better marketing opportunities for farmers as well as providing employment and business opportunities to communities. Furthermore, it has a direct and indirect impact on Tshwane's economy. The direct impact includes income, rental, food security and trade and employment, whereas the indirect impact includes taxes or tariffs, business development in the service industry as well as investment in capital expenditure.

All markets in South Africa currently use market agents to source produce from the producer and sell such produce on the producer's behalf. The produce remains the property of the farmer until it is sold, and the market agent acts as his agent. Although ownership is never transferred once the agent receives the producers' produce, he or she becomes responsible and accountable to the market authority/market management company for any shortages that may arise thereafter. The agent receives a commission for the services he or she rendered.

The growth in turnover at the Tshwane Market grew by 2% from 2016/17 to 2017/18 (from R3 093 billion to R3 182 billion), equating to a market share for this period of 2,85%. To date in the 2017/2018 financial year, its mass increased by 2,53 percentage points from 2016/17 (from R651 668 to R667 649).

TSHWANE ECONOMIC DEVELOPMENT AGENCY

The Tshwane Economic Development Agency (TEDA) is a municipal entity of the City in terms of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), as amended. The entity supports the Economic and Spatial Development Department to facilitate economic development in Tshwane.

KEY STRATEGIC OBJECTIVES OF TEDA

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

KEY SERVICE DELIVERY ACHIEVEMENTS FOR THE 2017/18 FINANCIAL YEAR

TEDA facilitated land investment projects to the value of R1,5 billion for the 2017/18 financial year on behalf of the City, which resulted in attracting investment worth R3,84 billion and creating potential for job opportunities as following:

- Launch of Rosslyn Hub Phase 1: The development of Rosslyn Hub entails two main phases, with Phase 1 being the subject of the rand value of investment for this year, as it commenced in 2018. The rand value of investment is worth R1,6 billion and the project will generate 1 850 direct jobs and 8 500 indirect and induced jobs. The project will have a high catalytic impact and socio-economic value in terms of creating sustainable growth, equity and job creation in Tshwane.
- The entity also realised two new quality investment projects worth R2,24 billion: The TecuSat investment in the Silver Lakes aerodrome and aviation manufacturing facility worth R2 billion as well as the Sodecia investment in the Ford incubation area worth R2,4 million through their facility located in the Ford incubation area.

Furthermore, 15 new projects entered the investment pipeline in the period under review and are likely to be realised within the next 24 to 36 months. The entity secured the assistance of the Gauteng Infrastructure Financing Agency regarding the prequalification process for the Agro-Processing Hub project. This is part of investor solicitation and aimed at testing investor appetite ahead of the planned master lease option for the hub. The adverts were concluded and briefing sessions with respondents were continuing.

COMMENT ON OVERALL PERFORMANCE OF LOCAL ECONOMIC DEVELOPMENT

Notwithstanding the many challenges experienced, the City made commendable strides towards local economic development in Tshwane. The interventions yielded significant results, as are clear from the following:

- Various programmes and interventions to influence growth and development in the region were developed and implemented.
- Investments were attracted to Tshwane.
- Jobs were created.
- Skills were developed.
- Development support was lent to SMMEs and cooperatives.
- Partnerships and cooperation with strategic partners were set up.
- Strategy and policy were developed and implemented.
- Doing business with the City was simplified.

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

INTRODUCTION TO COMMUNITY SERVICES

In its efforts to realise the ideal of “a City that cares for residents and promotes inclusivity”, the City leverages municipal spending to provide community and social services that contribute significantly to building resilient and inclusive communities. A wide range of social services and amenities are provided to promote sustainable communities and ensure that the dignity of the people is restored. The aim is to achieve social empowerment and cohesion by promoting social development and strengthening communities, with a dedicated focus on poor, vulnerable and marginalised residents. A comprehensive package of services that influences a multiplicity of development and empowerment objectives is provided.

The City’s interventions include establishing and maintaining inclusive community amenities such as municipal halls, parks, recreational facilities, sport grounds, markets and libraries. These play a critical role in the development of society and in enhancing social cohesion. The following community and social services provided by the City are discussed in this section of the report:

- Libraries
- Environmental management
- Parks
- Cemeteries
- Indigent burials

It must be noted that another component of social services, sport and recreation, is discussed in Component G of this report in accordance with the National Treasury Circular 63 guidelines.

LIBRARIES

The City promotes accessibility and utilisation of library services. The main focus of library services includes the provision of community library and information services that contribute to the development and education of residents of Tshwane. The City provides books and other information resources in order to enhance library facilities. The libraries carry out a number of programmes, and progress in the implementation of these programmes is discussed below:

Programme 1: Readathon Programme

The City officially launched the Readathon Campaign at Suurman Community Hall on 31 October 2017. The campaign aimed to raise the awareness among the community, particularly learners, on the importance of using e-resources. The campaign was attended by approximately 420 learners.

Programme 2: World Book Day

World Book Day, also known as International Day of the Book, is an annual event organised by the United Nations Educational, Scientific and Cultural Organisation (UNESCO) to promote reading, publishing and copyright. On 24 April 2018, the City celebrated World Book Day at Laudium Community Library in Region 3. It was organised under the theme *Promoting a culture of reading and learning*

amongst communities. In providing these services, especially to learners, the City intends to foster lifelong learning and to create a culture where people can express themselves.

Programme 3: South African Library Week

South African Library Week was launched at Es'kia Mphahlele Library from 16 to 27 March 2018, guided by a national campaign facilitated by the Library and Information Association of South Africa (LIASA). The theme was *Love for reading and promotion of libraries that promote the usage of its resources by communities for social development and upliftment.* The campaign targeted at least 500 people. These mostly included 400 primary school learners from areas such as the city centre (Es'kia Mphahlele Library), Moot, Mayville, Brooklyn and Waverley. The campaign took libraries into the heart of the community and strived to awaken a sense of ownership in each community member. In addition, the campaign aimed to encourage communities to reflect on how libraries nourish and sustain societies.

ENVIRONMENTAL MANAGEMENT

INTRODUCTION TO ENVIRONMENTAL MANAGEMENT

Environmental management in the City of Tshwane is anchored by the strategic pillar that advocates for “a City that delivers excellent services and protects the environment”. The focus is on promoting sustainability through protecting natural resources and the environment while providing excellent services. The main initiatives that the City is embarking on during the current term of Council include the following:

- Maintenance of biodiversity and resorts
- Development of a strategy for green energy business
- Reduction of the amount of waste that goes to landfills
- Facilitation of renewable energy and waste-to-energy projects
- Drafting of a green building by-law
- Prevention of illegal dumping
- Stabilisation of waste collection and waste disposal services

The City's approach to environmental management and protection is informed by a variety of applicable legislation. As a result, the City is obligated to provide the following environmental management services to its citizens:

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

HIGHLIGHTS

ARBOR MONTH ACTIVITIES IN TSHWANE IN 2017

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

The City commemorated Arbor Month by planting fruit trees and indigenous trees in order to promote urban forestry in the city. The initiative aimed to encourage communities, officials and individuals to plant and conserve trees. Furthermore, the City facilitated Tshwane's participation in the National Arbor City Awards coordinated by the Department of Agriculture, Forestry and Fisheries (DAFF) and the Institute for Environment and Recreation Management, in partnership with Total South Africa. DAFF held the Arbor City awards prize-giving ceremony in tandem with the launch of National Arbor Week on 1 September 2017, at North End Stadium in Alfred Nzo District Municipality in the Eastern Cape. The City of Tshwane was awarded the first prize in the metropolitan cities category and received prize money to the value of R300 000,00.



Figure 18: Arbor City Award, awarded to the City of Tshwane in September 2017

CELEBRATING 25 YEARS OF ACTION FOR BIODIVERSITY

On 22 May 2018, the City hosted a biodiversity festival to celebrate International Biological Diversity Day at the Fountains Valley in Groenkloof. The festival formed part of the City's Biodiversity Education and Awareness Drive which aimed to educate communities in Tshwane about the threats to biodiversity

that arise from human activity. The day's activities included planting 40 *Celtis africana* (white stinkwood) trees and walking a 3 km interpretative trail where attendees learned about the Fountains Valley and the resort. There were exhibitions and poetry about biodiversity, as well as an industrial theatre. The City's Bioregional Plan addresses the pressure on biodiversity and ensures continued ecological functioning in support of sustainable development. Biodiversity Day aims to increase understanding and awareness of biodiversity issues in Tshwane.

During that day, the following threats to biodiversity were identified:

- Habitat loss and fragmentation
- Environmental pollution
- Climate change (temperature increases, rising atmospheric CO₂ levels, changing rainfall patterns and drought)
- Introduction of exotic invasive species
- Economic pressure (including changes in land use)
- Poaching of fauna and flora
- Population expansion or urbanisation

The City's response to these challenges is organised through the Bioregional Plan that was finalised and approved in 2016. This plan addresses the pressures on biodiversity in Tshwane and identifies areas where it is most important to keep the natural habitat intact and ensure continued ecological functioning in support of sustainable development.



Figure 19: Exhibitions during Biodiversity Day

THE CITY'S CORPORATE COMPLIANCE WITH ENVIRONMENTAL MANAGEMENT STANDARDS

In terms of proactive corporate inspections conducted, it was found that environmental compliance by the City's departments was alarmingly low for a city whose corporate strategy includes a strategic pillar that specifically addresses protecting the environment. More than 80 non-compliance findings were

made during inspections conducted, and six non-compliance notices were received from the Gauteng Department of Agriculture and Rural Development (GDARD) in terms of the National Environmental Management Act. Major areas of concern include undertaking listed activities without environmental authorisation and non-compliances in terms of section 24 of the National Environmental Management Act. It was also found that the condition of rivers is poor due to continuous sewage spills, waste water treatment works continuously releasing effluent that does not comply with site authorisation standards, and polluted water from neighbouring municipalities that enters Tshwane, eg the Hennops River.

CEMETERIES

There are 35 cemeteries that are owned and managed by the City. Some cemeteries in Tshwane are informal and owned by tribal authorities.

The City has the following cemeteries:

- 12 cemeteries with a lifespan of 10 years
- 14 cemeteries with a lifespan of 5 years
- The other cemeteries are considered to be full and are only open for re-burials.

The City initiated geotechnical and geohydrological investigations in order to search for possible sites to be developed into new cemeteries. This project will continue in the 2018/19 financial year. Over the financial year under review, 20 hectares were added to the Hatherly cemetery. The City also has a crematorium that operates daily in Pretoria West.

NATURE RESERVES AND RESORTS

The portfolio of biodiversity and resorts management covers nature reserves and nature areas (including mountains and ridges, rivers and wetlands, bird sanctuaries), resorts and their swimming pools, biodiversity compliance and implementation of ecological management plans. Some resorts are located in nature areas. Therefore, resorts are not merely typical hospitality facilities, but integral parts of the nature areas, and they are managed as such. Their usage is related to the carrying capacity and sustainable use of the nature areas.

The City owns 10 proclaimed nature reserves and 28 unproclaimed ones. In the year under review, there were 59 8251 visitors to the City's nature reserves and resorts, generating an income of R16 960 412. Revenue generation from this portfolio was negatively affected by crime, including vandalism of facilities that led to their closure and muggings of visitors which resulted in a decline in the number of visitors. The Environment and Agriculture Management Department is in the process of upgrading security infrastructure for visitors to nature reserves and resorts. During the 2017/18 financial year, security was upgraded at five resorts, and the programme will continue in the next financial year.

Residents next to the nature reserves have established 20 friends-of-nature groups that are affiliated with the Wildlife and Environmental Society of South Africa (WESSA). These communities are involved in the management of most nature reserves in Tshwane through these formalised groups.

AIR QUALITY MANAGEMENT

The City has nine ambient air quality monitoring stations. Five of these are maintained by the South African Weather Service. Four are maintained by the Gauteng Department of Agriculture and Rural Development through a company called CNM, and a new air quality monitoring station was established in Temba in Hammanskraal. All the stations measure gaseous pollutants, while those in Mamelodi, Pretoria West, and Rosslyn also measure volatile organic compounds. All stations measure meteorological conditions such as wind speed, wind direction, ambient temperature, relative humidity, rainfall, solar radiation and barometric pressure. The following air quality awareness campaigns were presented to communities:

- Basa Njengo Magogo workshops
- Follow-the-smoke campaign
- Integrated (various departments) clean fire campaigns in communities
- Distribution of pamphlets to resource centres and publication of articles
- Awareness campaigns in schools (high schools and tertiary institutions)

The City collaborated with the Provincial Department of Agriculture and Rural Development in the maintenance of its air quality monitoring stations. Efforts to meet the targets of the City's Air Quality Management Plan included the following:

- Collection of air quality data for reporting on the South African Ambient Air Quality Information System (SAAQIS)
- Maintenance of air quality stations in Tshwane in order to ensure that the City achieves data collection of no less than 80%, which is considered valid data in terms of SAAQIS.

COMMENT ON OVERALL ENVIRONMENTAL MANAGEMENT

In recognition of the fact that the environment is its greatest asset, the City places a premium on improving environmental management and governance. Its approach to environmental management and protection is informed by a variety of applicable legislation. Environmental issues and environmental sustainability are an essential part of decision-making processes in the City. The City focuses on environmental management and protection by developing a set of tools, systems and procedures to influence a change in human activities that contribute to environmental degradation.

Over the financial year under review, the City implemented a host of programmes and coordinated or facilitated a number of activities aimed at promoting environmental protection in every activity that the City and other critical stakeholders engage in. These include air quality management efforts, biodiversity and resorts management, the promotion of compliance with environmental management standards, the celebration of environmental management events and the implementation of awareness campaigns.

COMPONENT E: HEALTH

INTRODUCTION TO HEALTH

The City of Tshwane provides comprehensive basic health services, including municipal health services (environmental health, primary healthcare services, HIV/AIDS/TB and STI services, drug and substance abuse services) as well as health facilities to its communities. In addition, the City facilitates and provides healthcare services that are aligned with the National Health Insurance initiative. The delivery of effective municipal health services is a key driver of the sustainable development of communities at local level. Municipal health services are preventive services that need an intersectoral approach for best outcomes. The promotion of healthy lifestyles, personal hygiene and keeping a healthy environment as well as the provision of residents with valuable healthcare information to build the necessary awareness and sensitisation take precedence. As part of its efforts to improve access to public healthcare, the City is committed to the following:

- Developing healthcare capacity based on the services rendered by the City
- Better integrating public and private health systems and allocating adequate resources to deal with communicable and non-communicable diseases
- Partnering with communities to develop community-based healthcare services, which will allow flexible delivery of health services while improving the distribution of health information
- Extending the operating hours of City-operated healthcare facilities that offer primary healthcare
- Creating strategic partnerships with knowledge and innovation institutions in order to develop efficient and effective health solutions
- Instituting excellence in the provision of health services and monitoring health outcomes

ACCESS TO HEALTHCARE

CLINICS

The City provides primary healthcare (PHC) services to its residents through 24 fixed local authority clinics, one satellite clinic and two mobile clinics, with extended services rendered at 14 clinics on Saturdays from 08:00 to 13:00. The clinics have recorded 1 224 236 patient visits per year.

These PHC facilities provide the following:

- An expanded programme on immunisation
- Women's healthcare
- Chronic services
- Antenatal care and PMTCT
- Tuberculosis and antiretroviral treatment
- Pharmaceutical services

- Mental health (clinics provide the first level of care, whereas the second level of care is a specialised level of care and provided at all community health centres and some selected clinics). All regions are covered.
- Dental services as a specialised service provided by provincial staff in selected facilities
- Roll-out of antiretroviral treatment (ART) at all 24 facilities.

The following table outlines the clinic service data trends over the two financial year periods:

Table 41: Service data for clinics

Service data for clinics					
	Details	2016/17	2017/18		2018/19
		Actual number	Estimated number	Actual number	Estimated number
1	Number of patient visits on an average day	1 211 040 (4 806) per day	1 300 000 (5 159) per day	1 224 236 (4 858) per day	1 224 236 (4 858) per day
2	Average patient waiting time	-	170 minutes	183 minutes	183 minutes
3	Number of HIV/AIDS tests undertaken in the year	50 111	78 371	104 433	104 433
4	Number of tests in 3 above that proved positive	15,3 %	8 093	10 481	10 481
5	Number of children younger than 1 year that are immunised	11 105	11 131	12 436	12 436
6	Child immunisations above compared with the population of children younger than 1 year	50 290	60%	59,9%	59,9%
T3.17.2					

The following table presents statistical information with regard to the service objectives for clinics taken from the IDP for the 2017/18 financial year:

Table 42: Clinics' objectives in accordance with the IDP

Clinics policy objectives taken from IDP								
Strategic pillars	Outline of service targets	Year - 1		Year 0		Year 1	Year 2	Year 3
		Target	Actual	Target	Actual	Target		
		2016/17	2016/17	2017/18	2017/18	2018/19	2019/20	2020/21
Service objective								
A City that cares for residents and promotes inclusivity	Percentage of City of Tshwane clinics that provide mother-to-child health services	100%	100%	100%	100%	100%	100%	100%
T3.17.3								

HIGHLIGHTS

NEW CLINIC OPENED IN SOSHANGUVE

On 12 September 2017, the Executive Mayor of Tshwane, Cllr Solly Msimanga, and the Gauteng MEC for Health, Dr Gwen Ramokgopa, officially opened the newly built clinic in Soshanguve Block JJ. The MMC for Health, Cllr Sakkie du Plooy, explained that the City's Health Department is committed to widening access to primary healthcare facilities in order to ensure that residents can deal with particular ailments. The City has arranged with the Gauteng Department of Health to operate the clinic for extended hours from Mondays to Fridays.



Figure 20: The Executive Mayor of Tshwane, Cllr Solly Msimanga, and the Gauteng MEC for Health, Dr Gwen Ramokgopa, during the opening of the Soshanguve clinic

OPERATIONS OF PRIMARY HEALTHCARE CLINICS

The City ensured that every region has access to health services offered through a network of facilities that include fixed clinics as well as mobile clinic in some areas. Where services are not accessible through municipal facilities, patients accessed such services via provincial facilities. The following table shows the total number of fixed clinics, mobile clinics and hospitals run by the City and the Gauteng Provincial Health Department.

The following table presents primary healthcare clinic operations in the Tshwane District over the 2017/18 financial year:

Table 43: Tshwane District: Primary healthcare facilities per region

Tshwane region	Mobile clinics	Satellite clinics	Clinics	Community health centres	Hospitals
Region 1	4	1	18	3	2
Region 2	1	1	9	1	1
Region 3	1	0	13	1	4 (+ 2 specialised hospitals)
Region 4	0	1	5	0	0
Region 5	0	0	7	0	(1 specialised hospital)
Region 6	1	0	8	1	1
Region 7	1	0	6	1	1
Total	8	3	66	7	9 (3)

TSHWANE DISTRICT ANNUAL TSHWANELO AWARDS

The Tshwane Awards is an annual joint event between the Provincial District Health Office and the City to honour health facilities that are doing well to improve quality. This event follows evaluations at all the primary healthcare clinics, community health centres and district hospitals in Tshwane. The evaluations are based on the National Healthcare Standards. Performing these evaluations assists health facilities to improve the quality of care and also prepares the facilities for provincial and national inspections that are held with the aim of future accreditation for the National Health Insurance initiative.

The evaluations are done by a multidisciplinary team from City of Tshwane and provincial clinics. A report on the clinics' performance is given to the clinics with an expectation that a quality improvement plan will be put in place to address the gaps identified by the team. These plans are to be monitored by direct operational supervisors in order to ensure improvement. The impact of these evaluations and the fact that an award would be given to the facilities can be seen in the results; clinics have tried to comply and delivered good results. However, challenges such as infrastructure, procurement, maintenance and human resources are not under the direct control of the facility managers.

The results from the Office of Health Standards Compliance are as follows:

- Danville: 82% – inspected on 01/08/2017
- Folang: 81% – inspected on 08/08/2017
- Gazankulu: 86% – inspected on 07/08/2017
- Lotus Gardens: 88% – inspected on 03/08/2017
- Phomolong: 66% – inspected on 16/08/2017
- Saulsville: 74% – inspected on 14/08/2017

PROVISION OF ESSENTIAL DRUGS

Pharmaceutical Services are provided by two authorities in the Tshwane District: the City's Pharmaceutical Services and the provincial Tshwane Health District. The City's Pharmaceutical Services provides services to facilities that traditionally fell under the former municipal councils of Akasia, Atteridgeville, Centurion, Mamelodi and Pretoria. The Regional Pharmacy procures, stores and supplies medicines to all facilities in Tshwane. This includes eight community health centres, 68 primary healthcare clinics and five satellite clinics. Medicine logistics and rational medicine utilisation are handled by skilled pharmacy staff. The Tshwane District uses Post-basic Pharmacist's Assistants either to supply medicines to the various consulting rooms in the clinics or to supply medicines to patients according to the established PHC Standard Treatment Guidelines and the Essential Medicines List. Pharmaceutical Services is responsible for the coordination of ordering and supply of essential medicines and medical consumables as well as the appropriate use thereof. These medicines are mainly sourced from the Tshwane District. If the Tshwane District is unable to supply some items, Pharmaceutical Services obtains the medicines and consumables on buy-out.

At the beginning of each calendar year, all clinics are provided with an ordering and delivery schedule where they can see when a specific clinic is due to place an order. This ensures that orders are spread out so that supply can be managed. Clinics can place emergency orders in case of unforeseen increased consumption or an extended period of non-supply by the Tshwane District. Emergency orders are placed once a week to a limit of five items per order. The City has an electronic stock-monitoring system that serves as an early warning system for any possible stock-outs. The average reporting rate by facilities on this system was at 96,95% between October 2017 and June 2018.

MEDICINE EXPENDITURE

Medicines are provided to the City by the Gauteng Provincial Health Department as in-kind support. However, the City has spent R418 314,21 of its own funding to augment the supply of medicines.

PROVISION OF COMPREHENSIVE PRIMARY HEALTHCARE SERVICES

SEXUALLY TRANSMITTED INFECTIONS

Treatment for sexually transmitted infections (STIs) is given at all facilities. Condom distribution (male and female) is encouraged in order to prevent infections. The incidence of STI cases is still a matter of concern to health personnel, and increased efforts to educate the public is a high priority in order to reduce STI cases and complications.

EXPANDED PROGRAMME ON IMMUNISATION

PHC programmes provided quarterly support visits to clinics in order to assist the facilities in monitoring the immunisation coverage for individual catchment populations. PHC section followed up and investigated adverse events after immunisation in order to strengthen the immunisation programme. Special efforts are made to increase immunisation coverage; integrated school health services also assist, especially with the immunisation of six- and 12-year-olds. The coverage still seems to be below

the expected target, which may be due to a very mobile community, data discrepancies and some anti-vaccination beliefs.

INTERVENTIONS THAT TARGET THE YOUTH

Teenage pregnancy is still a critical issue in communities. Women are regarded as vulnerable and their exposure to unprotected sexual activities may result in pregnancy at a young age. Health promotion programmes, such as family planning methods and the use of condoms, were put in place to prevent unwanted teenage pregnancies. Dialogue about youth health was conducted in two schools, reaching about 3 000 learners. Topics discussed during the dialogue included STIs, teenage pregnancy and healthy lifestyles.

ANTENATAL CARE

Reducing the maternal and child mortality rate is a key strategic priority of providing health services. All the clinics in Tshwane provide routine antenatal care services to pregnant mothers. Notwithstanding accessibility of these services in the Tshwane District, late booking for antenatal care remains a challenge. The early antenatal booking rate for the Tshwane District was 60,6% compared to the national target of 70%.

FAMILY PLANNING

City of Tshwane clinics offer reproductive health services (family planning) to prevent unwanted pregnancies. About 805 524 uninsured women of various ages in Tshwane visited the clinics for family-planning methods during the year under review. This indicates a decrease when compared to the previous year's number of 847 601 visits. This figure excludes coverage through sterilisation and condom use. The City clinics' couple-year protection rate for 2017/2018 was 20,9%. The district couple-year protection rate was 46,4%. There needs to be an intensified focus on contraceptive services in order to improve outcomes.

TUBERCULOSIS SERVICES

Services to combat tuberculosis (TB) were provided in Tshwane according to the National Tuberculosis Control Programme. Comprehensive TB services were available at all clinics in Tshwane. All clinics offered DOTS (directly observed therapy short course). The Tshwane Health District's TB cure rate increased from 90,6% to 91,9% over the financial year under review.

ENVIRONMENTAL HEALTH

The Municipal Health Services (MHS) Section is responsible for delivering municipal health services to the residents of Tshwane. According to the National Health Act, 2003 (Act 61 of 2003), municipal health services include water quality monitoring, food control, waste management, health surveillance of premises, surveillance and prevention of communicable diseases, vector control, environmental pollution control, the disposal of the dead and chemical safety, but it excludes port health and malaria control.

COMPLAINTS MANAGEMENT

Complaints with regard to health nuisances on food and water quality, environmental pollution and surveillance of premises are reported to the Municipal Health Services Information Desk. The mandate of the section is to conduct investigations and institute remedial action to eliminate these health nuisances.

SAMPLING MANAGEMENT

In order to determine the level of compliance of food and water with specific legislative requirements, samples must be submitted to the laboratory for analysis. The sampling programme is managed according to the Foodstuffs, Cosmetic and Disinfectants Act, 1972 (Act 54 of 1972). Food safety and water quality are key priorities for the Municipal Health Services in the City. The following table indicates the sample results for the 2017/18 financial year.

Table 44: Sampling results for 2017/18 financial year

2016/17				2017/18			
Type of sample	Total samples taken	Total complying with the standard	% of samples complying to the standard	Type of sample	Total samples taken	Total complying with the standard	% of samples complying with the standard
Microbiological analysis of tap water	116	111	95%	Microbiological analysis of tap water	113	87	76%
Microbiological analysis of bottled water	0	0	0	(New) Microbiological analysis of water	152	102	67%
Microbiological analysis of food	12	12	100%	Microbiological analysis of bottled water	8	7	87%
Chemical analysis of food	75	72	96%	Microbiological analysis of food	256	195	75%
(New) Water tested for <i>Vibrio cholerae</i>	0	0	0	(New) Water tested for <i>Vibrio cholerae</i>	13	13	100%
(New) Food tested for <i>Listeria monocytogenes</i>	0	0	0	(New) Food tested for <i>Listeria monocytogenes</i>	273	250	91%

HIGHLIGHTS

IMPACT ACHIEVED ON VARIOUS FORMS OF ILLNESSES

A total of 47 062 antenatal clients were tested for HIV in the Tshwane District during the year under review: 10,2% of them tested positive, which was 0,8% less compared to the previous financial year (11,0%). Furthermore, 96% of pregnant HIV-positive women were initiated on antiretroviral treatment.

The number of infants that were PCR-tested at around 10 weeks is 38 807, and 369 of those tested positive, indicating a positivity rate of 0,9% for PCR testing of infants of around 10 weeks. The Gauteng Department of Health has set a goal for 2017/2018 to reduce mother-to-child transmission of HIV from 2% to 1,3% at six weeks after birth. Results in Tshwane indicate a lower positivity rate in this age group. HIV-exposed neonates that test positive are initiated on ART according to policy guidelines.

The City has rolled out the national antiretroviral treatment (ART) programme across all its health facilities for a number of years. HIV testing and counselling is available at all facilities for all clients. Provisional data indicates the following:

- A total of 295 065 clients were tested at the City's clinics during the period of July 2017 to June 2018. This has increased from 157 948 clients tested for the previous year.
- A total of 34 215 clients tested positive in the period of July 2017 to June 2018, of which 27 750 were initiated on antiretroviral on treatment.

CITY TAKES ACTION ON THE SCOURGE OF DRUG ABUSE

The City of Tshwane, in partnership with the University of Pretoria, implemented a new approach to address the harmful use of substances and the impact of this on communities. The COSUP programme seeks to engage with people in the community who use drugs, ideally before their drug use becomes a serious problem. The Regional Drug Action Committee presented a roadshow in Mabopane, in the north of Tshwane, on Saturday, 17 February 2018. The Member of the Mayoral Committee for Community Service and Social Development, Councillor Sakkie du Plooy, briefed relevant stakeholders on the City's vision to address the scourge of drug abuse. The MMC also launched the regional drug action committees.



Figure 21: Stakeholders during the drug abuse roadshow

SILVERTON CLINIC OPENING DOORS TO HEALTHY LIFESTYLES

Silverton Clinic joined hands with several stakeholders during an open day to educate the community on healthy lifestyles. The day started with a health walk that was attended by about 100 people and ended with about 350 visitors. All who participated were rewarded with oranges and bottled water. Visitors were encouraged to visit all the stalls to learn about the health services available to them. The activities included health talks, promotion of healthy lifestyles, display of educational materials on various health topics, vision screening, blood pressure screening and nutritional counselling.



Figure 22: Silverton Clinic open day

COMMENTS ON OVERALL PERFORMANCE OF CLINICS

Although a series of challenges was experienced in the provision of healthcare services, the City made significant strides in providing effective primary healthcare services. Providing prompt access to health care, providing treatment, implementing awareness campaigns to deter certain conducts and preventing sickness are some of the critical interventions implemented by the City in the financial year under review. The City also made commendable strides in promoting environmental health. Some of its interventions included the health surveillance of premises, vector control, environmental pollution control and waste management, etc.

SOCIAL DEVELOPMENT

INTRODUCTION TO SOCIAL DEVELOPMENT

The City continues to provide comprehensive social services to the poor, vulnerable and marginalised members of the society, with the aim of moving them to a state of self-reliance. The provision of free basic services to indigents remains the primary key responsibility of the City. The City thus promotes the delivery of a wide range of social development programmes such as programmes for women, youths and vulnerable children.

INDIGENT PROGRAMME

This programme focuses on the registration of indigent households that qualify in terms of set policy criteria. It monitors the socio-economic conditions of these households and exits them from the indigent register once their living status has improved. By the end of June 2018, 1 580 indigent households were supported by the City to receive social packages in accordance with the City's indigent policy.

MONITORING AND IMPACT ASSESSMENT

Registered indigent households were monitored to check whether they receive social packages according to the Indigent Policy, and the relevant stakeholder departments ensured that all challenges were addressed. During the monitoring process, the following were discovered and addressed:

- It was found that some indigent households did not receive the 100 kW of electricity that they should be receiving
- Some indigent households did not have prepaid electricity meters installed.
- Some indigent households had exceeded the stipulated limits for water consumption.

In terms of the Indigent Policy, registered indigent households are evaluated within 24 months of their first registration to check whether they still meet the qualifying criteria in order for them to remain on the register and to exit those whose socio-economic circumstances have sufficiently improved. By the end of June 2018, a total of 16 589 indigent households were exited from the indigent register.

The following table presents statistical information regarding social development service policy objectives taken from the IDP for the 2017/18 financial year:

Table 45: Free basic service objectives in accordance with the IDP

Free basic service policy objectives taken from IDP								
Strategic pillars	Outline service targets	Target		Actual		Target	Actual	Target
		Target	Actual	Target	Actual	Target		
		2016/17	2016/17	2017/18	2017/18	2018/19	2019/20	2020/21
Strategic objective								
A City that keeps residents safe	households supported by the City through its social packages	6 000 total indigent households	2 836 total indigent households	4 000 additional households for the year	4 116 Households supported through social packages	4 000 additional households for the year	4 000 additional households for the year	4 000 additional households for the year
T3.6.5								

EARLY CHILDHOOD DEVELOPMENT PROGRAMME

The Early Childhood Development (ECD) Programme aims to improve access to better-quality educare facilities for young children in Tshwane. It works to ensure that children are prepared for school and creates a safe place for them while their parents go to work. The programme initiatives, which ensure priorities for previously disadvantaged communities, include an outreach programme for NGOs and the Ntataise After-school Support Programme.

The City of Tshwane's ECD policy has the following objectives:

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

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

- Grant funding was provided to a maximum of R100 000,00 or less (in accordance with submitted business plans) to a total of 26 NGO early childhood development centres across all regions of Tshwane.
- The 26 funded ECD centres attended a symbolic cheque handover ceremony hosted by the MMC for Community and Social Development Services, Cllr Ntsiki Mokhotho, on 14 June 2018 at Es'kia Mphahlele Library Hall.
- A total of 150 practitioners underwent the screening test for the 2018/2019 ECD NQF Level 4 training on 13 and 20 June 2018 at Es'kia Mphahlele Library Hall.



Figure 23: Cheque handover ceremony by the MMC for Community and Social Development Services, Cllr Ntsiki Mokhotho

YOUTH PROGRAMMES

CITY MEETS WITH TSHWANE YOUTH

On 14 June 2018, the City launched the “City meets with Tshwane youth” programme at the South African State Theatre for the 42nd anniversary of Youth Month. The event introduced the City’s Youth Month programme and highlighted socio-economic opportunities. The City’s youth development programme clearly demonstrated its commitment and also showcased projects that aim to improve the lives of young people. The programme aimed to address socio-economic issues such as unemployment, poverty, inequality, crime, lack of skills, and drug and substance abuse.

The programme’s objectives are to accomplish the following:

- Mobilise young people and the community to participate in the youth development programme
- Ensure maximum participation in the build-up to the commemoration of Youth Month
- Raise the profile of the City’s initiatives, programmes and services that have benefited the youth
- Showcase socio-economic future initiatives and opportunities for the youth
- Strengthen relations and develop coherent partnerships with sectors that have a positive impact on youth development



Figure 24: The chairperson of the Section 79 Committee, Thabisile Vilakazi, addressing youths at the State Theatre

COMMENTS ON THE OVERALL PERFORMANCE OF SOCIAL DEVELOPMENT

Over the financial year under review, the City continued to provide a wide range of social development programmes. These programmes addressed a number of critical socio-economic issues to the benefit of communities in the region. The services that emanate from these programmes cover a wide range of outcomes, including social upliftment, poverty reduction, skills development and improvement of livelihoods. The main focus of these services were the poor, vulnerable and marginalised members of the society. The aim was to empower them to become self-reliant.

The details of the actual deliverables are discussed in length in the sections above. However, some of the critical highlights worth mentioning included the provision of financial support to ECD centres, an intervention that seeks to promote cognitive development of children, and providing support to a total of 1 580 indigent households who benefited from the package of services provided in accordance with the City's Indigent Policy. The dedicated focus on empowering the youth is also a commendable highlight.

COMPONENT F: SECURITY AND SAFETY

INTRODUCTION TO COMMUNITY SAFETY

The City acknowledges that policing is the primary responsibility of the South African Police Service and national government. However, the City also seeks to improve the safety of residents by ensuring that their safety and well-being are prioritised. Its approach to achieving safety and security is structured through various activities, which include ensuring effective and efficient law enforcement, monitoring relevant infrastructure, implementing strategic interventions where and when necessary, and providing supportive traffic control services. The following primary services fall within the scope of security and safety:

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

METRO POLICE SERVICES

INTRODUCTION TO METRO POLICE SERVICES

The Tshwane Metro Police Department (TMPD) was established on 4 April 2002, independently from the South African Police, funded by and accountable to local government (the City of Tshwane Metropolitan Municipality) in accordance with the South African Police Service Act, 1995 (Act 68 of 1995) as amended by the South African Police Service Amendment, 1998 (Act 83 of 1998). The act, amended, prescribes the functions of a municipal police service as follows, in accordance with section 64E:

- Traffic policing, subject to any legislation related to road traffic (road policing)
- The policing of municipal by-laws and regulations which are the responsibility of the municipality in question
- The prevention of crime (the White Paper on Safety and Security of 1998 refers to the metro police function as visible policing only; the new White Paper on Safety and Security 2016 does not make any distinction)

The City focused on utilising the Metro Police to increase visible policing in strategic areas, addressing the Metro Police's ability to respond to a variety of challenges, prioritising initiatives to deal with drug abuse and effectively protecting residents from disasters. The contribution of the Tshwane Metro Police stems from effective, efficient and optimal road policing, specialised policing and by-law policing services. It is intended to be used as a reference and baseline for a concerted and focused effort by all role players and stakeholders to prevent crime, reduce fatal accidents and adhere to the City's by-laws. The Tshwane Metro Police is committed to ensuring the following strategic priorities in Tshwane:

- Utilising visible policing to reduce crime (including foot patrols, motorcycle patrols, bicycle patrols, motor vehicle patrols, equestrian and canine patrols in order to enhance crime detection as well as traffic and by-law enforcement and surveillance)

- Regenerating the inner city (the priority is to “clean the city” as well as regulate parking space and improve parking bay management)
- Establishing a centralised command and control centre (24/7 centre) that will function as an interface between the public and the applicable City departments
- Preventing substance (drugs and alcohol) abuse through a holistic and multidisciplinary approach with partners in order to integrate resources and implement a coordinated attack on the drivers of drug and substance abuse
- Preventing violence against women and children through TMPD’s educational and awareness initiatives to promote the rights enshrined in the Constitution and to reduce gender-based violence in Tshwane
- Strengthening intergovernmental relations in order to improve policing

SERVICE DELIVERY SUCCESSES

The performance of TMPD over the financial year under review included the following:

- 1 268 road policing interventions
- 1 787 crime prevention interventions
- 791 by-law policing operations and interventions
- More than 397 crime prevention arrests, of which 307 were specifically drug-related
- 50 828 infringement notices were issued for road traffic and by-law offences in the various regions

The following table presents statistical information related to Metro Police Service data for the 2017/18 financial year:

Table 46: Metro Police Service data

Metropolitan Police Service data						
	Details	2015/16	2016/17	2017/18		2018/19
		Actual number	Actual number	Estimated number	Actual number	Estimated number
1	Number of road traffic accidents during the year	64 884	65 393	64 261	65 661	64 261
2	Number of by-law infringements attended to	45 799	59 071	24 000	50 828	28 142
3	Number of police officers in the field on an average day	628	532	0	749	749
4	Number of police officers on duty on an average day	784	703	0	1 075	1 075
T 3.20.1						

The following table presents statistical information regarding Metro Police Service objectives taken from the IDP for the 2017/18 financial year:

Table 47: Metro Police objectives in accordance with the IDP

Police policy objectives taken from IDP								
Strategic pillars	Outline service targets	Year -1		Year 0		Year 1	Year 2	Year 3
		Target	Actual	Target	Actual	Target		
		2016/17	2016/17	2017/18	2017/18	2018/19	2019/20	2020/21
Service objective								
A City that keeps residents safe	% increase in interventions to root out crime and related incidents (annual)	1%	43,56%	1%	29,88%	1%	1%	1%
T3.20.3								

OTHER TRAINING AND LEARNING INTERVENTIONS

The following table presents statistical information related to some of the learning interventions conducted by the Metro Police in the 2017/18 financial year:

Table 48: Learning interventions statistics

	TOTAL 2016/17	TOTAL 2017/18				Total
		Quarter 1	Quarter 2	Quarter 3	Quarter 4	
Number of persons trained, calculated per course	16 575	2 566	1 673	1 821	1 709	7 769
Number of courses presented	872	271	232	175	175	853

FIRE SERVICES

INTRODUCTION TO FIRE SERVICES

The City's Emergency Services Department focuses all its efforts on making Tshwane a city where the community can prosper in a safe environment. The primary objectives of the City's fire and disaster management services management are to promote a safe and healthy environment and to protect lives and property in Tshwane against fire and other threatening dangers by responding effectively to all safety incidents (fire, rescue and specialised humanitarian and disaster incidents) in Tshwane.

The following table presents statistical information related to fire service data in the 2017/18 financial year:

Table 49: Fire service data

Metropolitan fire service data						
	Details	2015/16	2016/17		2017/18	
		Actual number	Estimated number	Actual number	Estimated number	Actual number
1	Total fires attended to in the year	4 396	4 640	4 002	4 598	4 179
2	Total of other incidents attended to in the year	6 311 rescue and 452 specialised humanitarian incidents Total = 6 763	7 892 rescue and 1 019 specialised humanitarian incidents Total = 8 911	5 848 rescue and 564 specialised humanitarian incidents Total = 6 412	7 811 rescue and 1 009 specialised humanitarian incidents Total = 8 820	5 786 rescue and 675 specialised humanitarian incidents Total = 6 461
3	Average turnout time in urban areas (structural fires, Category A to C, 12 minutes)	8,06 minutes	12 minutes	10,04 minutes	12 minutes	9,7 minutes
4	Average turnout time in rural areas (structural fires, Category D, 20 minutes)	18,8 minutes	20 minutes	19,08 minutes	20 minutes	25 minutes
5	Firefighters in posts at year end	449	498	442	603	440
6	Total fire appliances at year end (Fire & Rescue)	Rescue pumpers: 28 Water tankers: 13 Trucks com: 7 Grass units: 20	Rescue pumpers: 28 Water tankers: 11 Trucks com: 5 Grass units: 19	Rescue pumpers: 8 Water tankers: 11 Trucks com: 5 Grass units: 19	Rescue pumpers: 28 Water tankers: 11 Trucks com: 5 Grass units: 21	Rescue pumpers: 42 Water tankers: 11 Trucks com: 5 Grass units: 26
7	Average number of appliances off the road during the year	Rescue pumpers: 18 Water tankers: 6 Trucks com: 4 Grass units: 7	Rescue pumpers: 0 Water tankers: 0 Trucks com: 0 Grass units: 0	Rescue Pumpers: 20 Water tankers: 7 Trucks com: 2 Grass units: 11	Rescue Pumpers: 0 Water tankers: 0 Trucks com: 0 Grass units: 0	Rescue pumpers: 26 Water tankers: 8 Trucks com: 2 Grass units: 13
T 3.21.2.						

The following table presents statistical information regarding fire service objectives taken from the IDP for the 2017/18 financial year:

Table 50: Fire service objectives in accordance with the IDP

Fire service policy objectives taken from IDP								
Strategic pillars	Outline service targets	Year -1		Year 0		Year 1	Year 2	Year 3
		Target	Actual	Target	Actual	Target		
		2016/17	2016/17	2017/18	2017/18	2018/19	2019/20	2020/21
Service objective								
A City that keeps residents safe	% reduction in safety incidents (annual)	1%	23,9%	13 414	18,17%	-	-	-
A City that keeps residents safe	% compliance with the required attendance times for structural firefighting incidents	-	-	-	-	75%	75%	77%
T3.21.3								

EMERGENCY MEDICAL OPERATIONS

Specialised Events and Standby Section

The following table presents activities that were carried out by Emergency Medical Operations during the 2017/18 financial year:

Table 51: Emergency medical operations

Emergency medical operations	Activities conducted by Emergency Medical Services
Special events	<ul style="list-style-type: none"> ET Mashinini's funeral service held at City Hall on 15 July 2017 Mandela Day held at Struben Homeless Centre and Kodumela Primary School on 18 July 2017 Mayoral public imbizo held at Zithobeni Community Hall on 23 July 2017 Southern African Development Community (SADC) Summit held at the Department of International Relations and Cooperation building on 10 to 20 August 2017 Jazz Music Tribute Concert held at Moretele Park Resort on 2 September 2017 Ntirisano: The visit from the Premier of Gauteng in Mamelodi on 7 September 2017 The Member of the Executive Council (MEC), Mr Paul Mashatile, and the Member of the Mayoral Committee (MMC), Mr Mandla Nkomo, attended a public meeting held at Mooiplaas informal settlement on 9 September 2017.

Emergency medical operations	Activities conducted by Emergency Medical Services
	<ul style="list-style-type: none"> • Gauteng Social Cohesion Carnival held at Burgers Park and Tshwane Events Centre on 24 September 2017 • Mandela Remembrance Walk held at the Union Buildings on 10 December 2017 • Sundowns FC vs Orlando Pirates FC (PSL match) held at Loftus Versfeld Stadium on 13 January 2017 • Drug Action Committee Roadshow held at Mabopane Indoor Sports Centre on 17 February 2018 • Vodacom Blue Bulls vs Hurricanes (Super Rugby match) held at Loftus Versfeld Stadium on 24 February 2018 • State of the Capital City Address held at Tshwane House Chambers on 12 April 2018 • Funeral of Dr Skweyiya held at Lynnwood Christian Revival Church on 21 April 2018 • Mamelodi Sundowns and Ajax CT (PSL championship match) held at Loftus Versfeld Stadium on 28 April 2018 • Bulls vs Sharks (Super Rugby match) held at Loftus Versfeld Stadium on 12 May 2018 • UB40 music concert held at Sun Arena Times Square on 19 May 2018 • Civic funeral service for the late Cllr S Montlha held at Soshanguve and Zandfontein Cemetery on 2 June 2018

DISASTER MANAGEMENT

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

EMERGENCY MEDICAL SERVICES

The objectives of the Emergency Services Department are to respond to the goals of Chapter 12 of the National Development Plan, which deals with building safer communities and states that by 2030, people living in South Africa should feel safe and have no fear of crime.

For the financial year under review, the following work was done at various Emergency Services stations:

- More than 100% emergency medical incidences were responded to (patients treated and responded to or transported).

- A total of 75% of the target number of Priority 1 calls responded to emergency medical incidents (total number of Priority 1 calls within parameter as percentage of target).
- A total of 109 emergency evacuation drills were evaluated.
- A total of 323 of emergency plans were evaluated.

AMBULANCE SERVICES

The following table presents statistical information regarding ambulance services provided for the 2017/18 financial year:

Table 52: Ambulance service data

Ambulance service data					
	Details	2016/17	2017/18		2018/19
		Actual number	Estimated number (target)	Actual number	Estimated number (target)
1	Number of patients taken to medical facilities during the year	73 092	75 295	80 035	75754
2	Average time for emergency calls in urban areas	75%	80%	80%	80%
3	Average time for emergency calls in rural areas	81%	80%	80%	80%
4	Number of ambulances	106	117	119	117
5	Number of paramedics	20	60	20	60
T3.18.2					

COMMENT ON THE OVERALL PERFORMANCE OF SECURITY AND SAFETY SERVICES

Despite the many challenges that impeded the complete achievement of the commitments made and led to some failures in providing much-needed safety and security, the City made significant progress in promoting and meeting the safety and security expectations of the residents of Tshwane. These strides included the implementation of crime prevention interventions across Tshwane, promoting visible policing in order to deter and reduce crime, enforcing by-laws in order to ensure compliance and to rid citizens of the unpleasant effects of by-law transgressions.

Furthermore, commendable strides included effective response to emergencies such as fire, effective response to emergency medical incidents and visible efforts to regenerate the inner city through prioritising cleaning of the city as well as regulating parking space and improving parking bay management. Prevention of substance (drugs and alcohol) abuse through a holistic and multidisciplinary approach with various partners also took central stage. The City played a critical role in preventing violence against women and children through implementing TMPD's educational and awareness initiatives which aim to promote the rights enshrined in the Constitution in order to reduce gender-based violence in Tshwane.

COMPONENT G: SPORT AND RECREATION

SPORT AND RECREATION

INTRODUCTION TO SPORT AND RECREATION

Sport and recreation are an integral part of reconstructing and developing a healthier society. The City promotes sport, recreation, arts and culture, heritage, and library and information services. It implements development programmes to ensure a sustainable and safer city and integrated social development. In the City's efforts to support sporting excellence, the following sport programmes were undertaken during the year under review:

SPORT PROGRAMMES

The following sport programmes took place in the 2017/18 financial year:

THE SPAR WOMEN'S RACE

Over the past years, the City has partnered with Spar North Rand in hosting the Spar Women's Race. The race, which was held on 5 August 2017 at SuperSport Park in Centurion, was established in 1992. In 2007 the competitive element was added to it, and it has become one of the biggest races in South Africa and is held in several cities.

The Tshwane Spar Women's Race takes place annually in August as part commemorating Women's Month, and it attracts more than 22 000 participants. Development runners from previously disadvantaged areas are given an opportunity in this race to compete with the top runners and improve their skills. The race also contributes some of its proceeds to different NGOs across Tshwane.



Figure 25: The Spar Women's Race

TENNIS DEVELOPMENT PROGRAMME

Over the past years, the City has partnered with Gauteng North Tennis Association, Tennis South Africa and Gauteng Sports and Recreation (North Corridor) in hosting the Gauteng Tennis Development Programme. The programme takes the format of mini tournaments for development players and is held on a rotational basis in the regions. The previous tournament was hosted in Atteridgeville at the end of November 2017 and more than 300 players participated. The winners were entered into a placement tournament where the registration fees were paid by Tennis South Africa in order for them to get their rankings.

TSHWANE OPEN GOLF TOURNAMENT

The City hosted the successful Tshwane Open golf tournament at Pretoria Country Club from 1 to 4 March 2018, with a strong field that included the 2015 Tshwane Open champion, George Coetzee, as well as Danny Willet, the 2016 Masters champion. This popular tournament, which boasts local and international golfers and is now in its sixth year, is the final European Tour event played in South Africa. It aims to increase tourism, stimulate job creation, increase business investment and create a legacy in Tshwane. The tournament also included many other activities such as the traditional Night Market, which was launched in 2015, which took place as a festival of cuisine, crafts and live entertainment.

The Tshwane Open has already made a name for itself and helped to establish Tshwane as one of the most successful hosts of European Tour events in the world. This tournament not only hosts hundreds of players and their families, but also welcomes fans and the media, both international and local, who play an integral role in promoting the tournament and showcasing the City. During the event, Tshwane, as the host city, gained an international reputation through the four-day live television coverage by SuperSport and its global partners.



Figure 26: The Executive Mayor, Cllr Solly Msimanga, during the kick-off of the Tshwane Open

ARTS AND CULTURE PROGRAMMES

The following arts and culture programmes were delivered in the 2017/18 financial year:

Gauteng Carnival

The City participated in the Gauteng Carnival, which was hosted at the Tshwane Events Centre on 27 September 2017. It was the largest carnival Tshwane has ever seen, with more than 25 000 participants that showcased Africa's creativeness through mesmerising floats, large three-dimensional costumes, acrobats, enthralling dancers, and an eclectic mix of music – all parading through the streets of Tshwane. The parade began at the Tshwane Events Centre and followed a 6,7 km route around the capital city before ending back at the Events Centre where it started.



Figure 27: Enthusiastic dancers during the Gauteng Carnival

COMMENT ON THE OVERALL PERFORMANCE OF SPORT AND RECREATION

The City did quite well in promoting and supporting sport and recreational activities in Tshwane. A number of different sporting activities, arts and culture events and activities were hosted. These not only contributed to keeping the residents of Tshwane actively engaged for recreational purposes, but also contributed to other development objectives of the City. The many events held, some of which attracted international participants, contributed to tourism development and job creation while also boosting economic activity in Tshwane. Through successful hosting of the events discussed above, the City profiled itself as one of the best event hosts and also showcased the City's attractions for visitors, thus contributing to Tshwane's economy.

Sport and recreation, as well as arts and culture, contribute to building social cohesion and fighting other social ills that plague communities, and through hosting these events the City made a significant contribution to bringing the people of Tshwane together. This also had a positive impact on human development.

COMPONENT H: CORPORATE POLICY OFFICES AND OTHER SERVICES

INTRODUCTION TO CORPORATE POLICY OFFICES

In the main, the corporate policy offices in the City provide the support functions necessary to drive the business of the City. These offices play a critical role in promoting sustainable value creation in the management of the City's affairs and are the forerunners in entrenching a strong culture of good corporate governance. The collective work of these offices drives legislative compliance, promotes financial prudence and provides the much-needed leadership and technical support required for the optimal functioning on the City, with service delivery as the main driver of all efforts.

Some of the critical support functions for the City as an effective government institution include information and communication technology (ICT), fleet management communication. ICT provides for operational efficiencies by enabling systems and platforms that support the functionality of all service delivery and administrative processes of the City. Managing the finances of the City depends heavily on financial ICT systems. Also, in order for the City's staff to reach out to communities and deliver the necessary services, its fleet is a critical enabler. Trucks, vans and other vehicles must be in full operation for effective service delivery. To ensure that messages with information on different topics and interests reach residents, the City must have and use accurately tailored communication platforms that resonate with each intended stakeholder or client. All these functions drive efficiencies in the City.

INFORMATION AND COMMUNICATION TECHNOLOGY

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY

Through the Shared Services Department, the City provides connectivity support to the line function departments. It ensures that this support is provided efficiently and maximises economies of scale, and also ensures that the support functions, such as ICT operations, fleet management, etc, are reliable. In support of service delivery and enhancing connectivity, the City is responsible for managing and coordinating the programmes of the Smart and Innovative City Programme. This programme enables innovative technology-driven initiatives to improve local economic activities and contribute to skills development. The City's free Wi-Fi project aims to bridge the digital divide by providing affordable internet access to communities. It will also improve accessibility of services through automation and provision of online services.

GIS manages a citywide integrated geospatial information management platform which will become the backbone of the decision-making process in the City. It will ensure effective and efficient sharing of geospatial information within a corporate and public service knowledge management environment and provide business intelligence tools to transform data into meaningful information. The GIS technical tools develop knowledge-based creative solutions in order to assist in data-driven decision-making in the City.

OVERALL ICT SERVICES FOR THE 2017/18 FINANCIAL YEAR

E-INITIATIVES THAT SUPPORT THE CITY

E-Tshwane is a fast-growing online system with more than 160 000 accounts already registered to date. It is an account enquiry self-service option that allows Tshwane customers to view and manage their bills online. The City's ICT services delivered a breakthrough in providing paying consumers with a self-service that allows customers to access their billing information at call centres without the intervention of a customer service agent.

This solution enabled access to the following call centre menu:

- Outstanding balance due
- Last payment amount made
- Next payment due date
- Request that an invoice be emailed to the recipient (provided that the email address is available on the system)

Over the financial year under review, the City committed to and delivered the following:

- Implementation of free Wi-Fi across all seven regions of Tshwane. Free Wi-Fi enables citizens to access internet services, giving them the ability to apply for jobs and access educational content with 500 MB of free data per person being provided every day by 1 050 hotspots across Tshwane.
- Some of the IT programmes implemented include e-services, which enable citizens to access municipal services through the e-Tshwane portal. Since the inception of e-Tshwane, the portal has been enhanced to cater for electronic application forms for clearance certificates and for new electricity and water connections.
- The City has adopted the e-recruitment model, which delivers seamless supply chain management processes by making them auditable and transparent.

COMMENT ON CORPORATE FLEET MANAGEMENT

The City's fleet management service is committed to offering the best services to client departments. This is expressed in terms of ensuring that vehicles are maintained and available for use as and when required, thus enabling departments to effectively provide service delivery to communities across Tshwane. In order to ensure adequate fleet availability in the municipality, a total of 1 633 new vehicles were procured during the 2017/18 financial year. A total of 1 601 vehicles were delivered and deployed to City departments.

INNOVATION AND KNOWLEDGE MANAGEMENT

The Research and Innovation component focuses on creating an ecosystem for knowledge and innovation from which the City will draw in order to access new solutions that will radically transform service delivery and embed a culture of quality and innovation. This will position the City as a centre of excellence in Africa.

During the 2017/18 financial year, the City conducted its third Innovation Capability Assessment. This assessment reveals the level to which an organisation supports systemic innovation, and it is based on the organisation's ability to quickly convert its intellectual capital into new solutions, services or value. The 2018 innovation capability index results mark an important milestone on the innovation journey and the subsequent implementation of an organisation-wide innovation programme. Thus, the innovation capability is the extent to which an organisation can transform its intellectual capital to enhance business and public value.



Figure 1: Comparison of 2018 Innovation Index with previous year and Global benchmark

Figure 28: Comparison of Innovation Index with the previous years

The City's Innovation Capability Index for 2018 is 50,25%, which shows an improvement of 6% compared to 2014 (44,25%), but a slight reduction of 0,6% compared to 2016 (50,85%). However, the 2018 results present a difference of 9,89% lower than the global benchmark (60,14%). Nonetheless, it remains favourably within the improvement zone of 40% to 60%. The overall results for 2018 show that the City is moving incrementally in becoming an innovation-capable organisation; it is innovating its processes and driving for increased revenue and service delivery. The strategic imperative is that innovation is important for better service delivery, and it focuses on service delivery, operations and financial sustainability. The City shows significant strength with regard to process, service and business model innovation, with relative strengths related to organisational structures and management systems.

KEY INNOVATION PROGRAMMES IMPLEMENTED

The following innovation programmes were implemented in the 2017/18 financial year:

Youth Entrepreneurship and Innovation Programme

In collaboration with the Innovation Hub, the City continued in its efforts to empower the youth and build a pool of entrepreneurs that will increase economic activity in townships and expand Tshwane's economy. Through the FabLab programme, eKasiLab programme and Tshwane Innovation Challenge, the City exposed youths to various technology, innovation and entrepreneurship training interventions and gave them the opportunity to build prototypes for potential commercialisation. In the financial year

under review, a total of 240 young aspiring entrepreneurs between the ages of 18 to 35 participated in the eKasiLab programme and of these, 40 are now incubated at the Innovation Hub and given mentorship by industry experts. A total of 60 school-going learners were taken through the FabLab training. The FabLab programme focuses primarily on high school learners (Grades 9 to 11) from previously disadvantaged schools. The main objective of the FabLab programme is to collaborate with schools and facilitate access to training in entrepreneurship, technology and innovation through a structured classroom approach. The eKasiLab programme is a township-based programme which affords youths (between 18 to 35 years) in townships co-creation and innovation spaces where emerging entrepreneurs are able to ideate and build viable and sustainable enterprises.

In pursuit of a capable and enable youth that is fit and ready to exploit the opportunities presented by the signalling 4.0 Industrial Revolution, the City presented its second Tshwane Innovation Challenge. The Youth Innovation Challenge builds on the efforts and resources invested in youths who reside in the City, through initiatives such as the eKasiLab and FabLab programmes, by giving them the opportunity and platform to showcase their ICT skills and entrepreneurial edge in solving the service delivery challenges faced by the City of Tshwane and its African counterparts. A total of 80 entrepreneurs participated in the Tshwane Youth Challenge, but none of the identified entrepreneurs were awarded with an incubation contract with The Innovation Hub. Three entrepreneurs received an entrepreneurship starter pack prize (laptop, printers, stationery and marketing vouchers). An additional R200 000 was set aside to assist with piloting the solution once the prototypes are ready for implementation.

Knowledge management

In an effort to entrench a culture of learning and knowledge-sharing, the City initiated a programme to profile projects to showcase lessons learned and good practices on an annual basis. *E-Volve* is an electronic knowledge management publication that positions the City as a learning and knowledge-driven City. The first edition of *e-Volve* profiled the following case studies:

- Piloting of a biometric solution in four municipal clinics
- Project to improve management of the Indigent Programme
- Implementation of the Tshwane Food and Energy Centre

PROPERTY MANAGEMENT

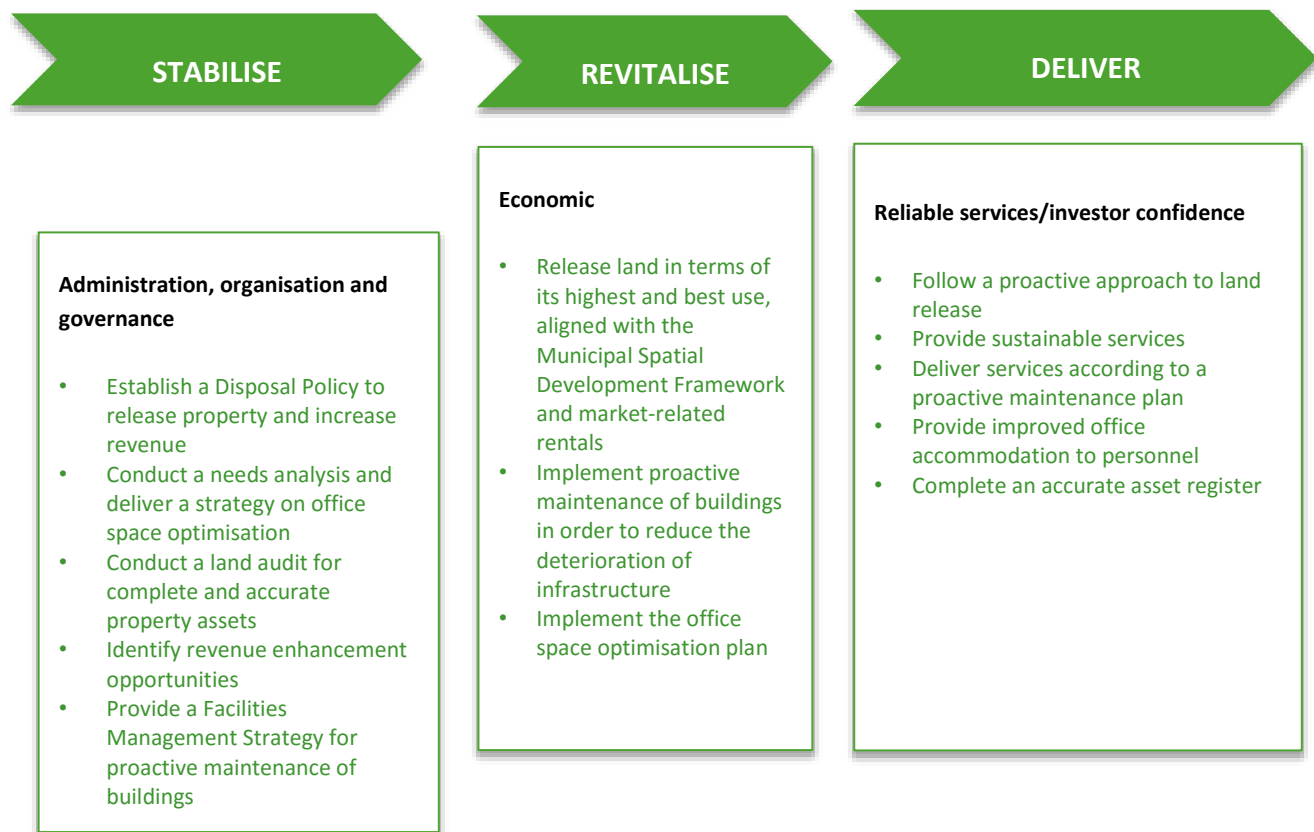
INTRODUCTION TO PROPERTY MANAGEMENT

The management of assets in the City is done in accordance with the dictates of the Municipal Finance Management Act, 2003 (Act 56 of 2003) and the Municipal Assets Transfer Regulations. Both pieces of legislation state that each senior manager or official of a municipality that exercises financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure that the assets and liabilities are managed effectively and that the assets are safeguarded and maintained to the extent necessary.

Through the Group Property Department, the City exercises control over the property management function with the aim of maintaining an impartial, accountable, transparent and efficient property

management service, subject to legislated responsibilities, national standards and directives. The City's immovable property assets are valued at approximately R10 billion, consisting of nearly more than 51 000 properties. Group Property is entrusted with the responsibility of implementing legislative obligations, and it exercises due care in managing the properties.

In pursuit of maximising the social and economic value of the City's property portfolio and to enhance the efficiency of its use, the following key priorities were confirmed for the 2017/18 financial year:



COMMUNICATION AND MARKETING

INTRODUCTION TO COMMUNICATION AND MARKETING

The communication and marketing function in the City plays a critical role in managing the City of Tshwane as a strong brand, locally in South Africa as well as globally, thus enhancing the image of Tshwane as an attractive investment and tourism destination. This is achieved through utilising effective communication, marketing, public relations, events and stakeholder platforms. The City utilises carefully selected communication platforms to ensure an effective interface between itself and its stakeholders. During the financial year under review, the City kept abreast of innovative developments in the media environment, especially the use of social media platforms. It focused its energies on digital communication, rebuilding and refining its platforms in order to enhance communication.

The outcomes are visible in the form of more followers on Twitter, more likes on Facebook, more traffic on the website and intranet as well as more positive comments from users, but also more queries that

are received via these digital platforms. The overall impact is improved meaningful engagement with residents and South Africans in general.

The following are the highlights of the programmes that the City supported over the financial year under review:

- Media communication on title deeds
- Media communication on water restrictions and proposed tariff increases
- Media communication on destruction of municipal property during the period of local government elections and service delivery protests
- Further penetration by digital communication platforms

CORPORATE PROGRAMMES SUPPORTED

Marketing of Wonderboom National Airport

Wonderboom National Airport is a valuable asset of the City, which holds the airport licence in accordance with the requirement of the Airports Company South Africa. In the financial year under review, the City rebranded the airport to improve its ambiance and enhance passenger experience. It was fitting to launch a vigorous marketing campaign to sell the airport and its new branding to the intended target audiences.

The main objectives of marketing the airport include the following:

- To market Wonderboom National Airport so as to increase awareness of the airport and the number of passengers on flights
- To market the benefits that the airport offers, namely proximity, time and saved cost
- To enhance the City's revenue generation



Figure 29: Wonderboom Airport in the north-east of Pretoria

KEY HIGHLIGHTS AND OTHER PROJECTS

The City of Tshwane hosted the C40 Cities International Workshop that was held from 17 to 19 April 2018 at Tshwane House. The workshop aimed to bring together staff who are working on the new policy on building energy efficiency as well as programme development and implementation. Staff had the opportunity to make professional connections and initiate city-to-city collaboration. The workshop furthermore provided an opportunity to –

- share good practice and new approaches;
- deliver ultra-high-efficiency performance in new buildings so as to achieve net zero-carbon emissions; and
- create a network plan for the next year that will contribute to each of the City's new building efficiency goals.



Figure 30: Facilities management officials attending the C40 Cities International Workshop

OVERALL PERFORMANCE OF CORPORATE SUPPORT OFFICES

Over the financial year under review, the City's corporate support offices have played a critical support role in ensuring that the City functions properly. The support provided covered a number of areas, including ICT systems support which provided efficiencies related to critical functions such as budgeting, planning, supply chain management, financial management, availability at all times of end-user ICT systems, and the provision of security to assets of the City, safeguarding them from crime and vandalism. The support also included the provision of communication platforms, which kept residents informed about the business of the City across all interest groups and made it easy for residents to access critical information with regard to the Municipality that is necessary for their daily lives. Municipal officials kept service delivery to its norms and to standards and were able to reach out to

communities at any given time, which was made possible through efficiencies in management of the City's fleet.

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

INTRODUCTION

This section presents performance against targets set as captured in the following scorecards:

- The IDP targets
- The SDBIP targets

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

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

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

CONTEXTUALISING THE SCORECARDS

The targets contained in the scorecards are not the City's only service delivery targets. However, the IDP and SDBIP scorecards have elevated specific areas of commitment that Council and the Mayoral Committee have emphasised for the financial year. Furthermore, several targets on the scorecards, especially in Pillar 3 and some in Pillar 1, are influenced by capital expenditure processes and are sometimes the result of the implementation of multi-year projects.

Detailed performance is reported in the rest of the annual performance report. In most areas where the concrete target could not be met as set (reflected as "not achieved"), some critical and commendable progress was made although the concrete results were not achieved. Various reasons account for the targets not being fully achieved.

Details of the City's Performance Scorecard 2017/18 can be found in Appendix K of this report.

4 ORGANISATIONAL DEVELOPMENT PERFORMANCE

INTRODUCTION TO ORGANISATIONAL DEVELOPMENT PERFORMANCE

Human resources are regarded as the primary investment for any institution. The City continues to invest in its people by recognising the economic, social and political factors that create the external context in which it operates. Effective and efficient human resource management and development is critical for the achievement of the vision of the City of Tshwane. Factors with significant implications for effective human resource management are, inter alia, the changing composition of the workforce in terms of age, gender, and ethnic distribution; and the barriers encountered by women and people with disabilities. The City operates within a complex legal framework that directly influences day-to-day human resource management functions. The scarcity of skills, together with the global competition for talent, has necessitated a review of our acquisition, development, optimisation, engagement and retention policies.

A MUNICIPAL PERSONNEL

The City ensures compliance with its policies and relevant legislation with regard to –

- recruitment and selection;
- human resource development;
- human capital management;
- labour relations; and
- occupational health and safety.

EMPLOYEE TOTALS, TURNOVER AND VACANCIES

The vacancy rate reported is that of permanent employees only, and it thus excludes councillors, temporary workers and students. The appointments are informed and determined by the approved organisational structure and the availability of funds.

The following table explains the categorisation of occupational levels that are referred to in this chapter:

Table 53: Categorisation of occupational levels

Occupational levels	2014/15	2015/16	2016/17	2017/18
Top management	Contract CM, DCM, SED (F1 – F3)	(F1 – F3)	All-inclusive package	All-inclusive package
Senior management	Contract SED (F3) Contract ED (E3) (E1 – E2)	(E1 – E3)	(E1 – E3)	(E1 – E3)
Professionally qualified	(D1 – D2/3/E1)	(D1 – D2/3/E1)	(D1 – D2/3/E1)	(D1 – D2/3/E1)

Occupational levels	2014/15	2015/16	2016/17	2017/18
Skilled technical	(C1 – C3/D1)	(C1 – C3/D1)	(C1 – C3/D1)	(C1 – C3/D1)
Semi-skilled	(B1 – B3/C1/2/3/D1)	(B1 – B3/C1/2/3/D1)	(B1 – B3/C1/2/3/D1)	(B1 – B3/C1/2/3/D1)
Unskilled	(A1 – A3/B1/2)	(A1 – A3/B1/2)	(A1 – A3/B1/2)	(A1 – A3/B1/2)

EMPLOYEE TOTALS

The following table provides statistics on the total number of employees per occupational level as at the end of the 2017/18 financial year.

Table 54: Employees per occupational levels

Occupational levels	Male				Female				Foreign nationals		TOTALS
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top management	13	2	1	0	6	0	1	2	0	0	25
Senior management	351	15	15	154	244	11	9	75	0	0	874
Professionally qualified	521	13	8	361	540	17	6	171	0	0	1637
Skilled technical	2110	62	20	720	1744	55	23	328	0	0	5062
Semi-skilled	3347	54	13	188	2 562	62	17	273	0	0	352
Unskilled	4 387	41	1	42	1 064	6	0	5	0	0	11
Total permanent	6733	187	58	1465	3163	151	56	854	0	0	7961
Non-permanent employees	2117	19	3	14	4079	31	2	12	0	0	6277
GRAND TOTAL	12846	206	61	1479	10239	182	58	866	0	0	25937

The following table presents statistical information regarding human resource objectives taken from the IDP for the 2017/18 financial year:

Table 55: Human resource objectives in accordance with the IDP

Human Resource Policy objectives taken from IDP								
Strategic pillars	Outline service targets	Year -1		Year 0		Year 1	Year 2	Year 3
		Target	Actual	Target	Actual	Target		
		2016/17	2016/17	2017/18	2017/18	2018/19	2019/20	2020/21
Service objective								
A City that is open, honest and responsive	% employee satisfaction rating (annual) ⁸	N/A	N/A	75%	0	N/A	80%	N/A
T3.25.3								

VACANCY RATE

The vacancy rate is based on permanent employees only and excludes councillors, temporary workers and students. It is calculated as 24,67% based on a total number of 6 438 vacant positions against the 26 098 authorised positions in the organisational structure.

The restructuring of the City's organogram resulted in the reduction of the employment rate by 21,33% as compared to the 46% of the previous financial year. The City of Tshwane's employment process is in line with its Human Resources Policy and relevant legislation. The recruitment is conducted internally and externally through the Intranet and Internet.

The following table provides statistical information regarding the positions filled against those that were advertised:

Table 56: Positions advertised vs positions advertised

Positions advertised and filled	Q1	Q2	Q3	Q4	Total	Remarks
Positions advertised	27	47	158	608	840	The majority of the positions were only advertised in Q4. A deficit on the salary account resulted therein that some of the positions are to be
Positions filled	27	16	101	0	144	
Average days (weekends included, therefore average on allowed 90 days)	59,59	187,75	42,45	0	61,81	

⁸ This indicator is measured biannually.

Total days to fill all positions	1609	3004	4288	0	8901	filled in the next financial year (2018/19).
---	-------------	-------------	-------------	----------	-------------	--

The following table presents the number of posts filled per department. There has been a drastic decrease in the number of posts filled in several departments as compared to the previous financial year.

Table 57: Posts filled per department

Department/function	2016/17		2017/18	
	Number of posts	Number of posts filled	Number of posts	Number of posts filled
Office of the City Manager	120	52	135	41
Office of the Executive Mayor	52	173	311	245
Office of the Speaker	267	187	263	183
Office of the Chief Whip	74	32	44	30
Office of the Deputy City Manager: Infrastructure and Programme Management	31	11	0	0
Water and Sanitation	1906	598	0	0
Energy and Electricity	2203	985	0	0
Utility Services	0	0	2 383	1 788
Roads and Transport	1573	649	1 564	1 164
Housing and Human Settlement	131	69	140	68
Integrated Rapid Public Transport Network	160	57	0	0
Office of the Deputy City Manager: Strategy Development and Implementation	51	5	0	0
City Planning and Development	591	381	0	0
Economic Development	139	64	0	0
Economic Development and Spatial Planning	0	0	778	611
City Strategies and Organisational Performance	60	22	92	33
Communication, Marketing and Events	173	80	0	0
Customer Relations Management	1	224	449	392
Group Property	1	34	120	62
Office of the Deputy City Manager: Operations	19	5	0	0
Sport and Recreational Services	91	128	0	0
Environmental and Agriculture Management	734	845	2 360	701

Department/function	2016/17		2017/18	
	Number of posts	Number of posts filled	Number of posts	Number of posts filled
Health	742	530	736	505
Community and Social Development Services	0	0	471	203
Group Audit and Risk	189	122	125	115
Group Financial Services	1473	918	2 014	1 628
Tshwane Metro Police	4409	4153	5 196	4 116
Corporate and Shared Services	1090	502	0	0
Group Human Capital Management	0	0	451	255
Shared Services	0	0	470	292
Group Legal and Secretariat Services	268	126	193	121
Group ICT	272	92	0	0
Emergency Management Services	1649	1098	1 644	1 065
Office of the Deputy City Manager: Service Delivery and Coordination	1106	334	0	0
Community and Business Safety	24	4	0	0
Regional Operational Centre	1	1028 [?]	6 159	6 042
Region 1	1616	1102	0	0
Region 2	977	498	0	0
Region 3	3482	2053	0	0
Region 4	1250	679	0	0
Region 5	696	232	0	0
Region 6	2210	1114	0	0
Region 7	894	235	0	0
TOTAL	30 725	19 421	26 098	19 660

Note: The departments with 0 totals are the ones that do not exist anymore, and additional lines were added to indicate the new departments. The Regions were not reported as indicated before, because with SAP not updated with the most recent approved structures, reporting on statistics is extremely difficult.

The following table provides a percentage breakdown of employees in permanent positions, in comparison with those in the economically active population.

Table 58: Employees in permanent positions compared to economically active population

Economically active population %						City of Tshwane Number and %							
Male			Female			Male				Female			
AM	African male	44,8%	AF	African female	35,2%	AM	African male	10 729	54,5%	AM	African male	6 160	31,33%
CM	Coloured male	1,7%	CF	Coloured female	1,3%	CM	Coloured male	187	0,95%	CM	Coloured male	151	0,76%
IM	Indian male	1,8%	IF	Indian female	1,1%	IM	Indian male	58	0,29%	IM	Indian male	56	0,28%
WM	White male	7,9%	WF	White female	6,3%	WM	White male	1465	7,45%	WM	White male	854	4,34%
	TOTAL	56,2%		TOTAL	43,8%		TOTAL	12 439	63,19 %		TOTAL	7221	36,71%

EMPLOYEE TURNOVER RATE

The section below provides the statistics of the employees who vacated their positions during the 2017/18 financial year. This information denotes the number of vacant positions to be filled in the next financial year, 2018/19. The City had a high labour turnover rate of 27,78% compared to the previous two financial years. This occurred as a result of resignation, dismissals death and termination of contracts.

The following table presents statistical information related to the employee turnover rate for the 2017/18 financial year:

Table 59: Employee turnover rate

Employee turnover rate			
Financial year	Total number. of employees at the beginning of the financial year	Turnover (number) during the financial year	Turnover rate % (Turnover number. divided by the number. of employees)
Year 2 (2015/16)	30 977	2 182	7,04%
Year 1 (2016/17)	30 302	4 279	14,12%
Year 0 (2017/18)	19 421	5 395	27,78%

SECTION 56 EMPLOYEES, DISABILITY AND EMPLOYMENT EQUITY

Section 56 employees

Section 56 employees include those that are contractually bound for five years and report directly to the City Manager. As indicated above, the Municipality has 25 top management and 874 senior management employees, excluding those employed by the municipal entities.

Employees with disabilities

The City is committed to providing fair opportunities to people with disability. Although we are not satisfied with our current levels, we continue to strive to ensure that departments consider people with disabilities in their recruitment processes. The provision of internship opportunities is also expanded to provide learning and experiential opportunities for students with disabilities. Of the total number of permanent officials (19 660), 195 are physically disabled and 17 986 are from a previously disadvantaged groups. Of the 874 of senior management officials, 14 are disabled.

The following table presents statistical information pertaining to the total number of employees (including disabled) per occupational level as at 30 June 2018:

Table 60: Total number of employees (including disabled) per occupational level as at 30 June 2018

Occupational levels	Male				Female				Foreign nationals		TOTALS
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	5	0	0	6	1	0	0	2	0	0	14
Professionally qualified	1	0	0	16	7	1	0	1	0	0	26
Skilled technical	25	1	0	26	6	0	1	6	0	0	65
Semi-skilled	13	1	0	12	8	3	0	13	0	0	50
Unskilled	32	0	0	0	8	0	0	0	0	0	40
Total permanent	76	2	0	60	30	4	1	22	0	0	195
Non-permanent employees	2	0	0	0	1	0	0	0	0	0	3
GRAND TOTAL	78	2	0	60	31	4	1	22	0	0	198

EMPLOYMENT EQUITY

The City has not achieved its employment target as planned. This happened as a result of the low appointment rate during the financial year. It has achieved 90% of the targeted 100% compliance with the Employment Equity Plan.

The City's recruitment process is informed by its approved Employment Equity Plan, 2017–2020, which was developed in line with the requirements of the Department of Labour, the Employment Equity Act, 1998 (Act 55 of 1998), and other relevant legislation.

The objectives of the plan are to –

- achieve equity in the workplace;
- demonstrate the City's intention to create a working environment that is conducive to the recruitment, development and retention of a diversified workforce;
- identify opportunities to appoint people with disabilities and women in senior positions; and
- mainstream development programmes for women, youth and people with disabilities.

Top and senior management with regard to employment equity

The City aims to ensure equal representation at top management, senior management, professionally qualified and skilled technical levels.

The following employment equity objectives of the City are listed in the Employment Equity Plan 2017–2020:

- To appoint white males and white females at senior management, professionally qualified and skilled technical levels
- To appoint black males at semi-skilled and unskilled levels
- To address the under-representation across all levels of –
 - coloured males, Indian males and white males; and
 - African females, coloured females and Indian females
- To appoint and retain people with disabilities
- To address inequities in salaries
- To run training programmes and initiatives to eliminate the existing barriers to affirmative action
- To assess all HR-related policies annually

The following table reflects the numeric targets, including people with disabilities, at 30 June 2018.

Table 61: The numeric targets, including people with disabilities, at 30 June 2018

Occupational levels	Male				Female				Foreign nationals		TOTAL
	A	C	I	W	A	C	I	W	Male	Female	
EAP	44,80%	1,70%	1,80%	7,90%	35,20%	1,30%	1,10%	6,30%			100,00%
Top management	13	2	1	0	6	0	1	2	0	0	25
Percentage	52,00%	8,00%	4,00%	0,00%	24,00%	0,00%	4,00%	8,00%	0,00%	0,00%	100,00%
Gap	7,20%	6,30%	2,20%	-7,90%	-11,20%	-1,30%	2,90%	1,70%	0,00%	0,00%	

Senior management	351	15	15	154	244	11	9	75	0	0	874
Percentage	40,16%	1,72%	1,72%	17,62%	27,92%	1,26%	1,03%	8,58%	0,00%	0,00%	100,00%
Gap	-4,64%	0,02%	-0,08%	9,72%	-7,28%	-0,04%	-0,07%	2,28%	0,00%	0,00%	
Professionally qualified	521	13	8	361	540	17	6	171	0	0	1 637
Percentage	31,83%	0,79%	0,49%	22,05%	32,99%	1,04%	0,37%	10,45%	0,00%	0,00%	100,00%
Gap	-12,97%	-0,91%	-1,31%	14,15%	-2,21%	-0,26%	-0,73%	4,15%	0,00%	0,00%	
Skilled technical	2 110	62	20	720	1 744	55	23	328	0	0	5 062
Percentage	41,68%	1,22%	0,40%	14,22%	34,45%	1,09%	0,45%	6,48%	0,00%	0,00%	100,00%
Gap	-3,12%	-0,48%	-1,40%	6,32%	-0,75%	-0,21%	-0,65%	0,18%	0,00%	0,00%	
Semi-skilled	3 347	54	13	188	2562	62	17	273	0	0	6 516
Percentage	51,37%	0,83%	0,20%	2,89%	39,32%	0,95%	0,26%	4,19%	0,00%	0,00%	100,00%
Gap	6,57%	-0,87%	-1,60%	-5,01%	4,12%	-0,35%	-0,84%	-2,11%	0,00%	0,00%	
Unskilled	4 387	41	1	42	1064	6	0	5	0	0	5 546
Percentage	79,10%	0,74%	0,02%	0,76%	19,18%	0,11%	0,00%	0,09%	0,00%	0,00%	100,00%
Gap	34,30%	-0,96%	-1,78%	-7,14%	-16,02%	-1,19%	-1,10%	-6,21%	0,00%	0,00%	
Total permanent	10 729	187	58	1 465	6 160	151	56	854	0	0	19 660
Non-permanent employees	2 117	19	3	14	4 079	31	2	12	0	0	6 277
GRAND TOTAL	12 846	206	61	1 479	10 239	182	58	866	0	0	25 937

B MANAGING THE MUNICIPAL WORKFORCE

This section provides information regarding the management of the municipal workforce. The City's performance information is in relation to the following elements:

- Policies developed
- Injuries, and sickness
- Suspensions
- Disciplinary actions on cases of financial misconduct
- Performance rewards
- Capacitating the municipal workforce
- Skills development expenditure
- Workforce expenditure
- Financial disclosures of senior managers and councillors

INJURIES, SICK LEAVE AND SUSPENSIONS

The City complies with the requirements of the Occupational Health and Safety Act, 1993 (Act 85 of 1993) and has achieved its target of reducing Section 24-incidents by 10%. The number of medical accounts paid since the Injury on Duty (IOD) Adjudication Committee started, has increased as compared to the previous financial year.

Injuries

The following reported injuries were attributed to the accurate recording of incidents on a corporate reporting system. The occupational health and safety (OHS) awareness sessions are continuously conducted to ensure that all the City's employees are inclined with the requirements of the OHS Act and the City's OHS policy. Therefore the employees are aware of what is required of them in case of injury on duty.

The City is evaluated against a set of OHS performance indicators that are reviewed annually to ensure improved performance.

The following table indicates the statistics of injuries that were recorded in line with the Occupational Health and Safety Act.

Table 62: Injuries recorded in line with the OHS Act

Incidents reported	Section 24 injuries	Serious incidents/ Motor vehicle accidents	Fatalities	Number of paid employees	% fully investigated	Challenges
699	24	12	5	29 073	48% of the reported incidents have been fully investigated, as the investigators are working on the current and backlog incidents.	Personnel shortage: SAP EHS System challenges which hampers the management of injury-on-duty cases. 699 Incidents have been reported. Outstanding IODs: 364 cases, including the backlog from previous financial years.

Table 63: IOD statistics for 2017/18 financial year

Administration of injury-on-duty claims	Total
Number of HR notifications received	637
Number of Employers' Reports (W.CL 2 forms) received	532
Number of IOD cases registered with the Compensation Commissioner	561

Administration of injury-on-duty claims	Total
Number of IOD cases adjudicated by the Compensation Commissioner	502
Number of IOD cases adjudicated by the in-house Adjudication Committee (acceptable)	329
Number of medical accounts paid	1 837
Rand value of medical accounts paid	R6 141 515,55

Sick leave

In the 2015/16 financial year, the City implemented the e-leave solution (the electronic leave administration system). This enabled us to move from the manual leave system to an electronic self-service system. To date, many departments have been issued with go-live letters and at present, 90% of the employees have been trained on the system, and their leave applications are now processed through E-Leave. This system has improved the management and functioning of the leave system.

The following table presents statistical information pertaining to the total number of employees who took sick leave during the 2017/18 financial year:

Table 64: Sick leave

Description	2016/17		2017/18		Comments
	Total sick leave days	Proportion of sick leave without medical certificate	Total sick leave days	Proportion of sick leave without medical certificate	
Sick leave with medical certificate	110,811	82,35	130,434	80,75%	None
Sick leave without medical certificate	23,751	17,65	31,089	19,25%	None
Total number of days sick leave	134,562	-	161,523	-	None

Suspensions lifted

In the 2017/18 financial year, only four suspensions were lifted according to the City's disciplinary proceedings. The following table provides more details and the status of other suspensions that occurred during the financial year.

The following table presents statistical information pertaining to suspensions lifted during the 2017/18 financial year:

Table 65: Suspensions lifted

Suspensions lifted 2017/18			
Position	Reason for suspension	Date of suspensions	Date of upliftment and reason
Director	Refuse to assist MMC with relocation	1 March 2018	1 June 2018 (called back by Department)
Chief Property Officer	Insubordination	1 March 2018	1 June 2018 (called back by Department)
Director	Intimidation	24 January 2017	6 July 2017 (prosecution declined)
Director	Intimidation	24 January 2017	6 July 2017 (prosecution declined)
Director	Intimidation	24 January 2017	6 July 2017 (prosecution declined)
Emergency Medical Care Practitioner	Insubordination	24 January 2017	8 August 2017 (informal hearing)
Customer Care Consultant	Amending accounts for payment	7 October 2016	10 November 2017 (dismissal)
Accountant	Amending accounts for payment	7 October 2016	10 November 2017 (dismissal)
Revenue Agent	Bribing a client	8 June 2017	21 February 2018 (dismissal)
Lifeguard	Insubordination	23 February 2018	14 May 2018 (resigned)

CAPACITATING THE MUNICIPAL WORKFORCE

The capacitation of the municipal workforce is an essential element of service delivery, innovation and improving efficiencies. Capacitation of the workforce is done through training, skills development, and Internships.

Skills development and training

In the effort to develop competency, the City provides relevant, effective training and learning programmes that meet its service and sustainability requirements. The training provided by the City was based on the requirements to address the priorities determined in accordance with the Workplace Skills Plan and relevant legislation. For the year under review, the City has achieved 11 304 training and learning programmes against its set target (10 000).

The following table presents statistics on the number of City employees who received training during the 2017/18 financial year.

Table 66: Training and skills development

Designation level	Gender	Number of employees in posts as at 30 June 2017	Number of skilled employees required and actual employees as at 30 June 2018			
			Apprenticeships	Skills programmes	Short courses – no credit	Total
			Actual: End 2017/18	Actual: End 2017/18	Actual: End 2017/18	Actual: End 2017/18
1. Legislators	Female	79	-	-	11	11
	Male	138	-	-	16	16
2. Managers	Female	359	-	77	165	242
	Male	508	-	76	145	221
3. Professionals	Female	2 178	-	73	711	784
	Male	1 286	-	52	496	548
4. Technical and associate professionals	Female	387	-	11	187	198
	Male	776	-	11	233	244
5. Clerical support workers	Female	2 338	6	92	878	976
	Male	1 169	20	44	364	428
6. Service and sales workers	Female	1 852		66	2 333	2 399
	Male	2 865	2	39	3 825	3 866
7. Skilled, agricultural, craft and related trade workers	Female	97	1	7	20	28
	Male	1 310	3	41	158	202
8. Plant machine operators and assemblers	Female	67	-	-	13	13
	Male	675	3	27	87	117
9. Elementary occupations	Female	1 162	83	66	185	334
	Male	4 284	166	101	410	677
Grand total		21 530	284	783	10 237	11 304

FINANCIAL COMPETENCY DEVELOPMENT

The progress on Financial Competency Development for the 2017/18 financial year is shown below, as required by the MFMA Competency Regulations of 2007.

Table 67: Financial competency development

Financial competency development: progress report*						
Description	A. Total number of officials employed by the Municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial officials						
Accounting officer	1	Entities are not paid or reflect against our structures, so the information is not available	1	1	1	0
Chief financial officer	1		1	2	0	1
Senior managers	23		23	23	3	18
Any other financial officials	3		3	3	0	2
Supply Chain Management officials						
Heads of Supply Chain Management units	1	Entities are not paid or reflect against our structures, so the information is not available in GHCM	1	1	0	1
Supply Chain Management senior managers	2		2	2	1	2
TOTAL	31	0	31	31	5	24

C MANAGING THE WORKFORCE EXPENDITURE

The City strives to manage the remuneration expenditure according to its approved budget, and recorded an expenditure of spent R129 200 267,56 on salaries during the 2017/18 financial year.

The following table indicates how remuneration spending is monitored against the budget and vacancy rates.

Table 68: Remuneration expenditure

Description	Financial Year 1 (2016/17) R'000	Financial Year 0 (2017/18) R'000
Salaries and wages	127 948 309,00	127 009 667,40
Contracted services	7 454 952,54	2 190 600,16
TOTALS	135 403 261,54	129 200 267,56

REMUNERATION OF TOP MANAGEMENT AND COUNCILLORS

This section of the report discloses to the public the remuneration of the City Manager and those who report directly to him, as well as councillors for the 2017/18 financial year.

The following table presents the annual remuneration of the City Manager and those who report directly to him.

Table 69: Disclosures of senior management

Name	Designation	Entry date	Annual remuneration (R)
Moeketsi Emmanuel Mosola	City Manager	01/03/2017	R2 614 406
Lorette Tredoux	Governance and Support Officer	01/09/2017	R2 091 524
James Peter Murphy	Chief Operations Officer	01/08/2017	R2 091 524
Umar Banda	Chief Financial Officer	01/07/2017	R2 091 524
Phillip Moeketsi Ntsimane	Chief Audit Executive	01/09/2017	R1 920 969
Marietha Aucamp	Chief of Staff	01/11/2016	R1 280 647
Johannah Madikotsi Nkomo	Chief of Police	12/02/2018	R1 920 969
Previn Devalingam Govender	Chief Emergency Services	01/08/2017	R1 600 807
Hilgard Matthews	Group Head: Communication and Marketing	01/08/2017	R1 600 807
Nosipho Prudence Hlatshwayo	Group Head: City Strategy and Organisational Performance	01/07/2017	R1 600 807

The following table provides details of disclosures on the remuneration package of all levels of Councillors.

Table 70: Disclosures of councillors

Pay number	Name	Designation	Entry date	Wage type	Annual remuneration (R)
10015868	Solly Tshepiso Msimanga	Executive Mayor	10/08/2016	Total Package	1 298 317,00
10015888	Rachel Katlego Mathebe	Speaker	10/08/2016	Total Package	1 048 546,00
10022465	Christiaan Mauritz van den Heever	Chief Whip	10/08/2016	Total Package	987 714,00
10002979	Anniruth Kissoonduth	Member of the Mayoral Committee	19/08/2016	Total Package	987 714,00
10015844	Cilliers Brink	Member of the Mayoral Committee	10/08/2016	Total Package	987 714,00
10015867	Darryl Moss	Member of the Mayoral Committee	10/08/2016	Total Package	987 714,00
10015884	Nontsikelelo Lucia Mokhotho	Member of the Mayoral Committee	10/08/2016	Total Package	987 714,00
10034029	Michael Mkhari	Member of the Mayoral Committee	10/08/2016	Total Package	987 714,00
10034031	Isak Petrus du Plooy	Member of the Mayoral Committee	10/08/2016	Total Package	987 714,00
10034395	Mare-Lise Fourie	Member of the Mayoral Committee	10/08/2016	Total Package	987 714,00
10038426	Randall Mervyn Williams	Member of the Mayoral Committee	10/08/2016	Total Package	987 714,00
10038439	Sheila Lynn Senkubuge	Member of the Mayoral Committee	10/08/2016	Total Package	987 714,00
10038479	Thomas Mandla Nkomo	Member of the Mayoral Committee	10/08/2016	Total Package	987 714,00
25859	Gerhardus Cornelius Pretorius	Councillor (S79)	10/08/2016	Total Package	958 740,00
26970	Karen Meyer	Councillor (S79)	10/08/2016	Total Package	958 740,00
27232	Elmarie Linde	Councillor (S79)	10/08/2016	Total Package	958 740,00
27534	Catharina Dorothea Prinsloo	Councillor (S79)	10/08/2016	Total Package	958 740,00
10002951	Pieter Daniel Uys	Councillor (S79)	10/08/2016	Total Package	958 740,00

Pay number	Name	Designation	Entry date	Wage type	Annual remuneration (R)
10015771	Johannes Jacobus Coetzee	Councillor (S79)	10/08/2016	Total Package	958 740,00
10015825	Peter Sutton	Councillor (S79)	10/08/2016	Total Package	958 740,00
10023821	Lourens Abraham Erasmus	Councillor (S79)	10/08/2016	Total Package	958 740,00
10030304	Zwelibanzi Charles Khumalo	Councillor (S79)	10/08/2016	Total Package	958 740,00
10037304	Selata Nkwane	Councillor (S79)	10/08/2016	Total Package	958 740,00
10038391	Nkele Molapo	Councillor (S79)	10/08/2016	Total Package	958 740,00
10038414	Madimetja Alfred Makhafula	Councillor (S79)	10/08/2016	Total Package	958 740,00
10038427	Thabisile Constance Vilakazi	Councillor (S79)	10/08/2016	Total Package	958 740,00
10038436	Dikeledi Selowa	Councillor (S79)	10/08/2016	Total Package	958 740,00
25778	Perpetua Lucy Lekgema	Councillor	10/08/2016	Total Package	486 228,00
25973	Clive John Napier	Councillor	10/08/2016	Total Package	958 740,00
26279	Lucas Johannes Welmans	Councillor	10/08/2016	Total Package	486 228,00
26686	Dikeledi Dorah Ditabo	Councillor	10/08/2016	Total Package	486 228,00
26783	Percy Ben Zitha	Councillor	10/08/2016	Total Package	486 228,00
26996	Daniel Gabriel Wannenburg	Councillor	10/08/2016	Total Package	486 228,00
27063	Peter Edward Millar	Councillor	10/08/2016	Total Package	486 228,00
27445	Johan Jansen	Councillor	10/08/2016	Total Package	486 228,00
27500	Barend William Chapman	Councillor	10/08/2016	Total Package	486 228,00
104866	Lucas Mabunda	Councillor	10/08/2016	Total Package	486 228,00

Pay number	Name	Designation	Entry date	Wage type	Annual remuneration (R)
135395	Albertus Martinus Van Niekerk	Councillor	10/08/2016	Total Package	486 228,00
504562	Mapiti David Matsena	Councillor	10/08/2016	Total Package	486 228,00
10001845	Makopo Arow Makola	Councillor	10/08/2016	Total Package	486 228,00
10002954	Mahomed Essop	Councillor	10/08/2016	Total Package	486 228,00
10002958	Audrey Winifred Morakane Ketlhoilwe Mosu	Councillor	10/08/2016	Total Package	486 228,00
10002968	Dikeledi Johanna Lehobye	Councillor	10/08/2016	Total Package	486 228,00
10002972	Manakedi Elisa Mlotshwa	Councillor	10/08/2016	Total Package	486 228,00
10002974	Lesiba Johannes Lekgoathi	Councillor	10/08/2016	Total Package	486 228,00
10002975	Frederik Wilhelmus Van Wyk	Councillor	10/08/2016	Total Package	486 228,00
10002976	Dolly Caroline Ledwaba	Councillor	10/08/2016	Total Package	486 228,00
10002977	John Willem Barendrecht	Councillor	10/08/2016	Total Package	486 228,00
10003014	Casper Nicolaas MC Donald	Councillor	10/08/2016	Total Package	486 228,00
10005807	Chris Francois Bekker	Councillor	10/08/2016	Total Package	486 228,00
10005942	Alphina Anna Ndlovana	Councillor	10/08/2016	Total Package	486 228,00
10006404	Kitinki Cecil Mazwi	Councillor	10/08/2016	Total Package	486 228,00
10006430	Mokgadi Maria Rallele	Councillor	10/08/2016	Total Package	486 228,00
10008375	Mighty Harold Matjene	Councillor	10/08/2016	Total Package	486 228,00
10011111	Marnette Sutherland	Councillor	10/08/2016	Total Package	486 228,00
10011376	Crezane Bosch	Councillor	10/08/2016	Total Package	486 228,00
10011611	Simon Motsaneng	Councillor	10/08/2016	Total Package	486 228,00

Pay number	Name	Designation	Entry date	Wage type	Annual remuneration (R)
10011612	Elsabe Louw	Councillor	10/08/2016	Total Package	486 228,00
10012087	Rasello Terence Mashego	Councillor	10/08/2016	Total Package	486 228,00
10012887	Aaron Mokgale Maluleka	Councillor	10/08/2016	Total Package	486 228,00
10014229	Machuene Joyce Boshomane	Councillor	10/08/2016	Total Package	486 228,00
10014230	Andries Lebitsi Dinale	Councillor	10/08/2016	Total Package	486 228,00
10014245	Nathaniel Rabasotho Masupha	Councillor	10/08/2016	Total Package	486 228,00
10014259	Jonathan Kleinbooi Baloyi	Councillor	10/08/2016	Total Package	486 228,00
10015747	Poppy Letty Maseko	Councillor	10/08/2016	Total Package	486 228,00
10015752	Jane Tebogo Makgatho	Councillor	10/08/2016	Total Package	486 228,00
10015758	Daniel Laki Mojela	Councillor	10/08/2016	Total Package	486 228,00
10015762	Victor Phitisi Mabelane	Councillor	10/08/2016	Total Package	486 228,00
10015767	Joel Malebogo Sindane	Councillor	10/08/2016	Total Package	486 228,00
10015770	Absalom Setumo Boroto	Councillor	10/08/2016	Total Package	486 228,00
10015774	Juanita Du Plooy	Councillor	10/08/2016	Total Package	486 228,00
10015775	Masindi Gertrude Rebecca Morudu	Councillor	10/08/2016	Total Package	486 228,00
10015782	Swartland Jabulane Mabona	Councillor	10/08/2016	Total Package	486 228,00
10015785	Roelof Petrus Fourie	Councillor	10/08/2016	Total Package	486 228,00
10015788	Dorcas Mathe	Councillor	10/08/2016	Total Package	486 228,00
10015789	Theresa-Eulanda Mabusela	Councillor	10/08/2016	Total Package	486 228,00
10015791	Barend Hendrik Josephes Erasmus	Councillor	10/08/2016	Total Package	486 228,00

Pay number	Name	Designation	Entry date	Wage type	Annual remuneration (R)
10015796	Nomvula Lesiah Matenjwa	Councillor	10/08/2016	Total Package	486 228,00
10015798	Elsie Shibe Tshabalala	Councillor	10/08/2016	Total Package	486 228,00
10015799	Phumzile Brian Hlatshwayo	Councillor	10/08/2016	Total Package	486 228,00
10015800	Magdeline Pretty Sebotsane	Councillor	10/08/2016	Total Package	486 228,00
10015804	Refiloe Johannah Kekana	Councillor	10/08/2016	Total Package	486 228,00
10015808	Nozipho Paulina Tyobeka-Makeke	Councillor	10/08/2016	Total Package	486 228,00
10015809	Marika Elizabeth Kruger Muller	Councillor	10/08/2016	Total Package	486 228,00
10015810	Joyce Mangalane Ngobeni	Councillor	10/08/2016	Total Package	486 228,00
10015811	Tsung Wei Lee	Councillor	10/08/2016	Total Package	486 228,00
10015815	Isak Jacobus Pietersen	Councillor	10/08/2016	Total Package	486 228,00
10015819	Esther Ntombifuthi Nhlapo	Councillor	10/08/2016	Total Package	486 228,00
10015823	Catharina Elizabeth Strydom	Councillor	10/08/2016	Total Package	486 228,00
10015824	Fikile Emily Nkosi	Councillor	10/08/2016	Total Package	486 228,00
10015827	Alfred Khala Phahlane	Councillor	10/08/2016	Total Package	486 228,00
10015828	Reyaan Uys	Councillor	10/08/2016	Total Package	486 228,00
10015830	Hilda Weber	Councillor	10/08/2016	Total Package	486 228,00
10015834	Jabulani Paulus Rammushi	Councillor	10/08/2016	Total Package	486 228,00
10015836	Mamosa Betty Ringane	Councillor	10/08/2016	Total Package	486 228,00
10015840	Mmina-Tau Seabelo Marishane	Councillor	10/08/2016	Total Package	486 228,00
10015842	Maupe George Matjila	Councillor	10/08/2016	Total Package	486 228,00

Pay number	Name	Designation	Entry date	Wage type	Annual remuneration (R)
10015860	Molatelo Samuel Mashola	Councillor	10/08/2016	Total Package	486 228,00
10015862	Lema Godfrey Motau	Councillor	10/08/2016	Total Package	486 228,00
10015863	Joel Kgomotso Masilela	Councillor	10/08/2016	Total Package	486 228,00
10015875	Hendrik Jacobus Nortje	Councillor	10/08/2016	Total Package	486 228,00
10015877	Shane Maas	Councillor	10/08/2016	Total Package	486 228,00
10015887	Siobhan Muller	Councillor	10/08/2016	Total Package	486 228,00
10015903	Daddy Cedrick Tsela	Councillor	10/08/2016	Total Package	486 228,00
10015958	Oscar Masarona Mathafa	Councillor	10/08/2016	Total Package	486 228,00
10018345	Tshepo Floyd Kgatle	Councillor	10/08/2016	Total Package	486 228,00
10018484	Lindelani Godfrey Mulaudzi	Councillor	10/08/2016	Total Package	486 228,00
10018501	Nomsa Grace Jackson Ndlovu	Councillor	10/08/2016	Total Package	486 228,00
10018506	Phillip Andries Nel	Councillor	10/08/2016	Total Package	486 228,00
10018787	Masello Magdeline Mahwayi	Councillor	10/08/2016	Total Package	486 228,00
10018880	Melithina Nombulelo Meme	Councillor	10/08/2016	Total Package	486 228,00
10018966	Tshepo Braude Motaung	Councillor	10/08/2016	Total Package	486 228,00
10018998	Jan Tsele Mahlangu	Councillor	10/08/2016	Total Package	486 228,00
10019029	Sekokobale Fortune Mampuru	Councillor	10/08/2016	Total Package	486 228,00
10019314	Marble Malebo Rasegoete	Councillor	10/08/2016	Total Package	486 228,00
10021474	Esther Dinah Mutumane	Councillor	10/08/2016	Total Package	486 228,00
10021475	Nkoata Ananias Mokgalotsi	Councillor	10/08/2016	Total Package	486 228,00

Pay number	Name	Designation	Entry date	Wage type	Annual remuneration (R)
10021746	Sipho Emmanuel Maselane	Councillor	10/08/2016	Total Package	486 228,00
10021756	Issac Majuba Aphane	Councillor	10/08/2016	Total Package	486 228,00
10023584	Grace Vukatimoni Silaule	Councillor	2017-06-08	Total Package	486 228,00
10023675	Charles Sannyboy Masemola	Councillor	10/08/2016	Total Package	486 228,00
10025661	Polo Francinah Molaba	Councillor	10/08/2016	Total Package	486 228,00
10027230	Brenda Thembi Siphutuma	Councillor	10/08/2016	Total Package	486 228,00
10027963	Virginia Masango	Councillor	10/08/2016	Total Package	486 228,00
10028211	Minky Magdeline Seipati Matshiyane	Councillor	10/08/2016	Total Package	486 228,00
10028401	Gert Petrus Visser	Councillor	10/08/2016	Total Package	486 228,00
10030302	Solomon Lesiba Sedibeng	Councillor	10/08/2016	Total Package	486 228,00
10032463	Michael Stephen Shackleton	Councillor	10/08/2016	Total Package	486 228,00
10033412	Elma Johanna Nel	Councillor	10/08/2016	Total Package	486 228,00
10034030	Yolanda Duvenage	Councillor	10/08/2016	Total Package	486 228,00
10034437	Frans Johannes Smith	Councillor	10/08/2016	Total Package	486 228,00
10035085	Maatane Rosina Maake	Councillor	10/08/2016	Total Package	486 228,00
10035784	TebogoMishack Rangako	Councillor	10/08/2016	Total Package	486 228,00
10036656	Ramokone Rebone Maleka	Councillor	10/08/2016	Total Package	486 228,00
10037308	Andrian Christopher Roos	Councillor	10/08/2016	Total Package	486 228,00
10038385	Aletta Susanna Breytenbach	Councillor	10/08/2016	Total Package	486 228,00
10038389	Tshepo Kgobane	Councillor	10/08/2016	Total Package	486 228,00

Pay number	Name	Designation	Entry date	Wage type	Annual remuneration (R)
10038390	Cindy Billson	Councillor	10/08/2016	Total Package	486 228,00
10038392	Enos Papiki Chiloane	Councillor	10/08/2016	Total Package	486 228,00
10038393	Ernst Adriaan Lodewikus Botha	Councillor	10/08/2016	Total Package	486 228,00
10038394	Isaac Sello Mphaga	Councillor	10/08/2016	Total Package	486 228,00
10038395	Carlo Robert Elgin De Bruin	Councillor	10/08/2016	Total Package	486 228,00
10038396	Solomon Ndlanya Qebelu	Councillor	10/08/2016	Total Package	486 228,00
10038397	Sabelo Owen Dhlamini	Councillor	10/08/2016	Total Package	486 228,00
10038398	Shaun Wilkinson	Councillor	10/08/2016	Total Package	486 228,00
10038399	David James Farquharson	Councillor	10/08/2016	Total Package	486 228,00
10038400	Jabulani William Masilela	Councillor	10/08/2016	Total Package	486 228,00
10038401	Katlego Godwill Makgaleng	Councillor	10/08/2016	Total Package	486 228,00
10038403	Leanne Jennifer De Jager	Councillor	10/08/2016	Total Package	486 228,00
10038404	Mthobeli Celiphile	Councillor	10/08/2016	Total Package	486 228,00
10038405	William Thabo Ntlatleng	Councillor	10/08/2016	Total Package	486 228,00
10038406	Seodi Florence Dhlamini	Councillor	10/08/2016	Total Package	486 228,00
10038407	Floyd Makete Thema	Councillor	10/08/2016	Total Package	486 228,00
10038409	Magwaile Oliver Mabogwana	Councillor	10/08/2016	Total Package	486 228,00
10038410	Stephen Rasemate Chauke	Councillor	10/08/2016	Total Package	486 228,00
10038412	Wayne Peter Helfrich	Councillor	10/08/2016	Total Package	486 228,00
10038413	Samuel Sello Maimane	Councillor	10/08/2016	Total Package	486 228,00

Pay number	Name	Designation	Entry date	Wage type	Annual remuneration (R)
10038415	Leopold Roland Middelberg	Councillor	10/08/2016	Total Package	486 228,00
10038416	Richard Baleseng Moheta	Councillor	10/08/2016	Total Package	486 228,00
10038417	Malehwiti Margaret Moyana	Councillor	10/08/2016	Total Package	486 228,00
10038418	Vusi Isaac Masemola	Councillor	10/08/2016	Total Package	486 228,00
10038419	Lefagahlele Arnold Matjie	Councillor	10/08/2016	Total Package	486 228,00
10038421	Pieter Willem Van Heerden	Councillor	10/08/2016	Total Package	486 228,00
10038422	Sipho Benedict Tshabane	Councillor	10/08/2016	Total Package	486 228,00
10038423	Kingsley's Hope Wakelin	Councillor	10/08/2016	Total Package	486 228,00
10038424	John Lesetja Lekgothoane	Councillor	10/08/2016	Total Package	486 228,00
10038428	Thabiso Thabiso Mohlamme	Councillor	10/08/2016	Total Package	486 228,00
10038429	Shadi Doris Maja	Councillor	10/08/2016	Total Package	486 228,00
10038430	Werner Mostert	Councillor	10/08/2016	Total Package	486 228,00
10038431	Phare Phillemon Maboa	Councillor	10/08/2016	Total Package	486 228,00
10038433	James Zokwenzwani Ndlovu	Councillor	10/08/2016	Total Package	486 228,00
10038434	Khutso Mafole	Councillor	10/08/2016	Total Package	486 228,00
10038435	Lesego Ellis Makhubela	Councillor	10/08/2016	Total Package	486 228,00
10038437	Hendrietta Nthawa Mathebula	Councillor	10/08/2016	Total Package	486 228,00
10038438	Maria Nengi Skhosana	Councillor	10/08/2016	Total Package	486 228,00
10038440	Komaseroto Benjamin Disoloane	Councillor	10/08/2016	Total Package	486 228,00
10038441	Dumisani Sibusiso Thwala	Councillor	10/08/2016	Total Package	486 228,00

Pay number	Name	Designation	Entry date	Wage type	Annual remuneration (R)
10038442	Abel Matshidiso Tau	Councillor	10/08/2016	Total Package	486 228,00
10038443	Brenda Phukuile	Councillor	10/08/2016	Total Package	486 228,00
10038444	Thania Kelebogile Letlonkoane	Councillor	10/08/2016	Total Package	486 228,00
10038446	Jacqueline Uys	Councillor	10/08/2016	Total Package	486 228,00
10038447	Dimakatso Innocentia Kgwedi	Councillor	10/08/2016	Total Package	486 228,00
10038448	Mosima Maria Mabitsela	Councillor	10/08/2016	Total Package	486 228,00
10038449	Anna Thabi Masemola	Councillor	10/08/2016	Total Package	486 228,00
10038451	Johan Gerhard Van Buuren	Councillor	10/08/2016	Total Package	486 228,00
10038452	Sipho Thabiso Maila	Councillor	10/08/2016	Total Package	486 228,00
10038454	Jack Nicell Mokhare	Councillor	10/08/2016	Total Package	486 228,00
10038455	Thabang Keabetswe Magodiolo	Councillor	10/08/2016	Total Package	486 228,00
10038456	Moleboheng Abigail Masoleng	Councillor	10/08/2016	Total Package	486 228,00
10038457	Ntebuheng Precious Mnguni	Councillor	10/08/2016	Total Package	486 228,00
10038458	Morwangwato Alfred Mantjane	Councillor	10/08/2016	Total Package	486 228,00
10038459	Eunice Dineo Moloi	Councillor	10/08/2016	Total Package	486 228,00
10038460	Jan Japane Baloyi	Councillor	10/08/2016	Total Package	486 228,00
10038461	Matome Adam Mashapa	Councillor	10/08/2016	Total Package	486 228,00
10038462	Obakeng Samuel Ramabodu	Councillor	10/08/2016	Total Package	486 228,00
10038463	Nkhumeleni Emmanuel Machaba	Councillor	10/08/2016	Total Package	486 228,00
10038464	Tshilidzi Tuwani	Councillor	10/08/2016	Total Package	486 228,00

Pay number	Name	Designation	Entry date	Wage type	Annual remuneration (R)
10038465	Lindiwe Masilela	Councillor	10/08/2016	Total Package	486 228,00
10038466	Phineas Noko Manaka	Councillor	10/08/2016	Total Package	486 228,00
10038467	Christopher Anru Meyer	Councillor	10/08/2016	Total Package	486 228,00
10038468	Christiaan Frederik Pienaar	Councillor	10/08/2016	Total Package	486 228,00
10038469	Michael Ivor Strange	Councillor	10/08/2016	Total Package	486 228,00
10038471	Lediga Samuel Matlala	Councillor	10/08/2016	Total Package	486 228,00
10038472	Benjamin William Lawrence	Councillor	10/08/2016	Total Package	486 228,00
10038484	Tlhabajane William Mabena	Councillor	10/08/2016	Total Package	486 228,00
10038593	Kenneth Nkosi	Councillor	06/10/2016	Total Package	486 228,00
10038859	Obed Tshepo Moreriane	Councillor	11/11/2016	Total Package	486 228,00
10039150	Rebecca Getrude Mmamokgolo Monchusi	Councillor	18/05/2017	Total Package	486 228,00
10039240	Ntshebeleng Monica Chilwana	Councillor	08/06/2017	Total Package	486 228,00
10039825	Lucas Kwena Pratt Moloto	Councillor	27/09/2017	Total Package	486 228,00
10039826	Mpho Malethakwe Mehlape	Councillor	29/09/2017	Total Package	486 228,00
10043041	Daryl Johnston	Councillor	25/04/2018	Total Package	486 228,00

DISCLOSURES OF FINANCIAL INTEREST

The Disclosure of Financial Interest complies with the provisions of the Municipal Performance Regulation 805 of 2006, developed by the Minister for Provincial and Local Government, for Municipal Managers and Managers directly accountable to Municipal Managers. To ensure good governance, the Regulation sets out the requirements with regard to the disclosure of Financial Interests by officials (senior managers and other Section 56 officials) and councillors. The aim is to prevent fraud, unauthorised work outside the City, and conflict of interest when participating in specific committees (see Appendix J).

5 FINANCIAL PERFORMANCE

The purpose of this section of the report is to outline the financial performance of the City of Tshwane in the 2017/18 financial year. The financial results presented in this chapter or the report were audited by the auditor-general. The detailed annual financial statements are a separate volume to the report.

1 INTRODUCTION

The 2018 budget review emphasized that, although global risk factors remain elevated, the world economy continues to provide a supportive platform for South Africa to expand trade and investment. World economic growth is at its highest since 2014 and continues to gather pace with gross domestic product (GDP) growth increasing across all major developing economies.

Growth has remained stagnant at less than 2% and unemployment remains high at 26, 7%. The GDP growth rate is forecast to be 1, 5% in 2018, 1, 8% in 2019 and 2, 1% in 2020. The CPI rates for the next three financial years are estimated at 5, 3%, 5, 4% and 5, 5% respectively. These indicators shows consumers and the City will continue to feel cash flow pressures due to the lack of substantial growth in the economy.

Section 152 of the Constitution of the Republic is where local governments, like ours, finds expression and intent. For local governments to achieve and meet the requirements of this onerous task of service delivery, it must continue to demonstrate a sustainable financial position and performance.

The stabilization of the capital's finances is a critical foundation on which to continue making progress in the delivery of services to our people. This will, in turn, be to the benefit of attracting investment into our beautiful city. The City was successful in doing so in the 2017/8 financial year, as Tshwane Economic Development Agency (TEDA), set a target relating to attracting investment projects within the City ,of R1.5 billion and it was exceeded by R2.1 billion thus closing at R3.6 billion at the end of the financial year.

The 2017/18 budget was an opportunity of the City's commitment to making Tshwane a prosperous hub of opportunity, safety and sustainability. The following parameters directly informed the 2017/18 budget:

- Slowing down of expenditure and building reserves;
- Improving collection levels beyond 95%;
- The levels of borrowing was maintained at R1 billion to fund capital infrastructure and
- The creation of cash reserves over surpluses over the (Medium Term Revenue and Expenditure Framework) MTREF.

The MTREF is informed by service delivery needs of the community as captured in the City's Integrated Development Plan. The City continues to plan and budget in line with the framers as outlined in its IDP of Stabilise, Revitalise and Deliver. As part of the MTREF, the City committed to the drafting and

implementing a financial sustainability plan (FSP). The performance summarized in this report begins to show the City's successes on the implementation of the FSP.

The long-term financial strategy (LTFS) and FSP will ensure that the City is financially sustainable and will respond to the City's Growth and Development Strategy, policies, priorities and infrastructure needs.

2 ACCOUNTING FRAMEWORK FOR 2017/18

During 2017/18 no changes to the accounting framework had to be implemented as no new accounting standards and interpretations became effective from 1 July 2017.

The following standards have been approved by the Accounting Standards Board, but the Minister of Finance has not yet determined an effective date, however municipalities can use it to disclose information on the financial statements or to formulate an accounting policy:

Table 71: New accounting standards effective from 1 July 2017

GRAP standard	Description
GRAP 6 (revised 2010)	Consolidated and separate financial statements
GRAP 7 (revised 2010)	Investments in associates
GRAP 8 (revised 2010)	Interests in joint ventures
GRAP 12 (amended 2016)	Inventories
GRAP 16 (amended 2016)	Investment property
GRAP 17 (amended 2016)	Property, plant and equipment
GRAP 18	Segment reporting
GRAP 18 (amended 2016)	Segment reporting
GRAP 20	Related parties
GRAP 21 (amended 2016)	Impairment of non-cash generating assets
GRAP 26 (amended 2016)	Impairment of cash generating assets
GRAP 27 (amended 2016)	Agriculture
GRAP 31 (amended 2016)	Intangible assets
GRAP 32	Service Concession arrangements: Grantor
GRAP 34	Separate Financial Statements
GRAP 35	Consolidated Financial Statements
GRAP 36	Investments in Associates and Joint Ventures

GRAP 37	Joint Arrangements
GRAP 38	Disclosure of Interest in Other entities
GRAP 103 (amended 2016)	Heritage assets
GRAP 105	Transfer of functions between entities under common control
GRAP 106 (amended 2016)	Transfer of functions between entities not under common control
GRAP 107	Mergers
GRAP 108	Statutory receivables
GRAP 109	Accounting by principals and agents
GRAP 110	Living and non-living resources
GRAP 110 (amended 2016)	Living and non-living resources
IGRAP11	Consolidation – special purpose entities
IGRAP 12	Jointly controlled entities – non-monetary contributions by ventures
IGRAP 17	Service concession arrangement where a grantor controls a significant residual interest in an asset
IGRAP 18	Interpretation of the Standard of GRAP on recognition and derecognition of land
IGRAP 19	Liabilities to pay levies
Guideline	Accounting for arrangements undertaken in terms of the National Housing Programme
Directive 12	The selection of an appropriate reporting framework by public entities

The impact and effect that the implementation of these new and/or revised accounting standards have on the financial statements are discussed in detail in the notes to the financial statements, but in most instances the implementation of these standards will lead to enhanced disclosures.

3 REVIEW OF OPERATING RESULTS

The budget of the City of Tshwane for the 2017/18 financial year was approved by Council on 25 May 2017 for implementation and the Adjustment Budget was approved by Council on 22 February 2018.

Maintaining financial viability of the City of Tshwane is critical to the achievement of service delivery and economic objectives. This is directly impacted by the City's ability to generate sufficient revenues and to ensure sufficient collection of revenues generated. This aspect is however hampered by consumer's ability to pay for their services due to the prevalence of unemployment and poverty within the municipality's boundaries.

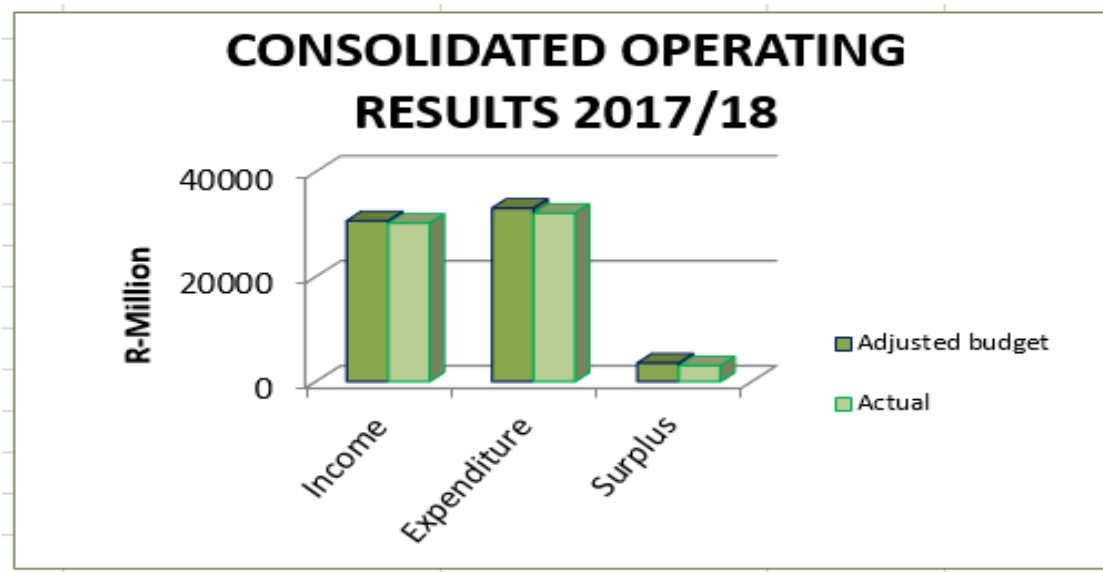
In terms of the MFMA, a credible and funded budget must be tabled on realistic estimates of revenue that are consistent with budgetary resources and collection history. The goal of strengthening the link between the government's priorities and spending plans is to enhance service delivery that aims to improve the quality of life for all.

The City continues to improve efforts to limit non-priority spending and to implement stringent cost-containment measures in terms of the MFMA Circular 82 and the City's cost containment circular dated 12 September 2016.

GENERAL

Details of the 2017/18 operating results and the classification of revenue and expenditure are included in the Statement of Financial Performance. Below is a graphical presentation of the operating results:

Figure 31: Consolidated operating results 2017/18



The overall operating results for the financial year ending 30 June 2018 are as follows (refer to statement of comparison of budget and actual amounts):

Table 72: Overall operating results for financial year ending 30 June 2018

Description	Adjusted Budget 2018 Municipality R'000	Adjusted Budget 2018 Group R'000	Actual 2018 Municipality R'000	Actual 2018 Group R'000	Variance Actual/ Adjustment Budget Municipality %	Actual 2017 Restated Municipality R'000	Actual 2017 Restated Group R'000
Opening Accumulated surplus	-	-	22 346 395	22 423 824		19 923 279	19 969 042
Operating revenue (including capex transfers)	33 076 647	33 148 210	32 369 091	32 406 502	2.14	30 613 138	30 446 675
Reconciling Movement	33 076 647	33 148 210	54 715 486	54 830 326		50 536 417	50 415 717
Operating expenditure	30 701 303	30 674 404	30 009 782	29 968 024	2.25	28 216 228	28 018 099
Sundry transfers *	-	-	(15 270)	(15 270)		(26 206)	(26 206)
Closing Accumulated surplus	2 375 344	2 473 806	24 720 974	24 877 572		22 346 395	22 423 824
Reconciling Movement	33 076 647	33 148 210	54 715 486	54 830 326		50 536 417	50 415 717

* Sundry transfers consist of transfers from the reserves such as the Self-Insurance reserve and COID reserve.

For the Municipality the revenue represents 97.86% of the total adjustment budget. For the group the revenue represents 97.76% of the total adjustments budget.

Service charges (97.0%) and assessment rates (102.0%) are on target while the other revenue line items are between 69.0% and 415.0% of the budget, for example: rental of facilities and equipment (83.0%), licences and permits (96.0%). Capital grant revenue ended on 89.0% of the budget. Operational grant revenue ended on 96.0% of the budget. Fines ended on 69.0% of the budget.

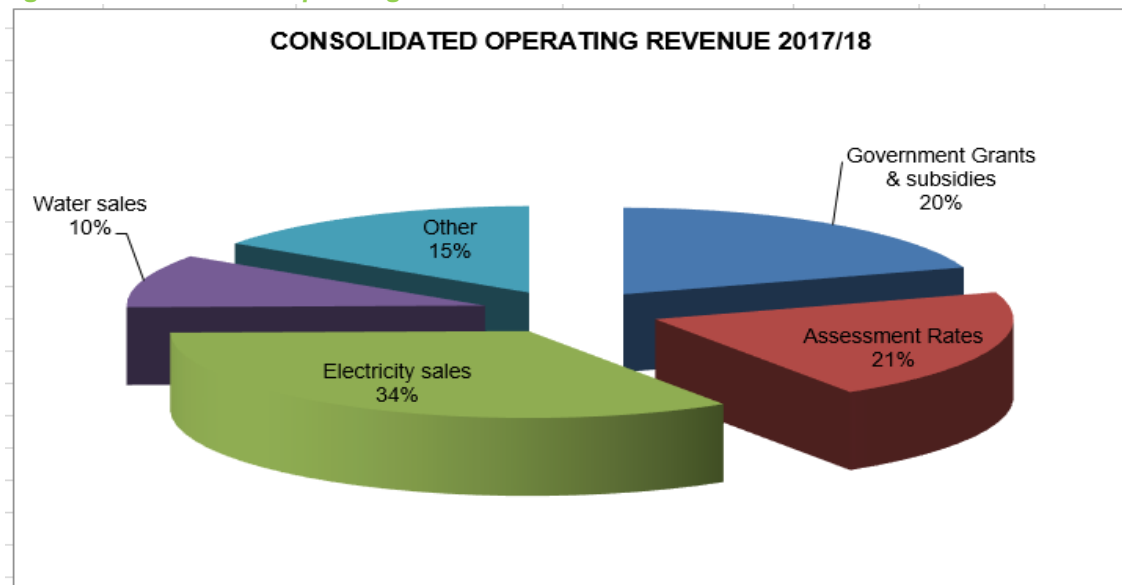
The total expenditure of the Municipality compared to the adjustment budget represents 97.75% which is an under expenditure of 2.25%. The actual net expenditure of the group compared to the adjustments budget represents 97.70%.

Contracted services ended on 71.0% of the budget and the contribution to bad debt provision ended on 151.0% of the budget. Depreciation and impairment expense ended on 110.0% of the budgeted expenditure whereas transfers and grants ended on 89.0% of the budgeted amount, contributing to the overall under expenditure.

OPERATING REVENUE

The following graph indicates a breakdown of the largest categories of revenue.

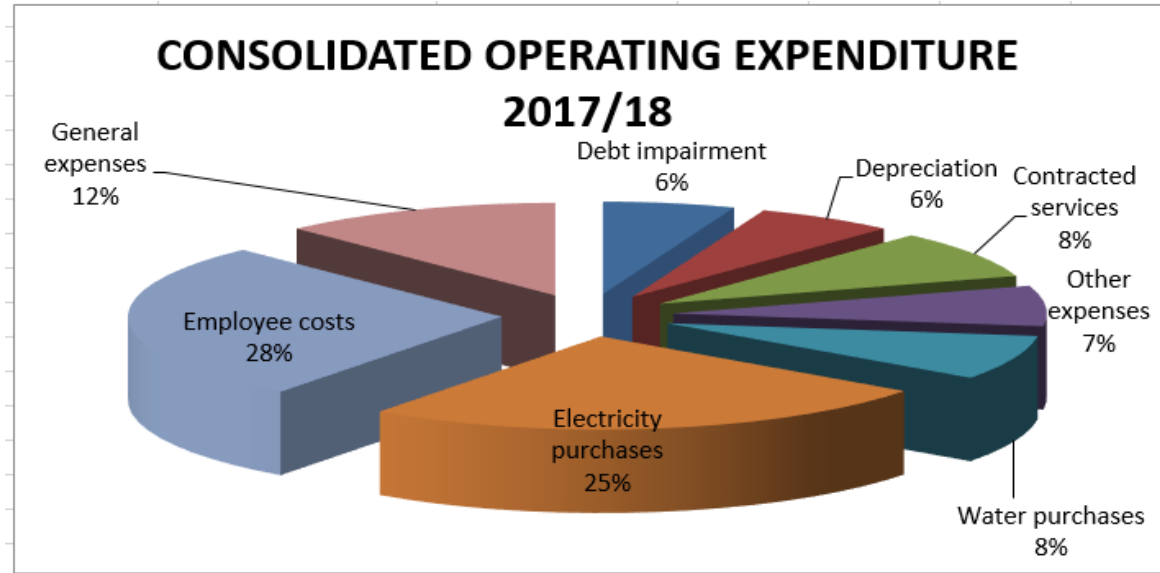
Figure 32: Consolidated operating revenue 2017/18



OPERATING EXPENDITURE

The graph below indicates the breakdown per main expenditure group.

Figure 33: Operating expenditure for 2017/18



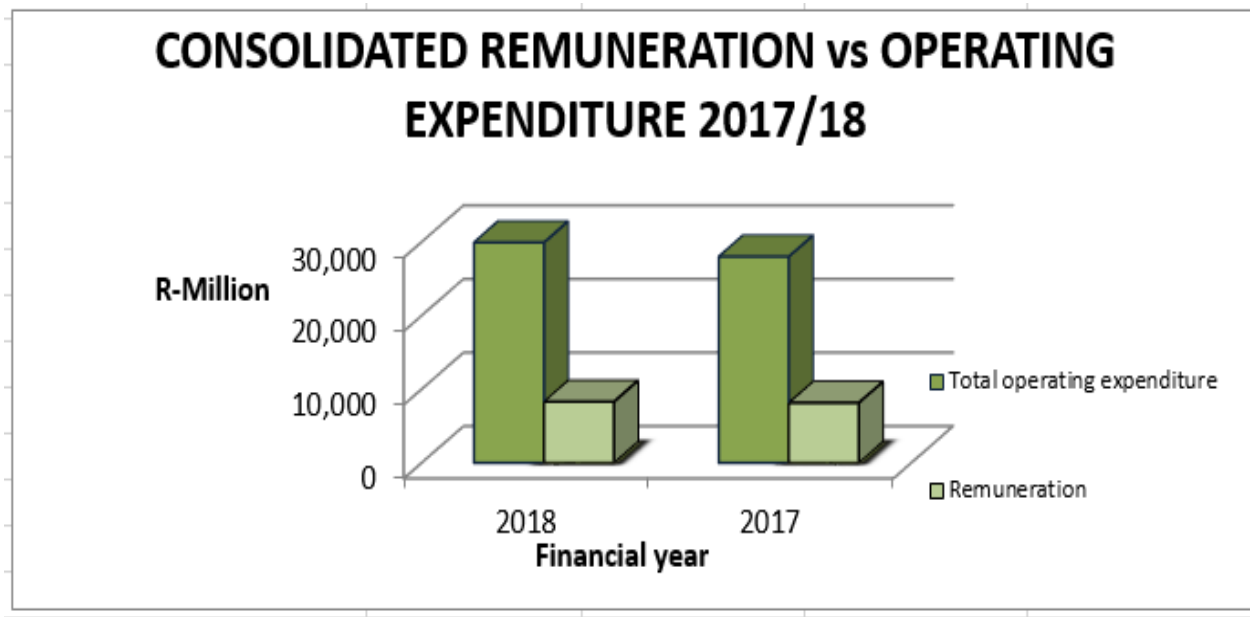
REMUNERATION

The actual expenditure on remuneration expressed as a percentage of the total expenditure for the municipality shows an increase from 27.91% in 2016/17 to 29.09% in 2017/18. This increase of 1.18% is due to the fact that the remuneration increased with 6.71% compared to an increase in the total expenditure of only 2.39%. For the Group the remuneration as a percentage of total expenditure increased from 28.45% to 29.79% since 2016/17.

Table 73: Remuneration

Description	2017/18		2016/17 Restated	
	Group R'000	Municipality R'000	Group R'000	Municipality R'000
Total operating expenditure	29 934 763	29 976 521	28 018 099	28 216 228
Total operating revenue	32 373 240	32 335 830	30 446 675	30 613 138
Employee remuneration	8 309 579	8 274 237	8 158 582	8 019 257
Ratio: % of total expenditure	27.76%	27.60%	29.12%	28.42%
Ratio: % of total revenue	25.67%	25.59%	26.79%	26.19%
% Growth in remuneration	1.85%	3.18%	6.75%	6.78%

Figure 34: Consolidated remuneration vs Operating expenditure for 2017/18



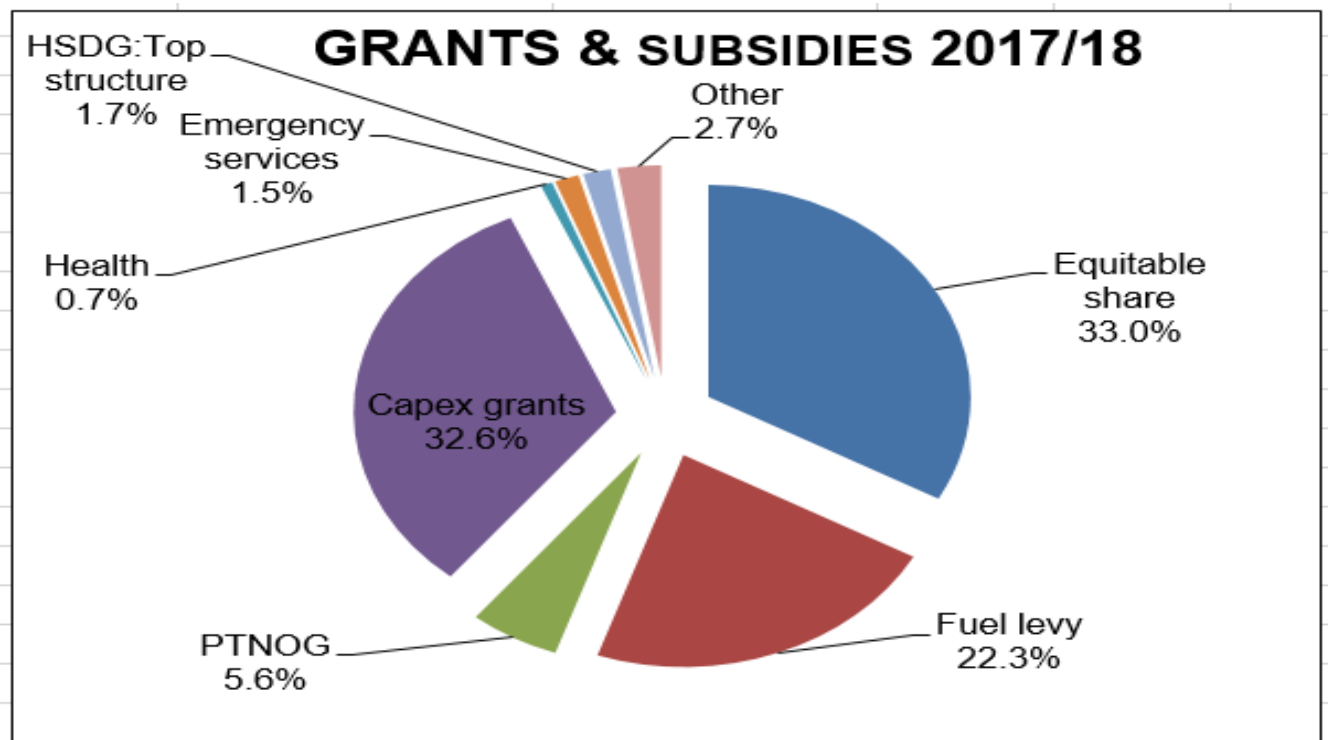
GOVERNMENT GRANTS AND SUBSIDIES

The following table and graph shows the amounts received in terms of grants, contributions and subsidies from the National and the Gauteng Provincial spheres of Government, which amounts have been included in the total revenue figure (refer to note 27 of the consolidated annual financial statements for detail of each grant):

Table 74: Government grants and subsidies

Description	2017/18		2016/17 Restated	
	Group R'000	Municipality R'000	Group R'000	Municipality R'000
Equitable share	2 132 788	2 132 788	1 864 839	1 864 839
Primary health care subsidy	46 541	46 541	44 325	44 325
Emergency management subsidy	95 993	95 993	62 850	62 850
Equitable share fuel levy	1 444 413	1 444 413	1 440 100	1 440 100
PTNOG	359 170	359 170	200 266	200 266
Human Settlement Development: Top structures	109 845	109 845	72 555	72 555
Other operational grants #	144 407	144 407	128 210	128 210
Housing Company: SHRA	20 857	0	0	0
Housing Company: GHDS	8 288	0	0	0
Capital grants and donations	2 105 266	2 105 266	2 310 452	2 310 452
	6 467 568	6 438 423	6 123 597	6 123 597

Figure 35: Grants & Subsidies



4 FINANCIAL SUSTAINABILITY AND FINANCIAL RATIOS

Local government uses different financial ratios and norms to assess its performance and to set benchmarks for improvement to be measured over time when compared to other entities. Financial ratios and norms are further used to assess and compare the financial health and performance of local government.

The following categories will be used for the purposes of analysing and interpreting the financial statements:

Financial Position

The ratios used here is a measurement of the management of assets, debtors, liquidity, liability and sustainability.

Financial Performance

The ratios used here is a measurement of efficiency, revenue and expenditure management, as well as the management of material losses i.e. distribution losses.

Cash flow

The ratios used here is a measurement of the efficient management of cash and debt.

The City recognised in the budget submission made to Council in May 2017, that the City's financial position was under strain and its key ratios pointed towards technical liquidity. It was in this point that the City approached the National treasury to assist it to develop a strategy that will turnaround the financial position of the City. In the 2017/18 financial year, City wide consultations occurred with all departments within the City to identify the weaknesses within the environment, obtain solutions in addressing these and further key strategies to enhance the revenue generating capability of the City and its assets. It was further important to identify areas where cost savings could be made by the City in order to free up financial resources to enhance service delivery.

The key strategic pillars of the financial sustainability plan (FSP) are as follows:

- Strategy One: Strengthening Governance
- Strategy Two: Organisational Restructuring and Human Resource Management
- Strategy Three: Restructuring of the Budget
- Strategy Four: Cash Flow Management and Improving Financial Sustainability
- Strategy Five: Infrastructure and Service Delivery Improvements

The Financial sustainability plan was approved in the council sitting of April 2018 and was then officially adopted for implementation even though management had already started implementing some of the activities within the plan.

FINANCIAL POSITION

Table 75: Financial position ratios

			GROUP	GROUP	GROUP
Measure	Financial ratio and norm		2018	2017	2016
		Norm/ Benchmark		Restated	Restated
Asset Management	Capital expenditure to total expenditure (%)	10% - 20 %	9.24	10.24	14.77
	Impairment of PPE (including investment property and intangible assets) (%)	0%	0.57	0.01	0.00
	Repairs and maintenance as % of PPE and investment property (%)	8%	2.88	3.07	4.42
	Borrowing to assets (PPE) (%)	< 50 %	30.60	32.28	32.03
Debtor Management	Collection rate (%)	95%	92.52	89.68	93.06
	Bad debts written off as % of bad debt provision (%)	100%	4.51	4.95	6.49
	Net debtor days (days)	30 days	66	68	66
	Growth in total gross debtors (%)	Management interpretation	10.34	21.51	11.45
	Growth in total net debtors (%)	Management interpretation	2.42	20.20	20.63
	Growth in total net consumer debtors (%)	Management interpretation	4.34	14.45	42.47
	Net debtors to total annual operating revenue	Management interpretation	21.34	22.55	20.87
Liquidity Management	Cash/Cost coverage ratio (excluding unspent conditional grants) (months)	1 - 3 months	1.31	1.02	0.60
	Current ratio	Between 1.5 : 1 and 2 : 1	0.82	0.77	0.69
	Acid test ratio	1 : 1	0.77	0.71	0.63
	Solvability ratio	2 : 1	1.95	1.88	1.83
	Inventory turnover	Between 2 and 3	1.84	1.82	2.49
	Liquidity ratio	> 0.2	0.25	0.20	0.13
Liability management	Capital cost (interest paid + redemption) as % of total operating revenue	6 % - 8 %	19.08	23.11	11.62
	Capital cost as % of total operating expenditure	6 % - 8 %	11.71	10.36	9.51
	Debt (total borrowing) to Total operating revenue (including grants)	45%	35.33	38.99	39.66
	% Debt coverage (debt service repayment to operating revenue less grants)	1.15 to 1.35 times	36.21	33.37	35.33
	Gearing ratio (Total long-term debt to total revenue less grants)	25% - 50%	49.03	52.98	53.48
	Financing to capital expenditure	Management interpretation	0.24	0.22	0.27
Sustainability	Level of cash backed reserves (net assets - accumulated surplus) (%)	100%	1 022.65	803.68	410.55

SUMMARY OF STATEMENT OF FINANCIAL POSITION

Figure 36: Summary of financial position

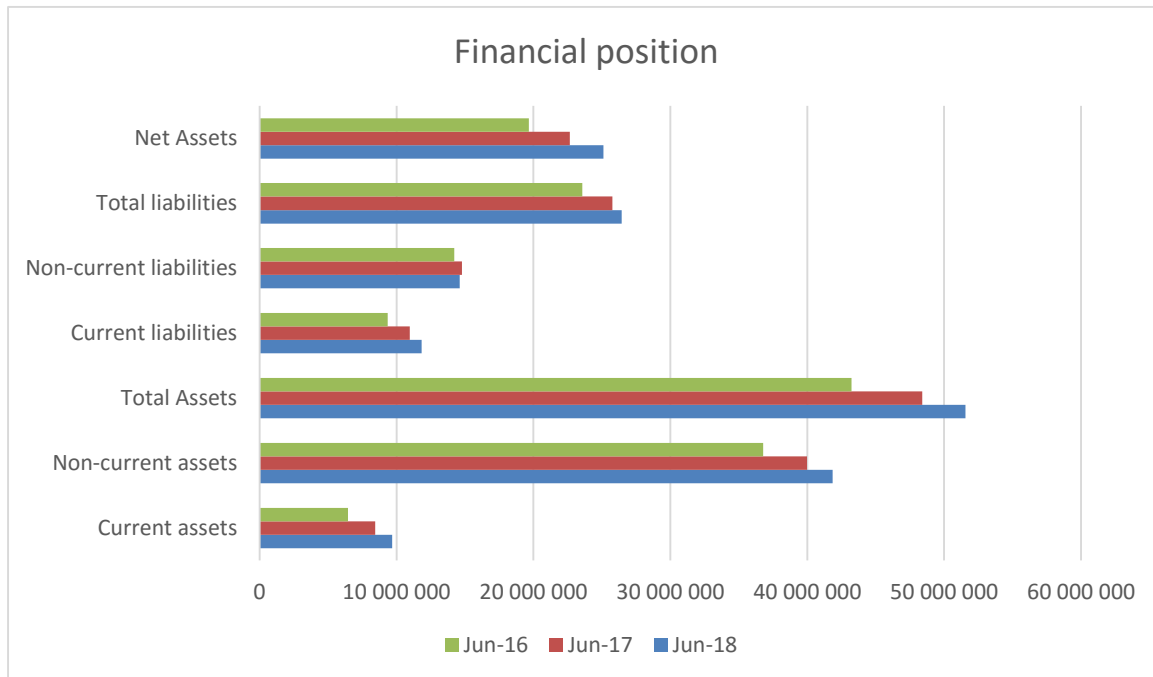


Table 76: Summary of financial position

Type	June 2018 R'000	June 2017 Restated R'000	June 2016 Restated R'000
Current assets	9 687 947	8 434 064	6 451 566
Non-current assets	41 864 065	39 977 359	36 783 629
Total Assets	51 552 012	48 411 423	43 235 195
Current liabilities	11 823 979	10 975 814	9 355 395
Non-current liabilities	14 611 071	14 780 981	14 216 768
Total liabilities	26 435 051	25 756 795	23 572 163
Net Assets	25 116 961	22 654 627	19 663 032

FINANCIAL POSITION ANALYSIS

ASSET MANAGEMENT

Strategy Five (Infrastructure and Service Delivery Improvements) of the FSP has identified the need for the City to invest in the repairs and maintenance of service delivery infrastructure. As is the ratio has declined at a group level where it is currently sitting at 2.88%. Measures are currently being put in place where the city has enhanced its operating and maintenance plans of assets over their life

cycle. This is in line with the City's long term financial strategy and model. The repairing and maintenance of assets will ensure that the useful life of assets are maximised.

The capital expenditure to total expenditure ratio was below the norm of between 10% -20%, due to limited project management capacity within the City during the financial year.

4.1.2.2. DEBTOR MANAGEMENT

The collection rate of the group increased from 89.68% (2017) to 92.52 % (2018). The collection rate is below the norm at a group level, however credit control measures across the group are slowly improving.

The net debtors' days is 66 days in the 2017/18 financial year which is below the norm of 30 days. This is as a result of the low collection rate. The FSP further draws attention to the importance of timely and accurate billing within its strategies, which will reduced billing queries and subsequently enhance collection of outstanding debtors.

For the Municipality the gross consumer receivables (Note 22) increased in total with an amount of R2 239 279 507 (21.92%). For the Group the gross consumer receivables increased with an amount of R1 353 965 545.

The increase in debt per customer classification is made up as follows:

Table 76: Increase in debt per customer classification

Customer classification	Group			Municipality		
	21017/18		2016/17 Restated	21017/18		2016/17 Restated
	Total R-million	Increase/ (Decrease) R-million	Total R-million	Total R-million	Increase/ (Decrease) R-million	Total R-million
Households	8 624 785	1 513 957	7 110 828	8 624 785	2 365 709	6 259 076
Industrial/Commercial	3 129 102	575 464	2 553 638	3 129 102	584 845	2 544 257
National and Provincial government	328 436	(673 149)	1 001 585	328 436	(648 967)	977 403
Other	372 636	(62 307)	434 943	372 636	(62 307)	434 943
Total	12 454 960	1 353 965	11 100 994	12 454 960	2 239 280	10 215 680

The increase/ (decrease) in consumer debt per ageing analysis is as follows:

Table 77: The increase/decrease in consumer debt per ageing analysis

Age analysis group	Group			Municipality		
	21017/18		2016/17 Restated	21017/18		2016/17 Restated
	Total R-million	Increase/ (Decrease) R-million	Total R-million	Total R-million	Increase/ (Decrease) R-million	Total R-million
Current (0-30 days)	2 485 484	700 360	1 785 124	2 485 484	712 626	1 772 858
31 – 60 days	347 012	(19 234)	366 246	347 012	(130)	347 142
61 – 90 days	301 757	(88 781)	390 538	301 757	(71 381)	373 138
91 – 120 days	287 069	5 244	281 825	287 069	22 371	264 698
121 – 150 days	236 493	28 236	208 257	236 493	43 910	192 583
151 – 180 days	175 414	(93 376)	268 790	175 414	(77 823)	253 237
181 – 365 days	2 379 272	339 174	2 040 098	2 379 272	1 118 922	1 260 350
365 + days	6 242 459	482 342	5 760 116	6 242 459	490 783	5 751 676
Total	12 454 960	1 353 965	11 100 994	12 454 960	2 239 280	10 215 680

The following is an indication of the effectiveness of credit control and the ability to convert debtors into cash:

Description	Group		Municipality	
	2017/18	2016/17 Restated	2017/18	2016/17 Restated
	R'000	R'000	R'000	R'000
Debits levied : Consumer receivables	23 682 393	22 099 077	23 683 389	22 336 443
Balance on 1 July	11 100 994	9 329 946	10 215 680	8 597 724
Balance on 30 June	12 454 960	11 100 994	12 454 960	10 215 680
Average balance	11 777 977	10 215 470	11 335 320	9 406 702
Days in the financial year	365	365	365	365
Turnover: Number of days	182	169	175	154
Turnover: Number of times (levies/average balance)	2.01	2.16	2.09	2.37

4.1.2.3. LIQUIDITY MANAGEMENT

The cash coverage ratio at a group level has shown a steady increase from 0.60 months in 2016 to 1.31 months in 2018. This was due to the City's short term investments (note 19) increasing in the 2018 year by 37% and the cash and cash equivalents (Note 24) increasing by 25 %. The City is well within the National treasury norm and will be able to fund its monthly, fixed operational expenditure.

The current ratio has increased from 0.69 (2016) to 0.82 (2018). The City has created a sinking fund (note 73) for the repayment of bullet loans and bonds in the 2017/18 year. This together with the increase in short term investments as mentioned above, has resulted in the improvement of the ratio. The ratio is still beneath the norm but the effective implementation of credit control will improve the collection rate and cash in the bank, and further reduce the debtors balance and provision for doubtful debts.

4.1.2.4. CREDITORS

Creditors as at financial year end mainly related to the following categories:

Type	Group		Municipality	
	2017/18 R'000	2016/17 Restated R'000	2017/18 R'000	2016/17 Restated R'000
Trade creditors	3 247 458	3 618 952	3 204 162	3 299 626
Payment received in advance	585 807	561 838	585 807	561 583
Accrued leave pay	816 093	830 060	814 103	818 635
Debtors with credit balances	960 092	948 718	960 092	948 718
Retention	475 667	431 634	475 667	431 634
13 th Cheque accrual	207 571	213 091	207 571	211 056
Other creditors	887 868	783 919	881 749	781 264
Total	7 180 556	7 388 212	7 129 151	7 052 516

4.1.2.5. LIABILITY MANAGEMENT

The capital cost as a % of total operating revenue is above the norm of between 6-8% and is sitting at 19.08% in the 2018 financial year which is a reduction from the prior year where it was sitting at 23.11%. The City has five interest rate swap contracts (refer note 71) which are outside the sinking fund, and they will be able to mitigate the risk of any unexpected fluctuation in financing costs. Further the cash/cost coverage ratio is above the norm and will be able to buffer this risk if required

4.1.2.6. LONG-TERM DEBT

For the Municipality the long-term debt (external loans and lease liabilities) decreased from R11.870 billion to R11.435 billion (R434.646 million decrease) during the period under review. This is mostly as a result of the repayment of loans of R596.400 million. Leases increased from R480.105 million to R581.774 million. For the Group the long-term debt decreased from R11.872 billion to R11.437 billion (R434.962 million decrease).

The City planned to issue a long term funding in the debt capital market in the 2017/18 financial year but this was not done to administrative delays that led to the Office of the Auditor General not being able to issue the legislated letters prior to the auction date. The city continues to be committed to diversifying its long term liability portfolio and will continue to engage the market regarding new issues in the coming financial year.

4.1.2.7. SUSTAINABILITY

For the Municipality the period under review was closed with an accounting accumulated surplus (note 42) of R24.960 billion compared to R22.577 billion at the end of 2017. This increase of R2.383 billion is the result of the surplus from operations (i.e. the difference between the total revenue and the total expenditure) for the year and the gain on the transfer of functions between entities under common control (disestablishment of Sandspruit Works Association).

For the Group the period under review closed with an accounting accumulated surplus of R25,116 billion compared to R22.654 billion of 2017.

FINANCIAL PERFORMANCE

Table 78: Financial performance as at 30 June 2018

Measure	Financial ratio and norm	Norm/ Benchmark	GROUP	GROUP	GROUP
			2018	2017 Restated	2016 Restated
Efficiency	Net operating surplus margin	Equal to or greater than 0%	7.53	7.98	3.93
	Net surplus/(deficit) electricity	Between 0% and 15 %	20.63	18.26	11.67
	Net surplus/(deficit) water and sanitation	Equal to or greater than 0%	44.13	22.74	31.13
Distribution losses	Electricity distribution losses (%) – municipality	Between 7 % and 10%	20.32	20.58	19.28
	Water distribution losses (%) - municipality	Between 15 % and 30 %	27.89	23.66	23.53
Revenue Management	Growth in number of active consumer accounts	No norm proposed by NT	7.61	3.28	-5.52
	Revenue growth (%)	Rate of CPI	6.33	8.90	8.95
	Revenue growth (%) - excluding capital grants	Rate of CPI	7.58	10.31	10.41
	Growth in grants	Rate of CPI	5.62	2.29	5.80
	Growth in service charges	Rate of CPI	7.16	10.77	9.53
Expenditure Management	Creditors payment period (trade creditors) (days)	30 days	47	53	58
	Irregular, Fruitless & Wasteful and Unauthorized expenditure to total operating expenditure	0%	9.45	6.70	9.84
	Remuneration as % of total operating expenditure	Between 25 % and 40%	27.76	29.12	28.45
	Contracted services as % of total operating expenditure	Between 2% and 5 %	8.39	10.16	12.08
	Operating expenditure growth (%)	Rate of CPI	6.84	4.31	7.80
	Capital expenditure growth (%)	Rate of CPI	-4.63	-19.50	-3.56
	Repairs and maintenance to annual operating revenue	Budget policy	3.30	3.54	6.52
Grant dependency	Own funded capital expenditure (internally generated funds + borrowing) to Total Capital expenditure (%)	No norm proposed by NT	28.89	24.44	34.30
	Own funded capital expenditure (internally generated funds) to Total Capital expenditure (%)	No norm proposed by NT	5.91	0.91	4.19
	Own source revenue to Total operating revenue (including agency revenue) (%)	No norm proposed by NT	79.78	79.12	77.66

CASH FLOW

Table 79: Cash flow

Measure	Financial ratio and norm	Norm/ Benchmark	GROUP	GROUP	GROUP
			2018	2017 Restated	2016 Restated
Efficiency	Cashbook balance (plus short-term loans) to total operating revenue (%)	Management policy	11.27	8.88	5.39
	Cash to interest coverage	1 : 1	3.36	3.16	3.57
	Debt to cash ratio	1 : 1	2.23	3.10	2.89
	Debt to equity (%)	1 : 1 or 100%	90.74	98.18	101.73
	Interest Cost coverage	2	0.33	0.34	0.08
	Number of days total cash held (cash and investments)	>45 days	94	189	107
	Number of days total cash held (operating cash)(less encumbered investments, loans & grants)	>45 days	74.5	151.4	84.3
	Cash and cash equivalents		R562 495 690	R447 530 497	R93 910 194

CAPITAL EXPENDITURE AND FINANCING

The Municipality's original approved Capital Expenditure Budget for 2017/18 amounted to R3 860 084 040 which was amended by means of an adjustments budget approved by Council on 22 February 2018 to R3 723 200 044 in total, which resulted in a decrease of R137 083 996, which is mainly attributed to re-prioritisation of projects and external funding rollovers which were not approved. The table below reflects the net increase / decrease in the various funding sources:

Table 80: Increase/decrease in funding sources

Funding source description	Original Budget Municipality 2017/18	Adjusted Budget Municipality 2017/18	Increase/ (Decrease)
	R	R	R
Council Funding	376 000 000	248 565 464	(127 434 536)
Public Transport Infrastructure and Systems Grant (PTIS)	679 189 840	648 782 894	(30 406 946)
Neighborhood Development Partnership Grant (NDPG)	20 000 000	20 000 000	-
Urban Settlements Development Grant (USDG)	1 567 922 550	1 567 922 550	-
Integrated National Electrification Programme (INEP)	30 000 000	30 000 000	-
Capital Replacement Reserve	5 000 000	6 158 288	1 158 288
Community Library Services	9 507 000	7 012 951	(2 494 049)
Borrowings	1 000 000 000	1 000 000 000	-
Public Contributions and Donations	100 000 000	90 899 825	(9 100 175)
Social Infrastructure Grant	34 000 000	64 000 000	30 000 000
LG SETA discretionary grant	6 000 000	4 900 000	(1 100 000)
Integrated City Development grant	32 664 650	32 664 650	0
Housing Delft Grant		2 293 422	2 293 422
TOTAL	3 860 284 040	3 723 200 044	(137 083 996)

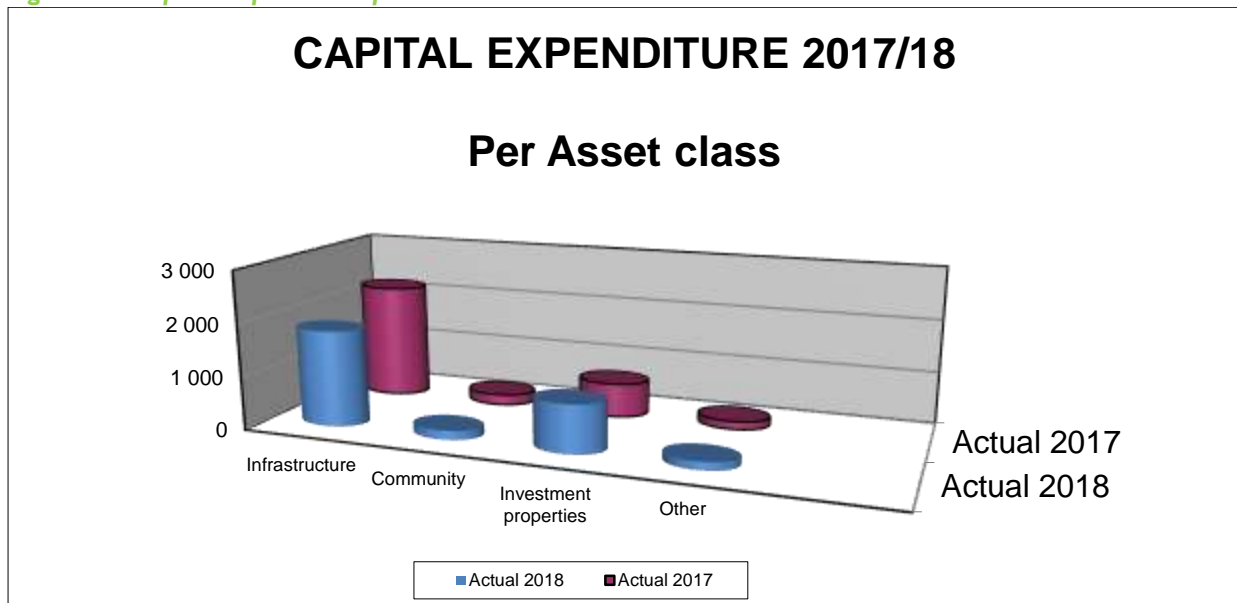
Actual expenditure incurred during the period 1 July 2017 to 30 June 2018 as indicated in the table below amounts to R3 046 712 512 or 81.8% measured against the adjusted budget.

Table 81: Actual capital expenditure according to asset class

Actual Capital expenditure according to asset class – Municipality			
Type of Asset	Actual 2018	Actual 2017	Actual 2016
	R	R	R
Infrastructure	1 816 853 062	2 191 257 883	2 574 971 805
Community	169 813 853	198 987 271	281 078 062
Investment properties	908 355 203	646 030 019	843 227 703
Other assets	141 707 894	130 221 776	139 409 324
Specialised vehicles	0		-
Intangibles	9 982 500	21 395 220	129 907 293
TOTAL	3 046 712 512	3 187 892 169	3 968 594 186

The graph below shows the distribution of the property, plant and equipment according to the type.

Figure 37: Capital expenditure per asset class



The above-mentioned assets were financed from the following sources as reflected below:

Table 82: Actual capital expenditure per sources of finance-municipality

Actual Capital expenditure per Sources of Finance – Municipality			
Sources of Finance	Actual 2018	Actual 2017	Actual 2016
	R	R	R
External loans	700 248 494	751 761 635	1 194 839 429
Surplus cash	180 040 930	28 918 857	166 417 952
Public contributions / donations	62 097 461	93 627 125	155 126 697
National Government transfers and grants	2 042 358 849	2 262 376 514	2 405 478 294
Provincial Government transfers and grants	61 966 777	51 208 039	46 731 814
Other transfers and grants	0	-	-
TOTAL	3 046 712 512	3 187 892 169	3 968 594 186

When comparing the actual expenditure to the budgeted expenditure, the financing source of capital projects plays an important role. The funding from own sources which are primarily Reserves and External Financing Fund (external loans taken up); can largely influence the following aspects:

- Depreciation
- The raising of loans
- The cash flow of the Municipality

5 TREATMENT OF MATTERS RAISED BY THE AUDITOR-GENERAL DURING THE PREVIOUS AND CURRENT AUDIT

The City of Tshwane received an unqualified audit opinion with material findings of compliance with laws and regulations for the 2017/18 financial year. There was no material findings on the audit of predetermined objectives, thus showing an improvement from the previous financial. There was, however, an emphasis of matter paragraph as well as material findings on compliance with specific matters in key legislation. In order to ensure an unqualified audit opinion with no findings, these items need to be appropriately addressed and rectified. Action plans responding to the findings of the Auditor General have already been drafted and are monitored through the Municipal Continuous Audit Monitoring (MCAM) committee as a sub-committee of the executive committee dealing with matters of the audit and general internal control environment issues. These plans set out the steps that need to be taken into account and what needs to be in place to ensure an unqualified audit opinion with no findings can be obtained in the future.

The plan captures each finding on the management report indicating the root cause of the finding, action plan by management to address the finding and internal control deficiencies to prevent these reoccurring. The plan is tracked by MCAM with a reporting line to EXCO to improve accountability.

Internal audit is tasked with assessing the effectiveness of the plan and providing feedback to the audit committee.

The MCAM process has seen an improvement in the City of Tshwane's audit outcomes for the year ended 30 June 2018. This process is improving year on year and will assist us in achieving and maintaining good governance. The management team of the City is committed to attaining financially unqualified financial statements with no material findings on compliance and predetermined objectives and ensuring financial sustainability underpinned on principles of good governance.

Our success with regard to improved audit outcomes will be achieved by implementing effective internal controls and preparing action plans (through the MCAM) responding to findings raised by the AGSA which will be reviewed and monitored on a regular basis to ensure its compliance. Management leadership, strengthening accountability and our commitment to leading by example will be a critical ingredient in ensuring our success.

Greater attention to the planned interventions will be on improving and strengthening our Supply Chain Management Processes and Expenditure Management Processes to ensure that we curb unauthorized and irregular expenditure. Improved contract management process will be at the center of resolving most of the findings raised on expenditure management and contravention of SCM regulations. We will implement stricter controls to close the gap on non-compliance with the SCM regulation and the City's Code of Conduct.

6 CREDIT RATING (MUNICIPALITY ONLY)

Moody's Investor Services (Pty) Ltd

In December 2018, following an annual rating action by Moody's Investors Service, the City's long term issuer credit rating (an independent evaluation of the City's credit risk) was upgraded by two notches from A1.za to Aa2.za on the national scale rating South Africa, with a stable outlook and at the same time, the short term issuer rating of P-1.za was affirmed. This double notch rating upgrade is a reflection of the improvement in the City's operating performance and liquidity position over the past two years. The new administration's strategy of implementing cost-cutting measures to improve operating performances has yielded positive outcomes. The totality of the initiatives taken by the City in improving the City's financial condition especially under the auspices of the Financial Sustainability Plan, have resulted in net direct and indirect debt declining by 7% from 41% of turnover in 2017, to 34% in 2018.

The credit rating upgrade by two notches to Aa2.za is unprecedented in the sense that it has never happened in the past ten years, since the City began to be officially rated by independent credit rating agencies.

The credit rating opinions issued in December 2018 on a national scale ratings for South Africa, are therefore as follows:

Table 83: National Scale Ratings

Rating Type	Long Term	Short Term	Category	Rating Outlook	Rating Action
Issuer	Aa2.za	P-1.za	Investment Grade	Stable	Upgrade

A stable outlook indicates a low likelihood of a rating change in the medium term. A long term rating of Aa2.za demonstrates a very strong creditworthiness relative to other domestic issuers of debt and on the other hand, a short term rating of P-1.za signifies the strongest ability to repay short term unsecured debt obligations relative to other domestic issuers.

In 2016, Moody's changed its rating methodology by implementing what is referred to as recalibration, where the national scale ratings (NSR) which are country specific, are matched to the global scale rating (GSR) of the entity being rated. In the case of City of Tshwane, the GSR is Ba1 long term issuer rating on domestic currency. In performing the rating assessment, the City was subjected to global standards of obtaining a credit rating opinion, and through the positive developments noted in its financial condition, its baseline credit assessment (BCA) was upgraded from ba2 to ba1. This means that the City's stand-alone intrinsic financial strength with no support from other spheres of Government, is of moderate credit risk. The NSR opinion plays the role of comparing the rated entity with its peers on a national level.

The City raises both its short and long term borrowings in the domestic capital markets and hence, the national scale ratings are more applicable for its uses, as opposed to the global scale ratings. The Aa2.za rating represents a very strong long term credit profile and with the support of the most superior short term credit profile, the City's ability to raise long and short term funding in the debt capital markets at the lowest of pricing, is significantly enhanced.

7. MUNICIPAL ENTITIES

In the 2017/18 financial year the City of Tshwane had two (2) active and viable municipal entities functioning in compliance with the Municipal Finance Management Act and the Local Government Systems Act, namely:

- Housing Company Tshwane
- Tshwane Economic Development Agency (TEDA)

Consistent with the previous financial years separate financial statements were compiled for the City of Tshwane and its operational municipal entities, as mentioned above for submission to the Office of the Auditor-General on 31 August 2018 for auditing. The municipal entities produced good audit opinions in the previous financial year and these are summarised in the table below:

Municipal entity	Audit opinion	Audit of Predetermined Objectives	Compliance with laws and Regulations
Tshwane Economic Development Agency (TEDA)	Unqualified Emphasis of Matter: <ul style="list-style-type: none">Restatement of corresponding figures	No Material findings	No material Findings:
Housing Company Tshwane (HCT)	Unqualified Emphasis of Matter: <ul style="list-style-type: none">Restatement of corresponding figures	No Material findings	Material Findings:

8. MUNICIPAL STANDARD CHART OF ACCOUNTS (MSCOA)

National Treasury issued MFMA Circular No 85 dated 9 December 2016 and subsequently issued MFMA Circular No 86 on 8 March 2017 to guide the compilation of the 2017/18 MTREF. The key focus of the circulars is the implementation of the municipal Standard Chart of Accounts (mSCOA), addressing municipal revenue generation challenges and the grant allocations as per the 2017 Budget Review. The City continues to improve efforts to limit non-priority spending and to implement stringent cost-containment measures in terms of the MFMA Circular 82 and the City's cost containment circular dated 12 September 2016. All municipalities are required to comply with the mSCOA regulations by 1 July 2017. This means that the compilation of the 2017/18 Medium-Term Revenue and Expenditure Framework (MTREF) must be compliant with the mSCOA classification framework.

The accounting system of City of Tshwane, however, could not be updated timeously for the implementation on 1 July 2017 and therefore the City reverted back to the current chart of accounts as it was not possible to transact in terms of the mSCOA seven segments.

The 2018/19 MTREF has been prepared in terms of the mSCOA classification further work is underway to enable the City to transact in terms of the mSCOA seven segments.

CONCLUSION

It is our responsibility as management to ensure that the annual financial statements of the City of Tshwane present fairly the financial position of the City and financial performance and cash flows for the year as required by the South African Standards of Generally Recognised Accounting Practice and the Municipal Finance Management Act 56 of 2003. The management and leadership of the City played a significant role to fulfil this mandate and responsibility, thereby also managing limited resources and economic condition challenges while focusing on effective service delivery.

It is with pride that I, as the Chief Financial Officer present the annual financial statements for the City of Tshwane for the year ended 30 June 2018.

6 REPORT OF THE AUDITOR-GENERAL

A TREATMENT OF MATTERS RAISED BY THE AUDITOR-GENERAL IN PREVIOUS AND CURRENT FINANCIAL YEARS

1 2016/17 FINANCIAL YEAR AUDIT OPINION

The City of Tshwane received an unqualified audit opinion for the 2016/17 financial year. There were however material findings for three indicators on the audit of predetermined objectives, findings related to the compliance with legislation on the annual financial statements, and internal control deficiencies identified. Measures were put in place during the 2016/2017 financial year to address the findings, and their root causes. Key measures included the monitoring of action plans through the Management Letter Action Plan committee, through quarterly performance reporting, continuous engagements with departments through capacity building and verification interventions, and internal audit of action plans.

Report of the Auditor-General to the Gauteng Provincial Legislature and the Council of the City of Tshwane Metropolitan Municipality

INTRODUCTION AND SCOPE

In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected pillars presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

My procedures address the reported performance information, which must be based on the approved performance planning documents of the group. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected pillars presented in the annual performance report of the group for the year ended 30 June 2018:

Pillars	Pages in the annual performance report
Pillar 1 – a city that facilitates economic growth and job creation	x – x

Pillars	Pages in the annual performance report
Pillar 3 – a city that delivers excellent services and protects the environment	x – x

I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

I did not raise any material findings on the usefulness and reliability of reported information for the following pillars:

- Pillar 1 – A city that facilitates economic growth and job creation
- Pillar 3 – A city that delivers excellent services and protects the environment.

OTHER MATTERS

I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

Refer to the annual performance report on pages' x to x for information on the achievement of planned targets for the year.

Adjustment of material misstatements

I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Pillar 3 – A city that delivers excellent services and protects the environment. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

The material findings on compliance with specific matters in key legislations are as follows:

ANNUAL FINANCIAL STATEMENTS

The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of the cash flow statement, receivables, commitments and irregular expenditure identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

REVENUE MANAGEMENT

An effective system of internal control for consumer debtors and revenue was not in place as required by section 64(2)(f) of the MFMA. A high number of consumer debtors were billed on estimates instead of actual meter readings, while the impairment principles applied for receivables were revised during the year.

ASSET MANAGEMENT

An effective system of internal control for assets including an adequate asset register was not in place as there was insufficient accounting over new and completed assets, as required by section 63(2)(c) of the MFMA.

EXPENDITURE MANAGEMENT

1. Money owed by the municipality was not always paid within 30 days or an agreed period, as required by section 65(2)(e) of the MFMA.
2. Reasonable steps were not taken to prevent irregular expenditure disclosed in note 49, as required by section 62(1)(d) of the MFMA. The majority of the disclosed irregular expenditure was caused by non-compliance with regulation 19(a) of the Municipal Supply Chain Management regulations.

HUMAN RESOURCE MANAGEMENT

3. Appointments were made in posts which were not provided for in the approved staff establishment, as required by section 66(3) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).
4. Financial interests were not disclosed by the senior managers within 60 days from date of appointment, as required by MSA regulation 36(1)(a) on appointment and conditions of employment of senior managers.

I was unable to obtain sufficient appropriate audit evidence that job descriptions were established for all posts in which appointments were made, as required by section 66(1)(b) of MSA.

PROCUREMENT AND CONTRACT MANAGEMENT

5. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bidding bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was also reported in the previous year.
6. Measures to combat the abuse of the SCM system were not implemented as per the requirements of SCM regulation 38(1), because some of the contracts were awarded to providers who during the last five years, failed to perform satisfactorily on a previous contract with the other organ of state.

Sufficient appropriate audit evidence could not be obtained that all extensions or modifications to contracts were approved by a properly delegated official, as required by SCM regulation 5.

CONSEQUENCE MANAGEMENT

7. Some of the fruitless and wasteful expenditure incurred by the municipality were not investigated timeously to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

OTHER INFORMATION

The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and those selected pillars presented in the annual performance report that have been specifically reported in the auditor's report.

My opinion on the consolidated and separate financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected pillars presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.

I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

The accounting officer did not adequately oversee the financial reporting, resulting in material adjustments to the financial statements, performance reports and non-compliance with the MFMA and SCM regulations.

The group developed a plan to address audit findings, but adherence to the plan on key items such as procurement, contract management and financial reporting were not monitored adequately, resulting in a number of repeat findings. The group failed to properly analyse the control weaknesses and implement appropriate follow-up actions that addressed the root causes of prior year audit findings.

Effective financial and internal control disciplines were not implemented to ensure fairly presented consolidated and separate financial statements. The preparation and review processes were ineffective, which resulted in material adjustments to the consolidated and separate annual financial statements.

OTHER REPORTS

I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the group's consolidated and separate financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.

Investigations

Thirty-one investigations into alleged irregularities, financial misconduct and fraud were completed during the year under review. Various measures were recommended, including taking action against the identified officials, and these were in the process of being implemented. The recommendations were at various stages of implementation at the time of reporting.

Three hundred and nineteen cases of alleged irregularities relating to financial misconduct, fraudulent acts, theft and non-compliance were investigated during the year. The investigations were still in progress at the reporting date, with a due date for finalisation not confirmed.

Johannesburg

31 December 2018



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

APPENDICES

APPENDIX A: COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Party/ward	Name and designation	Number of council meetings	Number of council meetings attended
DA Prop	ST Msimanga Executive Mayor	18	16
DA Prop	RK Mathebe Speaker	18	18
DA Prop	CM van den Heever Chief Whip of Council	18	16
DA Prop	C Brink MMC: Corporate and Shared Services	18	14
DA Prop	TM Nkomo MMC: Housing and Human Settlement	18	16
FF Plus Prop	IP Du Plooy MMC: Health Political Head	18	17
ACDP Prop	A Kisoonduth MMC: Community Safety Political Head Party Whip	18	15
DA Prop	M Mkhari MMC: Environmental Management	18	17

Party/ward	Name and designation	Number of council meetings	Number of council meetings attended
DA Prop	NL Mokhotho MMC: Community and Social Development Services	18	15
DA Prop	D Moss MMC: Utility Services.	18	17
DA Prop	RM Williams MMC: Economic Development and Spatial Planning Leader of Executive Business	18	18
DA Prop	M Fourie MMC: Finance	18	17
DA Prop	SL Senkubuge MMC: Roads and Transport	18	18
DA Prop	GC Pretorius Chair of Chairs: Section 79 Committees Chairperson: Health Oversight Committee	18	17
DA W 47	MGW Aucamp Chairperson: Health Oversight Committee (Resigned 1 March 2018)	18	12
DA W 96	JJ Coetzee Chairperson: Civilian Oversight Standing Committee	18	15
FF+ Prop	LA Erasmus Chairperson: Public Accounts (MPAC) Standing Committee	18	17
DA Prop	ZC Khumalo Chairperson: Corporate and Shared Services Oversight Committee	18	16
DA	E Linde	18	15

Party/ward	Name and designation	Number of council meetings	Number of council meetings attended
W 54	Chairperson: Roads and Transport Oversight Committee		
DA Prop	MA Makhafula Chairperson: Community Safety Oversight Committee	18	18
DA Prop	K Meyer Chairperson: Local Geographical Names Standing Committee Political Head	18	18
DA Prop	N Molapo Chairperson: Housing and Human Settlement Oversight Committee	18	18
DA Prop	CJ Napier (Prof) Chairperson: Integrated Development Planning Oversight Committee	18	18
COPE Prop	S Nkwane Chairperson: Economic Development and Spatial Planning Oversight Committee Political Head Party Whip	18	17
DA Prop	WD Peach Chairperson: Environmental Management Oversight Committee (Resigned 1 June 2018)	18	17
DA W 56	CD Prinsloo (Adv) Chairperson: Petitions Standing Committee	18	13
DA Prop	Selowa Chairperson: Utility Services Oversight Committee	18	17
DA W 78	P Sutton Chairperson: Group Financial Services Oversight Committee	18	18
FF+	PD Uys	18	17

Party/ward	Name and designation	Number of council meetings	Number of council meetings attended
Prop	Chairperson: Rules and Ethics Standing Committee		
DA Prop	TC Vilakazi Chairperson: Community and Social Development Services Oversight Committee	18	18
ANC W 33	IM Aphane	18	16
ANC W 76	JK Baloyi	18	15
ANC W 39	JJ Baloyi	18	16
DA Prop	JW Barendrecht	18	16
DA W 83	CF Bekker	18	15
DA W 69	C Billson	18	18
ANC W 17	AS Boroto	18	16
DA Prop	C Bosch	18	16
ANC Prop	MJ Boshomane	18	16
DA W 44	EAL Botha	18	16

Party/ward	Name and designation	Number of council meetings	Number of council meetings attended
DA W 50	AS Breytenbach	18	18
ANC W 63	M Celiphile	18	17
EFF Prop	SR Chauke	18	16
DA W 41	BW Chapman	18	18
ANC W 90	Chiloane EP	18	16
EFF Prop	NM Chilwana	18	15
DA W 3	CRE De Bruin	18	17
DA Prop	LJ De Jager	18	17
ANC W 8	AL Dinale	18	18
DA Prop	DD Ditabo	18	18
ANC W 12	SF Dhlamini	18	16
DA Prop	SO Dhlamini	18	18

Party/ward	Name and designation	Number of council meetings	Number of council meetings attended
EFF Prop	KB Disoloane	18	18
DA W 53	J Du Plooy	18	15
DA W 2	Y Duvenage	18	18
FF+ Prop	BHJ Erasmus Party Whip	18	18
ANC W 61	M Essop	18	17
DA W 57	DJ Farquharson	18	18
DA W 84	RP Fourie	18	18
DA Prop	JL Griffiths (resigned August 2017)	18	1
DA Prop	WP Helfrich	18	17
ANC W 25	PB Hlatshwayo	18	17
DA Prop	J Jansen	18	18
ANC Prop	RJ Kekana	18	16

Party/ward	Name and designation	Number of council meetings	Number of council meetings attended
ANC W 31	TF Kgatle	18	18
DA Prop	T Kgobane	18	18
EFF Prop	DI Kgwedi `	18	18
DA W 70	ME Kruger-Muller	18	17
DA W 43	BW Lawrence	18	16
ANC Prop	DC Ledwaba	18	13
DA Prop	TW Lee	18	13
ANC W 20	DJ Lehobye	18	17
PAC Prop	LJ Lekgoathi Political Head Party Whip	18	16
ANC Prop	PL Lekgema	18	15
EFF Prop	JL Lekgothoane	18	18
EFF	TK Letlonkoene	18	18

Party/ward	Name and designation	Number of council meetings	Number of council meetings attended
Prop			
DA Prop	E Louw	18	15
DA Prop	MR Maake	18	18
DA Prop	S Maas	18	17
DA Prop	TW Mabena	18	18
ANC W 104	VP Mabelane	18	17
ANC Prop	MM Mabitsela	18	18
EFF Prop	PP Maboja	18	15
ANC Prop	SJ Mabona	18	17
ANC Prop	TE Mabusela	18	17
EFF Prop	MO Mabogwana Party Whip	18	18
EFF Prop	E Machaba	18	17
DA	L Macheke	18	18

Party/ward	Name and designation	Number of council meetings	Number of council meetings attended
Prop			
EFF Prop	K Mafole	18	18
ANC W 51	TK Magodielo	18	15
ANC W 105	JT Mahlangu	18	17
EFF Prop	PN Manaka	18	17
ANC W 62	MM Mahwayi	18	16
ANC W 77	ST Maila	18	13
DA Prop	SS Maimane	18	18
ANC W 40	SD Maja	18	18
DA Prop	KG Makgaleng	18	16
ANC Prop	JT Makgatho	18	16
ANC Prop	LE Makhubela	18	12
ANC	MA Makola	18	17

Party/ward	Name and designation	Number of council meetings	Number of council meetings attended
W 71			
ANC W 100	RR Maleka	18	16
ANC W 95	AM Maluleka Party Whip	18	18
ANC W 60	SF Mampuru	18	17
ANC W10	MA Mantjane	18	16
ANC W 16	MS Marishane	18	16
ANC W 11	V Masango	18	18
ANC W 35	PL Maseko	18	17
ANC W 9	SE Maselane	18	12
EFF Prop	AT Masemola	18	18
ANC W 88	CS Masemola	18	18
ANC W 18	VI Masemola	18	18

Party/ward	Name and designation	Number of council meetings	Number of council meetings attended
ANC W 49	MA Mashapa	18	17
ANC W 7	MS Mashola	18	15
ANC W 15	JK Masilela	18	14
ANC W 6	JW Masilela	18	17
EFF Prop	L Masilela	18	18
EFF Prop	MA Masoleng	18	18
ANC W 93	NR Masupha	18	15
ANC Prop	OM Mathafa	18	15
EFF Prop	LA Matjie	18	18
ANC Prop	MG Matjila	18	12
ANC W 67	D Mathe	18	14
EFF Prop	HN Mathebula	18	18

Party/ward	Name and designation	Number of council meetings	Number of council meetings attended
ANC W 102	NL Mathenjw	18	16
ANC W34	MH Matjene	18	17
ANC Prop	LS Matlala	18	17
ANC Prop	MD Matsena Political Head	18	18
ANC Prop	RT Mashego	18	18
ANC Prop	MMS Matshiyane	18	18
EFF Prop	KC Mazwi Political Head	18	18
DA W 64	CN McDonald	18	18
ANC W 58	MN Meme	18	16
DA Prop	CA Meyer	18	18
DA W45	LR Middelberg	18	16
DA Prop	PE Millar	18	16

Party/ward	Name and designation	Number of council meetings	Number of council meetings attended
ANC W 94	EM Mlotshwa	18	18
EFF Prop	NP Mnguni	18	14
DA Prop	RB Moheta	18	18
DA Prop	TT Mohlamme	18	15
ANC Prop	DL Mojela	18	15
ANC W 97	NA Mokgalotsi	18	17
ANC W 23	JN Mokhare	18	17
ANC W 80	PF Molaba	18	14
ANC W 103	ED Moloi	18	17
ANC W 37	SP Montlha (deceased May 2018)	18	14
DA Prop	OT Moreriane	18	14
ANC Prop	MGR Morudu	18	18

Party/ward	Name and designation	Number of council meetings	Number of council meetings attended
DA Prop	LG Motau	18	18
ANC W 22	TB Motaung	18	15
DA Prop	S Motsaneng	18	18
ANC W 75	IS Mphaga	18	17
DA Prop	W Mostert	18	16
ANC Prop	AWMK Mosupye-Letsholo	18	15
EFF Prop	MM Moyana	18	18
DA W 82	S Muller	18	17
ANC W 81	LG Mulaudzi	18	17
ANC W 19	ED Mutumane	18	14
ANC Prop	AA Ndlovana	18	17
DA Prop	JZ Ndlovu	18	18

Party/ward	Name and designation	Number of council meetings	Number of council meetings attended
ANC W 26	NGJ Ndlovu	18	18
DA W1	EJ Nel	18	17
DA W42	PA Nel	18	18
ANC W 68	JM Ngobeni	18	16
ANC Prop	EN Nhlapo	18	14
ANC W 29	FE Nkosi	18	18
DA Prop	Nkosi K	18	15
DA Prop	HJ Nortje	18	17
ANC W 86	WT Ntlatleng	18	16
ANC W 13	AK Phahlane	18	18
EFF Prop	B Phukuile	18	18
DA W 87	CF Pienaar	18	16

Party/ward	Name and designation	Number of council meetings	Number of council meetings attended
DA W 4	IJ Pietersen	18	17
ANC W 7	SN Qebelu	18	16
ANC W 27	M Rallele	18	18
EFF Prop	OS Ramabodu	18	18
ANC W 30	JP Rammushi	18	18
ANC W 14	TM Rangako	18	18
ANC W 24	MM Rasegoete	18	16
ANC W 10	MB Ringane	18	16
DA Prop	AC Roos	18	17
DA Prop	MS Shackleton	18	17
ANC W 89	MN Skhosana	18	18
ANC W 72	SL Sedibeng	18	18

Party/ward	Name and designation	Number of council meetings	Number of council meetings attended
ANC W 38	MP Sebotsane	18	15
EFF Prop	GV Silaule(newly appointed from June 2017)	18	12
ANC W 21	JM Sindane	18	16
ANC W 73	BT Siphutuma	18	18
DA W 52	FJ Smith	18	16
DA W 101	MI Strange	18	16
DA W 66	CE Strydom	18	17
DA W 98	M Sutherland	18	16
DA W92	AM Tau	18	15
DA Prop	DS Thwala	18	16
ANC W 32	FM Thema	18	18
ANC W 106	DC Tsela	18	12

Party/ward	Name and designation	Number of council meetings	Number of council meetings attended
EFF Prop	SB Tshabane	18	17
ANC W 36	ES Tshabalala	18	17
EFF Prop	T Tuwani	18	17
ANC Prop	NP Tyobeka-Makeke	18	14
DA W 85	J Uys	18	17
DA W 91	R Uys	18	16
DA W 79	JG Van Buuren	18	18
DA W 46	PW Van Heerden	18	18
DA W 5	AM Van Niekerk	18	18
DA W 55	FW Van Wyk	18	18
DA W 65	GP Visser	18	18
DA W 48	KH Wakelin	18	16

Party/ward	Name and designation	Number of council meetings	Number of council meetings attended
DA Prop	DG Wannenburg,	18	16
DA Prop	H Weber	18	16
DA W 99	LJ Welmans	18	15
DA W 59	S Wilkinson	18	18
ANC W 2	PB Zitha	18	16

APPENDIX B: COMMITTEES AND PURPOSE OF COMMITTEES

Number	Councillors serving on committees	Meetings held	Meetings attended by councillors
1.	<p>Section 79 Standing Committee: Civilian Oversight</p> <p><u>Purpose:</u></p> <p>The Committee is responsible to –</p>	<p><u>DA</u></p> <p>Coetzee, JJ (Chairperson)</p> <p><u>ANC</u></p>	7

Number	Councillors serving on committees	Meetings held	Meetings attended by councillors
	<ul style="list-style-type: none"> at the request of the Council, advise the Council on matters relating to the Metropolitan Police; advise the Municipal Manager with regard to the performance of his or her functions in respect of the Metropolitan Police; perform such functions as the member of the Executive Council, the Council or the Municipal Manager may consider necessary or expedient to ensure civilian oversight of the Metropolitan Police; promote accountability and transparency in the Metropolitan Police; monitor the implementation of policy and directives issued by the Municipal Manager and report thereon to the Council or Municipal Manager; perform such functions as may from time to time be assigned to the committee by the Council or the Municipal Manager; and evaluate the functioning of the Metropolitan Police and report thereon to the Council or Municipal Manager. 	<p>Mashego, RT</p> <p><u>EFF</u></p> <p>Manaka, PN (member until 22.09.2018)</p> <p>Mathebula, HN (member until 22.09.2018)</p> <p><u>Civilian members</u></p> <p><i>(Appointed on 30 March 2017)</i></p> <p>Breytenbach, G</p> <p>Du Plessis, L</p> <p>Ngwenya, CB</p> <p>Stegmann, C</p>	<p>7</p> <p>7</p> <p>7</p> <p>7</p> <p>7</p> <p>7</p> <p>7</p>
2.	Section 79 Standing Committee: Petitions	<u>DA</u>	

Number	Councillors serving on committees	Meetings held	Meetings attended by councillors
	<p><u>Purpose:</u></p> <p>In tIn terms of Section 59 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) the following powers are delegated to the Section 79 Petitions Committee:</p> <ul style="list-style-type: none"> Drafting policies and other procedural framework documents in order to deal with petitions received by the Municipality Considering Departmental reports and the recommendations concerned with all petitions submitted to the Municipality Resolving problems set out in reports, and monitoring, coordinating and resolving the issues raised in petitions, where such problems and issues could [not?] otherwise have been dealt with by the Administration in accordance with the delegation of powers to officials Considering how petition issues should be dealt with, and reporting and recommending thereon to the Mayoral Committee or Committee of Council, reports and the recommendations concerned with all petitions submitted to the Municipality Resolving problems set out in reports, and monitoring, coordinating and resolving the issues raised in petitions, where such problems and issues could [not?] otherwise have been dealt with by the Administration 	<p>Prinsloo, CD</p> <p>(Chairperson)</p> <p>Ditabo, DD</p> <p>Kgobane, T</p> <p>Mabunda, L</p> <p>Maimane, SS</p> <p>Meyer, CA</p> <p>Ndlovu, JZ</p> <p>Nkosi, K</p> <p>Motau, LG</p> <p><u>ANC</u></p> <p>Makola, MA</p> <p>Masango, V</p> <p>Masemola, CS</p> <p>Masemola, VI</p> <p>Matjene, MH</p> <p>Matshiyane, MMS</p>	<p>10</p> <p>10</p> <p>10</p> <p>10</p> <p>10</p> <p>10</p> <p>10</p> <p>10</p> <p>10</p> <p>10</p> <p>10</p>

Number	Councillors serving on committees	Meetings held	Meetings attended by councillors
	<p>in accordance with the delegation of powers to officials</p> <ul style="list-style-type: none"> Considering how petition issues should be dealt with, and reporting and recommending thereon to the Mayoral Committee or Committee of Council, reports and the recommendations concerned with all petitions submitted to the Municipality Resolving problems set out in reports, and monitoring, coordinating and resolving the issues raised in petitions, where such problems and issues could not? otherwise have been dealt with by the Administration in accordance with the delegation of powers to officials Considering how petition issues should be dealt with, and reporting and recommending thereon to the Mayoral Committee or Committee of Council, where such matters could otherwise <u>not</u> have been dealt with by the Administration in accordance with the delegation of powers to officials. 	<p>Mojela, DL</p> <p>Ringane, MB</p> <p>EFF</p> <p>Mathebula, HN (member until 24/08/2017)</p> <p>Moyana, MM</p> <p>Phukile, B</p> <p>(member from 24/08/2017)</p> <p>PAC</p> <p>Lekgoathi, LJ</p>	
3.	Section 79 Standing Committee: Rules and Ethics	DA	

Number	Councillors serving on committees	Meetings held	Meetings attended by councillors
	<p><u>Purpose:</u></p> <ul style="list-style-type: none"> Responsible for the initiating and drafting of policy and procedure material to the rules of conduct for councillors, inclusive of the Rules and Orders By-laws of the City of Tshwane and any amendments thereto, and to recommend thereon to the Council Carry out investigations, submit findings and make appropriate recommendations to the Council pertaining to the alleged contravention of the Code of Conduct for Councillors as contained in Schedule 1 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) Investigate and make recommendations to the Council on any alleged contraventions by a Councillor of any policy document of the Council, statutory provision or any other obligatory provisions applicable to members of the Council. 	<p>Uys, PD</p> <p>(Chairperson)</p> <p>Breytenbach, AS (member until 20/10/2017)</p> <p>Helfrich, WP (member from 24/11/2017)</p> <p>Jansen, J (member until 20/10/2017)</p> <p>Millar, PE</p> <p>Moheta, RB (member until 20/10/2017)</p> <p>Mohlamme, TT (member from 24/11/2017)</p> <p>Motau, LG (member from 24/11/2017)</p> <p>Mtimkulu, M (member until 25/09/2017)</p> <p>Nortje, HJ (member from 24/11/2017)</p> <p>Shackleton, MS</p> <p>Sutherland, MS</p> <p>Bosch, C</p> <p>Kgobane, T (member until 20/10/2017)</p> <p><u>ANC</u></p> <p>Dinale, AL</p> <p>Masilela, JW</p> <p>Matsena, MD</p>	13

Number	Councillors serving on committees	Meetings held	Meetings attended by councillors
		Molaba, PF Mosupyoe-Letsholo, AWMK Mulaudzi, LG Ringane, MB Sindane, JM <u>EFF</u> Disoloane, KB Mabogwana, MO	13
4.	Section 79 Standing Committee: Public Accounts <u>Purpose:</u> <ul style="list-style-type: none"> To consider and evaluate the content of the annual report and to make recommendations to Council when adopting an oversight report on the annual report; In order to assist with the conclusion of matters that may not be finalised, information relating to past recommendations made on the Annual Report, must 	<u>DA</u> Erasmus, LA (Chairperson) Botha, EAL Duvénage, Y (member until 20/10/2017) Moreriane, OT Roos, AC (member from 01/11/2017) Strange, MI Visser, GP	11

Number	Councillors serving on committees	Meetings held	Meetings attended by councillors
	<p>also be reviewed. This relates to current in-year reports, including the quarterly, mid-year and annual reports;</p> <ul style="list-style-type: none"> To examine the financial statements and audit reports of the municipality and municipal entities, and in doing so, the committee must consider improvements from previous statements and reports and must evaluate the extent to which the recommendations of the Audit Committee and the Auditor-General have been implemented; To promote good governance, transparency and accountability on the use of municipal resources; To recommend or undertake any investigation in its area of responsibility, after reviewing any investigation report already undertaken by the Municipality or the Audit Committee; and To perform any other functions assigned to it through a resolution of Council within its area of responsibility. 	<p><u>ANC</u></p> <p>Kgatlhe, TF</p> <p>Lehobye, DJ</p> <p>Marishane, MS</p> <p>Mathafa, OM</p> <p>Magodiello, TK</p> <p><u>EFF</u></p> <p>Mazwi, KC (member until 11/08/2017)</p> <p>Manaka, PN (member from 01/09/2017)</p> <p>Tuwani, T</p>	
5.	<p>Section 79 Standing Committee: Local Geographical Names</p> <p><u>Purpose:</u></p>	<p><u>DA</u></p> <p>Meyer, K (Chairperson)</p> <p>Bekker, CF</p>	10

Number	Councillors serving on committees	Meetings held	Meetings attended by councillors
	<ul style="list-style-type: none"> Submit recommendations pertaining to the naming and renaming of public places and street names and other assets of the Tshwane Municipality to the Council via the Mayoral Committee, after the necessary consultation. Submit recommendations to the Council (via the Mayoral Committee) pertaining to those matters not vested in the Municipality in order to advise the relevant Committees instituted on Provincial and National level. 	<p>Ditabo, DD (member from 01/11/2017)</p> <p>Du Plooy, J</p> <p>Maake, MR (member until 13/10/2017)</p> <p>Maimane, SS</p> <p>Moheta, RB (member from 01/11/2017)</p> <p>Motau, LG</p> <p>Motsaneng, S</p> <p>Thwala, DS</p> <p>Nkosi, K (member until 13/10/2017)</p> <p><u>ANC</u></p> <p>Aphane, IM</p> <p>Mabona, SJ</p> <p>Meme, MN</p> <p>Montlha, SP (member until 11/05/2018)</p> <p>Motaung, TB</p> <p>Mphaga, IS</p> <p>Nkosi, FE</p> <p>Tshabalala, ES</p>	

Number	Councillors serving on committees	Meetings held	Meetings attended by councillors
		<u>EFF</u> Masemola, AT Chilwana, N (member from 01/09/2017)	

APPENDIX C: THIRD-TIER ADMINISTRATIVE STRUCTURE

Position/Head of department	Responsible person
City Manager	Dr Moeketsi Mosola
City Manager's Specialist Offices	
Chief of Staff: Office of the Executive Mayor	Mr Pule Mmutlana (Acting)
Chief Audit Executive:	Mr Phillip Moeketsi Ntsimane
Group Head: Group Communication and Marketing	Mr Hilgard Matthews
Group Head: City Strategy and Organisational Performance	Ms Nosipho Hlatshwayo
Chief Financial Officer	Mr Umar Banda
Chief of Police: Tshwane Metro Police	Ms Johanna Nkomo
Chief of Emergency: Emergency Services	Mr Previn D Govender
Governance Support Officer	Ms Lorette Tredoux
Group Head: Group Human Capital Management	Mr Gerald Shingange
Group Head: Shared Services	Mr Musa Kumalo
Group Head: Economic Development and Spatial Planning	Mr Makgorometja Makgatha
Group Head: Group Legal and Secretariat Services	Adv Marna Kock
Group Head: Group Property	Ms Verusha Morgan
Group Head: Office of the Speaker	Mr Tiyyiselani Babane
Group Head: Office of the Chief Whip	Ms Nasiphi H Moya
Chief Operating Officer	Mr James Murphy
Group Head: Customer Relations Management	Ms Zukiswa Ntsikeni
Group Head: Health	Mr Koena J Nkoko

Position/Head of department	Responsible person
Group Head: Utility Services	Mr Stephens Notoane
Group Head: Roads and Transport	Mr Pheko Letlonkane
Group Head: Environment and Agriculture Management	Mr Mthobeli S Kolisa
Group Head: Community and Social Development Services	Mr Tich Mekhoe
Group Head: Housing and Human Settlement	Ms Nonto Memela
Group Head: Regional Operation and Coordination	Mr Cali Phanyane
Regional Executive Director: Region 1	Mr Phillemon Mathane
Regional Executive Director: Region 2	Mr Godfrey Mnguni
Regional Executive Director: Region 3	Ms Leah Poto (acting)
Regional Executive Director: Region 4	Mr Tebello Masehe
Regional Executive Director: Region 5	Ms Nomsa Mabasa
Regional Executive Director: Region 6	Mr Sello Chipu
Regional Executive Director: Region 7	Mr Robert Maswanganyi

APPENDIX F: WARD INFORMATION

Number	REGION 1					
	Capital projects – Seven largest in Year 0 (full list in Appendix O)					
	R'000					
	Project name and detail	Ward	Start date	End date	2017/18 progress	Total value (R)
1	Rosslyn Urban Realm upgrade and multi-modal Interchange	Ward 4	2017/2018	June 2018	Panel advertisement, briefing session and evaluation completed. Awaiting appointment letter.	12 000
2	Chantelle: Detail design and installation of internal infrastructure	Ward 4	April 2017	February 2018	Internal reticulation 100% complete	132 560
3	Chantelle: Installation of bulk services	Ward 4	January 2018	October 2018	1. Tendering and award 2. Site established and trenching 3. Pipe laying and bedding 4. 20% installation of bulk services	34 000
4	Block W – Storm water drainage (Soshanguve): North east	Ward 4	July 2006	June 2022	Awaiting the appointment letter of the consultant from SCM	12 250
5	Water provision – Winterveld	Ward 19	January 2018	June 2020	Relocation of obstructions for sewer and water networks	25 000
6	Winterveld – Sewer reticulation	Ward 19	January 2018	June 2020	Relocation of obstructions for sewer and water networks	25 000
7	Construction of roads and storm water in Winterveld	Ward 19	January 2018	June 2020	8 km of roads constructed.	43 000

Number	REGION 1					
	Capital projects – Seven largest in Year 0 (full list in Appendix O)					
	R'000					
	Project name and detail	Ward	Start date	End date	2017/18 progress	Total value (R)
8	Social development centre in Mabopane	Ward 21	July 2015	September 2018	Construction progress at 75%	22 000
9	New Klipgat Reservoir	Ward 21	February 2012	May 2018	The project is 97% complete, only installation of pipes and testing of the reservoir and pipes are outstanding.	16 000
10	Water provision – Mabopane X 1	Ward 22	November 2017	September 2018	Total serviced stands: 507	26 000
11	Winterveld – bulk sewer lines	Ward 24	January 2018	June 2020	7 km of bulk sewer lines constructed.	66 000
12	Internal roads: Northern areas	Ward 24	July 2010	June 2030	Construction of 10,745 km roads and construction of 2,9 km storm water pipes.	25 004
13	Internal roads: Northern areas	Ward 24	July 2010	June 2030	0,4 km of roads constructed	13 275
14	Soshanguve Block FF East area 2	Ward 26	July 2012	June 2022	Awaiting appointment letter of consultant from SCM.	24 042
16	Water provision – Rama City	Ward 32	January 2017	May 2018	Total serviced stands: 400	21 000
17	Sewer provision – Rama City	Ward 32	January 2017	May 2018	Total serviced stands: 350	21 000
18	Electricity for All – Region 1	Ward 37	January 2015	June 2019	2 493 connections completed	57 603

Number	REGION 1					
	Capital projects – Seven largest in Year 0 (full list in Appendix O)					
	R'000					
	Project name and detail	Ward	Start date	End date	2017/18 progress	Total value (R)
19	Construction of roads and storm water pipes – Soshanguve X 13	Ward 90	September 2017	June 2018	Laying of storm water pipes, upper selected layer and subbase layer	32 000
20	Construction of roads and storm water systems – Soshanguve X 12	Ward 90	September 2017	March 2019	Laying of storm water pipes, kerbing and laying of G1 base layer	56 422
21	Construction of roads and storm water – Soshanguve X 5	Ward 90	September 2017	March 2019	Services being development underground electric cables, sewers, house connections	72 000
22	Construction of roads and storm water drains – Thorntree View	Ward 90	September 2017	June 2020	Roadbed, kerbing, storm water trenches excavated, storm water pipes laid, manholes constructed.	50 000
23	Social development centre in Winterveld	Ward 94	July 2015	September 2018	Construction progress at 89%.	21 000
24	Mabopane Station modal interchange	Ward 94	October 2013	November 2018	Sewer installations 100% completed; storm water construction 90% completed; water installations 96% completed; construction of two traffic circles 100% completed, 140 hawkers' stalls 100% completed; two ablution facilities 100% completed; one admin block 60% completed; two	60 000

Number	REGION 1					
	Capital projects – Seven largest in Year 0 (full list in Appendix O)					
	R'000					
	Project name and detail	Ward	Start date	End date	2017/18 progress	Total value (R)
					guardhouses 100% completed; construction of paving 96% completed; electrical installations 70% completed; erection of roof structure 30% completed.	
25	Soshanguve Block GG Central (R)	Ward 94	January 2016	June 2018	Project complete	22 400
26	Soshanguve JJ 132/11 kV substation (two 40 MVA power transformers)	Ward 96	July 2017	June 2019	The civil works including substation building, outdoor yard equipment, foundations and access roads and paving are 95% complete. The installation of steel support structures and outdoor yard equipment is in progress	25 000

APPENDIX G: RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE (2017/18 Fy)

Date of Committee	Committee Resolutions during 2017/18 FY
25 August 2017	<p>AGSA REPORT:</p> <ol style="list-style-type: none"> 1. That the AGSA submit to the APC a comprehensive summary of findings recorded. <p>ANNUAL FINANCIAL STATEMENTS:</p> <ol style="list-style-type: none"> 2. All issues raised by the Audit and Performance Committee be included in the presentation of the annual financial statements in the meeting of 30 August 2017 3. All matters raised by the Auditor-General and Internal Audit be incorporated in the Annual Financial Statements to be submitted to the Audit and Performance Committee on 30 August 2017. <p>FINANCIAL SUSTAINABILITY ACTION PLAN:</p> <ol style="list-style-type: none"> 4. The report on the strategy/plan to address cash flow challenges in the City of Tshwane be submitted to the Audit and Performance Committee meeting on 30 August 2017. <p>UIFW REPORT:</p> <ol style="list-style-type: none"> 5. That feedback be provided on unauthorized, irregular, fruitless and wasteful expenditure to the Audit and Performance Committee meeting in September 2017. <p>5.1 Internal Audit should structure their reports to indicate whether departments had met the legislative requirements as part of the audit findings</p> <p>5.2 No report was submitted by the Chief Financial Officer on the collection and impairment of sundry debtors in the City of Tshwane and that the matter be escalated to the City Manager.</p>

Date Committee	of Committee Resolutions during 2017/18 FY
	<p>The progress report on the Management Letter Action Plan be discussed in the “in committee” meeting of the Audit and Performance Committee.</p> <p>5.3 The findings of the Internal Audit be escalated to the Group Heads to report back to the Audit and Performance Committee</p> <p>5.4 That the long-term and short-term funding issues of the department be addressed by the Chief Financial Officer.</p> <p>5.5 No report was submitted by the Acting Chief Information Officer on the Quarter 4 Information and Communication Technology progress with the implementation of the Governance Framework in the City of Tshwane and that the matter be escalated to the City Manager.</p> <p>5.6 No Quarter 4 reports on compliance with key legislation were submitted and that the matter be escalated to the City Manager.</p> <p>5.7 The report be tabled by the City Strategies and Organizational Performance department on the 30th August 2017 on the monitoring of the performance indicators in the City of Tshwane</p> <p>5.8 That Internal Audit include in their report the audits not planned, the high level of review and the response from management on the revised plan for the Audit and Performance Committee meeting scheduled for 30 August 2017.</p>

Date Committee	of Committee Resolutions during 2017/18 FY
	<p>5.9 Enterprise Risk Management Policy be submitted to the Audit and Performance Committee meeting scheduled for 30 August 2017.</p> <p>5.10 Risk Management Report be submitted to the Audit and Performance Committee meeting scheduled for 30 August 2017.</p> <p>Risk Management Report be submitted to the Audit and Performance Committee meeting scheduled for 30 August 2017</p> <p>5.11 That no review report on Quarter 4 financial statements was submitted and that the matter be escalated to the City Manager.</p> <p>5.12 That a compliance schedule of all the business processes of the City according to the Municipal Finance Management Act and the Legislation be presented in the meeting of 30 August 2017.</p>
30 August 2017	<p>AGSA REPORT:</p> <ol style="list-style-type: none"> 1. That the AGSA provided the feedback on GRAP 105 for SWA and that the feedback on alignment of testing between all the entities from compliance and the audit fees be presented to the next APC meeting. The shareholder Unit and Top Management give assurance that the signing of the engagement letters of the Entities will be tabled at board level. 2. That the information regarding the impairment of the assets, consumer debtors and the disclosure of long-term and short-term of the impairment of assets be provided at a next meeting. The Committee agreed that the CFO provide feedback to the APC, subject to the finalisation of the annual financial statements. The updated Annual Financial Statements be submitted to the AGSA for Audit purposes.

Date of Committee	Committee Resolutions during 2017/18 FY
	<ul style="list-style-type: none"> • That a comprehensive report on the revised impairment entries be prepared for submission to the APC, Mayoral Committee and the Council. • That the corrections of the disclosure of the Services concession arrangement (Tshwane House and Tshwane Broadband Networks) be confirmed by Ernest and Young. • That all the issues reported by Internal Audit and Ernest and Young be attended to by the CAE, CFO and Ernest and Young. • That note 23 be revisited and added to the Financial Statements. <ol style="list-style-type: none"> 3. The City of Tshwane Annual Performance Report for 2016/2017 be forwarded at the AGSA for audit purposes. <ul style="list-style-type: none"> • That the AGSA only audit the score card as included in draft annual report. • The City of Tshwane Annual Performance Report for 2016/2017 be forwarded at the AGSA for audit purposes. 4. TEDA annual Financial Statements submitted to AGSA for the Audit purposes subject to all the issues raised by the APC and Internal Audit be properly resolved. 5. HCT Annual Financial Statement for 2016/2017 be submitted to AGSA for audit processes once all the issues raised by Internal Audit and the APC have been properly addressed by the CFO. <ul style="list-style-type: none"> • That Sandspruit Works Association provides a detailed financial statement and supporting documents to the AGSA for Audit purposes. • That a final review of the Annual Financial Statements of Sandspruit Works Association be done taking into account the comments from Messrs Ernest and Young. 6. The adjusted Annual Financial Statements for TEDA, SWA and HCT be submitted to the AGSA for Audit purposes 7. The Annual Reports for 2016/2017 for TEDA, SWA and HCT be noted and be submitted to the APC in January 2018 for oversight.
27 September 2017	<ol style="list-style-type: none"> 1. GROUP FINANCIAL SERVICES: FINANCIAL REPORTING AND ASSETS. CITY OF TSHWANE – CONSOLIDATED ANNUAL FINANCIAL STATEMENTS 2016/17 FINANCIAL YEAR: <ul style="list-style-type: none"> • That All Entities should revisit their Accounting Policies to be aligned with those of the City for the next financial year. • That Group CFO take the responsibility in assisting the Entities to revisit their Accounting Policies for the next financial year. • That SWA Financials Statement be corrected, re-instated and be consolidated and that Ernest and Young review the processes of the Financial Statements for SWA

Date Committee	of Committee Resolutions during 2017/18 FY
	<ul style="list-style-type: none"> • That a comprehensive report for rational of each transaction for the Tshwane House and the Smart Meter projects be submitted in the next meeting. • That the GCFO incorporate the proposed amendments and it be reviewed by Ernest and Young and the CAE. • That the CAE do the oversight on that function and forward an email to the APC members giving them confirmation on issues that CFO needed guidance from the members. • That in future proper process plans be prepared by the CFO taking into account the requirement of the internal, external and the APC Audit review functions. • That the Committee support the Annual Financial Statements subject to the amendments being incorporated. <p>2. GROUP AUDIT AND RISK</p> <p>PROGRESS ON THE IMPLEMENTATION OF CORRECTIVE MEASURES AROUND THE NATIONAL TREASURY STATE OF READINESS REPORT:</p> <ul style="list-style-type: none"> • That the specific action plan and timelines be included on the report • That Internal Audit develop Evaluation plan <p>3. PROGRESS ON CITY OF TSHWANE COMBINED ASSURANCE FRAMEWORK IMPLEMENTATION :</p> <ul style="list-style-type: none"> • That the inputs into the combined assurance template be noted as set out below: • That the methodology be followed; • That the mitigating actions be part of the methodology process; • That the CAE be the key driver of the process; • That the structure be revisited; • That the terms and reference on page 353 of the agenda deals with how it will be reported, to whom and how it will be put into practice; • Review the shades and make a conclusion on the rating status , and • Reports by specialized consultants employed by the City must be submitted. <p>4. REQUEST FOR INPUTS ON THE INTERNAL AUDIT AND APC ANNUAL PERFORMANCE EVALUATION TEMPLATE:</p> <ul style="list-style-type: none"> • That individual elements needed to be incorporated in the Charter;

Date Committee	of Committee Resolutions during 2017/18 FY
	<ul style="list-style-type: none"> • That the template be aligned with National Treasury circular to cover different elements • That the evaluation be finalized in January 2018 and serve before APC. <p>5. APC CHARTER AND IA CHARTER 2017/18:</p> <ul style="list-style-type: none"> • That the APC and IA Charters be benchmarked with National Treasury and other Metropolitan Municipalities. • That the CAE arrange an induction session for all members to address the APC as well as IA Charters. <p>6. FIRST SUPPLEMENTARY AGENDA SECURITY/METER READING:</p> <ul style="list-style-type: none"> • That a report separating the audits planned, audits in progress and the ad hoc audits that were finalized be submitted at the next meeting. <p>7. GROUP INFORMATION AND COMMUNICATION TECHNOLOGY DEPARTMENT PROGRESS ON THE IMPLEMENTATION OF THE GICT FRAMEWORK 2017/18:</p> <ul style="list-style-type: none"> • That the framework served before the APC is not in order and that the head of Department address all ICT Framework issues and submit proper one in the next APC meeting. <p>8. GROUP LEGAL AND SECRETARIAT SERVICES REPORT ON THE INTRODUCTION OF A COMPLIANCE FRAMEWORK FOR THE CITY:</p> <ul style="list-style-type: none"> • That the minimum requirements should apply and be aligned with the directives of the AGSA.
20 February 2018	<p>1. INTERIM FINANCIAL STATEMENTS FOR ENTITIES TEDA:</p> <ul style="list-style-type: none"> • That the Committee noted the report and requested that the department pay the minimum company tax and revisit the provisions of the grand. <p>2. SDBIP MIDTERM ADJUSTMENT (ENTITIES):</p> <ul style="list-style-type: none"> • That City Strategies and Organizational Performance Department ensure that the level 2 assurance is part of the reporting processes that was made available to the Audit and Performance Committee. • That a summary report be submitted to the Mayoral Committee and Council on the matters reported to the Audit and Performance Committee. <p>3. PROGRESS ON MCAM Q2 FOR ENTITIES (HCT):</p>

Date Committee	of Committee Resolutions during 2017/18 FY
	<ul style="list-style-type: none"> • That the CAE should conduct the Internal Audit processes also improve on the deviation report. <p>4. UIFW QUARTERLY REPORT FOR ENTITIES(HCT): That an investigation be concluded for an amount of R209 000.00 on UIFW.</p> <p>5. INTERIM FINANCIAL STATEMENTS FOR ENTITIES TEDA:</p> <ul style="list-style-type: none"> • That the department revisits the statements and pays the minimum company tax and revisits the provisions of the grant. • That the presentation of water losses be presented at the next APC meeting. • That the SWA transfers be revisited. • That the impairment of consumers report was still outstanding and the module needed to be revisited. That the CFO prepare the summary report of the Interim Financial Statement of the City and table in the next APC meeting. <p>6. SDBIP Midterm Adjustment (CoT and Entities) TEDA& HCT:</p> <ul style="list-style-type: none"> • That City Strategies and Organizational Performance Department ensure that the level 2 assurance be part of the reporting to the APC. • That a summary report be submitted to Mayco and Council on the matters reported to the APC. • That the adjusted Business Plans for TEDA be circulated to the Board members and to Mayco and Council. • That a report be submitted by the acting COO on the delegation perspective that the Board Committee was fulfilling the function of the BAC on the Supply Chain Management practice and the background on the recovery of debtors and provide feedback in the next APC meeting. • That a service provider be appointed to assist HCT on the VAT issues going forward. <p>7. PROGRESS ON MCAM Q2 FOR ENTITIES:</p> <ul style="list-style-type: none"> • The CAE should conduct audit to investigate the reasons why deviations were concluded.

Date Committee	of Committee Resolutions during 2017/18 FY
	<ul style="list-style-type: none"> The Bid Adjudication Committee should provide an indication whether deviations concluded were as a result of lack of planning prior submission to the Accounting Officer for approval. <p>8. IA PROGRESS REPORT AGAINST THE ANNUAL OPERATIONAL PLAN 2017/2018- (ENTITIES): That the CAE enhance the reporting of the coverage going forward.</p> <p>9. CONSUMER DEBTORS AND IMPAIRMENT: A service provider be appointed to unpack and assist with the implementation of GRAP.</p> <p>10. RISK ADVISORY REPORT INCLUDING THE FRAMEWORK FOR REPORTING BY GROUP HEADS ON THEIR OPERATIONAL RISK REGISTERS AND THE CRO ON THE STRATEGIC RISK REGISTER (ENTITIES):</p> <ul style="list-style-type: none"> The acting Chief Risk Officer to arrange the Risk Register focusing on compliance risks, management risks and reporting risks. <p>11. MATTERS ARISING STANDING ITEMS ON THE AGENDA:</p> <ol style="list-style-type: none"> HCT ACTION PLAN MCAM ACTION PLAN ADMINISTRATION OF THE APC PORTAL: <ul style="list-style-type: none"> The Committee indicated that they needed clarity on the adequacy of the action plans. That the root causes leading to the findings be convened by the CAE once the internal audit processes with regards to the ground work of the root causes has been dealt with.
13 March 2018	<p>1. INTERNAL AUDIT QUARTERLY REPORT (COT):</p> <ul style="list-style-type: none"> That matters reported in the MCAM log be dealt with accordingly. That the CFO drive the process of the performance information.

Date Committee	of Committee Resolutions during 2017/18 FY
	<ul style="list-style-type: none"> • That it be noted that executive intervention was needed to keep track of resolutions. • That the action plans be done within a specific financial year and for it to be amended to include the dates of completion. • That it be indicated where no comments were received from departments and matter be escalated to EXCO. <p>2. PROGRESS AGAINST PLAN (COT):</p> <p>3. That the progress against plan be approved on condition that changes emanating from the previous plan be recorded prior to it being submitted to the Mayoral Committee.</p> <p>2017/2018 REVISED AUDIT COVERAGE:</p> <p>4. That the revised audit coverage plan be approved on condition that the changes emanating from the previous plan be recorded prior to it being submitted to the Mayoral Committee. Q2 MCAM FOLLOW-UP INTERNAL AUDIT REPORT ON CONTINUOUS AUDIT LOG (CAL) FOR COT:</p> <ul style="list-style-type: none"> • That EXCO undertakes interventions on ageing analysis all matters above 120 days are excessive and can contribute negatively to a clean audit outcome. <p>5. That issues not resolve within the 120 days should be motivated by the relevant Head of Department.</p> <p>6. RISK ADVISORY REPORT:</p> <ul style="list-style-type: none"> • The CM and EXCO will revisit the dates on BCM to confirm the reality risk with the prioritization. • The Committee requested that the cost of insurance of the City and the cost of the Security Services be addressed in the report. • The insurance strategy that the city following in due course be revised and have the expert to assist. • That key risk areas for MEDA and SWA be incorporated in the report. • That this report be aligned to Public Sector Risk Management Framework. <p>7. MAYCO LOG:</p> <ul style="list-style-type: none"> • That the Chief Financial Officer, Chief Operating Officer and the Chief of Police should drive the process of implementation of Mayco Log issues and apply their mind and agree to the application of the model. • That formal feedback on the revision of the impairment Model be submitted at the next meeting of the APC. <p>8. CONFIRMATION OF CAPACITY WITHIN GROUP FINANCIAL SERVICES:</p> <ul style="list-style-type: none"> • That the CFO provide a process plan in place and circulate to the members of the APC for comments.

Date Committee	of Committee Resolutions during 2017/18 FY
	<p>9. WATER LOSS STRATEGY AND ACTION PLAN/ ELECTRICITY LOSSES STRATEGY AND ACTION PLAN:</p> <ul style="list-style-type: none"> • That the WC/WDM Strategy be implemented by the City, within the IDP / MTREF budget process. • That the required resources (financial and human resources) be provided for the implementation of the WCWDM Strategy
17 May 2018	<p>1. CONFIRMATION AND APPROVAL OF THE MINUTES OF PREVIOUS MEETING 26 APRIL 2017 AND 30 AUGUST 2017:</p> <ul style="list-style-type: none"> • The outstanding minutes of 30 August 2017 and 26 April 2017 will be send to the CAE for finalization and will be distributed to the APC Members in the next meeting. <p>2. GROUP INFORMATION AND COMMUNICATION TECHNOLOGY DEPARTMENT PROGRESS ON THE IMPLEMENTATION OF THE CGICT FRAMEWORK QUARTER</p> <ul style="list-style-type: none"> • That the minutes of the ICT Steering Committee be tabled at the next APC meeting. • GROUP FINANCIAL SERVICES: FINANCIAL REPORTING AND ASSETS COT – CONSOLIDATED ANNUAL FINANCIAL STATEMENTS 2016/2017 FINANCIAL YEAR: <p>3. The APC needed clarity on the PEU matter, the judgment made, the order and what was still outstanding on the accounting aspect in terms of the order.</p> <p>4. GROUP FINANCIAL SERVICES: CITY FINANCIAL RECOVERY PLAN:</p> <ul style="list-style-type: none"> • That the CFO enhanced the document with the inputs from the Committee and the reporting mechanism needs to be enhanced. The team needs to look at other ways of funding the City.

Date Committee	of Committee Resolutions during 2017/18 FY
	<ul style="list-style-type: none"> That the CFO finalized the City Recovery Plan and report back to APC in the next meeting.
29 May 2018	<ol style="list-style-type: none"> LEGAL AND COMPLIANCE: <ul style="list-style-type: none"> That the relevant departments note the Compliance Schedule for Q3 of the 2017/18 Financial Year and introduce the necessary actions to ensure compliance. That a formal progress report be submitted at the next meeting. QUARTERLY FORENSIC INVESTIGATION CASES, STATUS AND TRENDS: <ul style="list-style-type: none"> That the presentation of historical statistics be improved to indicate the total investigations, how many cases were outstanding, how many cases were referred back and the ageing of outstanding cases to be listed. Original date:13 march 2018 COGTA & NATIONAL TREASURY: <ul style="list-style-type: none"> That, in principle, COGTA and National Treasury be invited to APC meetings and that a communication strategy be developed with them. AGSA AUDIT STRATEGY FOR CITY OF TSHWANE AND ENTITIES: <ul style="list-style-type: none"> That the AGSA arrange a meeting with the City Manager for the week starting 19 March 2018 to agree on the reporting timelines and the audit strategy. That the Entities, including the dormant ones, be included in the audit strategy. REGULAR EXPENDITURE REPORT- INTERNAL AUDIT REPORT: <ul style="list-style-type: none"> That supply chain management monitoring controls needed to be revisited following the various findings as reported by internal audit. That the CFO take cognizance and deal with the contingent liabilities and assets arising from irregular expenditure. That fixed assets be managed in line with the GRAP Standards.

Date Committee	of Committee Resolutions during 2017/18 FY
	<p>6. CONFIRMATION AND APPROVAL OF THE MINUTES OF PREVIOUS MEETING:</p> <p>7. That the Minutes of 13 March 2018 be approved as amended.</p> <p>8. MATTERS ARISING:</p> <p>a) That the resolution tracking register should be updated in the correct format.</p> <p>9. ADDITIONS TO THE AGENDA:</p> <p>1. Oversight process with regard to the budget and the IDP</p> <p>10. INTERNAL AUDIT QUARTERLY REPORT INCLUDING STATUS OF WORK:</p> <p>a) That the root causes be revisited as it, in some cases does not address the Management Comments.</p> <p>b) That the report be tabled at the Executive Committee and be re-submitted to the APC meeting.</p> <p>c) That matters raised in this report be escalated to the Mayoral Committee.</p> <p>b) That the content of a specific matter should determine the process and that reports should serve at the EXCO prior to it being submitted to the APC.</p> <p>11. INTERNAL AUDIT PROGRESS QUARTERLY PROGRESS REPORT NO: 3/2017/2018 AUDIT COVERAGE PLAN:</p> <p>c) That the report be updated and the ratings be corrected.</p> <p>12. Q3 FOLLOW-UP INTERNAL AUDIT REPORT ON CONTINUOUS AUDIT LOG (CAL) FOR COT:</p> <p>a) That the Q3 follow –up internal audit report be referred back to the department as limited progress has been made and the internal processes should include the final comments from the Accounting Officer.</p> <p>b) That it be noted that the Committee was uncomfortable with the report as the progress was not properly recorded, 83 % of matters reported were not attended to and most of the issues were repeat findings.</p> <p>d) That the role of the GCFO be addressed in the process.</p> <p>13. PRESENTATIONS-2018/2019 AUDIT COVERAGE CONSIDERATION AND QAS ROAD MAP:</p> <p>e) That the internal processes be followed and that the CAE arrange a special meeting to discuss the Internal Audit Plan.</p>

Date Committee	of Committee Resolutions during 2017/18 FY
	<p>14. RISK ADVISORY REPORT:</p> <ul style="list-style-type: none"> a) That the Acting CRO prepare a framework for reporting and submitted to the APC. b) The Human Resource risk was noted as medium rated and should be revisited. c) 3That the Economically Development risks be revisited. d) That a separate craft dealing with transversal risks be addressed. f) That the GCFO cluster not complying with the key management requirements be escalated to the Accounting Officer. <p>15. MAYCO LOG:</p> <ul style="list-style-type: none"> a) That the MAYCO log report be noted. b) That the MAYCO log issues be prioritised and cleaned up to finalise the matters. g) That water and electricity losses be taken off the MAYCO log and kept as a standing item on the APC agenda. <p>16. THAT THE GCFO PREPARE A DETAILED REPORT ON THE ACTIONS TAKEN ON A QUARTERLY BASIS ON DEBT COLLECTION AND RESUBMIT TO THE APC MEMBERS IN THE NEXT MEETING:</p> <ul style="list-style-type: none"> h) That the GCFO prepare a detailed report on the actions taken on a quarterly basis on debt collection and resubmit to the APC members in the next meeting. <p>17. GRANTS AND SUBSIDIES REPORT:</p> <ul style="list-style-type: none"> a) That the financial progress of the various grants and subsidies for the period under review, as set out in section 7 of the report, be noted. b) That the receipt of transfers and grants, as set out in Table 5.1.1 of the report, be noted. c) That the unspent transfers and grants, as set out in Table 6.3 of the report, be noted. Departments that do not spent the allocation in full, run the risk of the roll over not being approved in the next financial year. d) That the recipient HOD's of all transfers and grants put measures in place to ensure that the funds are fully spent and meet the reporting conditions and requirements as set out in the Division of Revenue Act (DoRA). <p>18. UIFW AND DEVIATION QUARTERLY REPORTS:</p>

Date Committee	of Committee Resolutions during 2017/18 FY
	<p>e) That the Finance Department extend the report to incorporate the issues of irregular expenditure, the prevention thereof by addressing line items per case and the implementation of consequence management.</p> <p>19. Q3 INTERIM AFS MARCH 2018.GROUP FINANCIAL SERVICES: FINANCIAL REPORTING AND ASSETS CITY OF TSHWANE – INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018:</p> <p>f) That the cover report be submitted to the next APC meeting.</p> <p>20. REPORT ON ALL LEASED PROPERTY OF COT AND REVENUE REALISATION AND PROTECTION:</p> <p>g) That Group Head: Property Management prepare and submit a report on the leases agreements that the City entered into.</p> <p>21. AGSA-AUDIT AND STRATEGY:</p> <p>h) That the final Management Letter be finalised and be submitted to APC by 31 October 2018.</p> <p>i) That the AGSA provide a detailed report on the Audit fee.</p>

APPENDIX H: LONG-TERM CONTRACTS AND PUBLIC-PRIVATE PARTNERSHIPS

Awarded year	Contract reference number	Contract description	Name of department	Name of contractor	Duration of contract	Start date	End date	Awarded amount	Project manager
2017/18	SDCT 03-2016/17	Tender for the supply, delivery and off-loading of precast concrete units on an as-and-when-required basis over a three-year period, with effect from 1	Service Delivery and Transformation Department: Transport Infrastructure	1. El-Shaddai Group (Pty) Ltd 2. TTR Building Constructions (Pty) Ltd	Three years	1 November 2017	31 October 2018	R52 025 968,67	Mmasetempe Sako

Awarded year	Contract reference number	Contract description	Name of department	Name of contractor	Duration of contract	Start date	End date	Awarded amount	Project manager
		November 2017 or nearest date	and Maintenance Management	3. Chariots Business Enterprise (Pty) Ltd					
2017/18	SID EE 75-2015/16	Tender to appoint service providers to perform installation and maintenance of electricity meters in the City of Tshwane area, for a period of three years	Service Infrastructure: Energy and Electricity	1. Kgosi Electrical CC and Tussen Hakies (Pty) Ltd Mzansi Contribute Trading and Projects CC DNT Project CC (JV) Mohlawe Technologies (Pty) Ltd VP Electrical Contractors (Pty) Ltd Humphrey Electrical and Construction CC Nothani Engineering CC Lefhumo Lwa Barema Trading Enterprise CC	Three years	1 October 2017	30 September 2020	R4 087 156,00	Clifton Maswangan ye
2017/18	SID WS 10 - 2016/17	Tender for the construction of new 15 MI Doornkloof Reservoir, supply pipes and control chambers introduction: With effect	Utility Services Department: Water and Sanitation Division	Safcrete Construction (Pty) Ltd	Three years	1 March 2018	28 February 2021	R57 429 746,63	Slindile C Sedibana

Awarded year	Contract reference number	Contract description	Name of department	Name of contractor	Duration of contract	Start date	End date	Awarded amount	Project manager
		from 1 March 2018 or nearest date							
2017/18	SID WS 06-2016/17	Tender for the supply, delivery and off-loading of range of cationic polyelectrolyte blends: As and when required: at the various water treatment plants of the City of Tshwane: Three-year period, with effect from 1 June 2018 or nearest date	Utility Services Department: Water and Sanitation Division	1. Motagane Chemworks 2. Khabane Metsi 3. Thuthukani SNF Chemicals (PTY) LTD	Three years	1 June 2018	31 May 2021	R24 574 600,00 R9 078 200,00 R4 347 200,00	Sipho Madhlabane
2017/18	HHS 01-2015/16-TIDCM 003	Appointment of a contractor for the construction of walkways in Winterveld: Three-year period, as and when required, with effect from commencement date	Roads and Transport: Infrastructure Design Construction and Maintenance	Next Appointment Supply CC and Hutas Trading Enterprise Cc JV	Three years	27 June 2018	26 June 2021	R40 000 000,00	Gladstone N Shirindza
2017/18	HHS 01-2015/16(HS-12)	Appointment of a contractor for the construction of internal water and sewer reticulation on 2767 stands and construction of bulk water and sewer services at Hammanskraal X 10: 36-	Housing and Human Settlement: Human Settlement Provision	Khatho Civils (Pty) Ltd	Three years	22 June 2018	22 June 2018	R251 413 044,84	Nyikiwa Rikhotso

Awarded year	Contract reference number	Contract description	Name of department	Name of contractor	Duration of contract	Start date	End date	Awarded amount	Project manager
		month period, with effect from commencement date							
2017/18	HHS 01-2015/16-TIDCM 005	Appointment of a contractor for the construction of walkways in Winterveld: Three-year period, as and when required, with effect from commencement date	Roads and Transport: Infrastructure Design Construction and Maintenance	Lesedisedi Construction Supplier Enterprise CC	Three years	27 June 2018	27 June 2018	R40 000 000,00	Godman Mhlongo
2017/18	HHS 01-2015/16-TIDCM 004	Appointment of a contractor for the construction of walkways in Tshwane CBD: Three-year period, as and when required, with effect from commencement date.	Roads and Transport: Infrastructure Design Construction and Maintenance	TBM Infrastructure (Pty) Ltd	Three years	27 June 2018	27 June 2018	R40 000 000,00	Nicholas Ngwetjana
2017/18	RFP 15 2012 (COT-01)	Appointment of a service provider for the provision of documents and records management system for the City of Tshwane: Three-year period, with effect from appointment date	Group Financial Services: Supply Chain Management	Docufile Records Management (Pty) Ltd (iron Mountain South Africa)	Three years	18 April 2018	18 April 2018	R13 397 399,29	Moroka Kaotsane

Awarded year	Contract reference number	Contract description	Name of department	Name of contractor	Duration of contract	Start date	End date	Awarded amount	Project manager
2017/18	GFS 01-2015/16: 04 Revenue	Appointment of a revenue management and enhancement service provider to render advisory and operational support services to the City of Tshwane: Three-year period	Group Financial Services: Revenue Management	Ntiyiso Consulting CC	Three years	1 March 2018	28 February 2018	R179 000 000,00	Chris K Thipe
2017/18	CB225/2013 (GPM-01)	Panel: Appointment of service provider for the implementation of a public sector property services	Group property Management: Property Management	Aurecon South Africa (Pty) Ltd	Three years	20 April 2018	20 April 2021	R43 994 550,28	Zania Lambert
2017/18	HHS01-2015-16(W5-08)	Panel appointment of contractor for upgrading of sewer pump station and temporal pump in Atteridgeville X 19	Water and Sanitation	Ditshimega Projects and Training	15 months	11 January 2018	10 March 2019	R99 965 885,44	Simphiwe July
2017/18	DEV 2017/11/02	Report to request for approval to appoint service provider for the transferring of remaining residential properties of the new Eersterust X 1 to 4	Housing and Human Settlements	Land Tenure Services	Three years	23 November 2017	22 October 2020	R4 853 980,92	Nonto Memela
2017/18	DEV 02-08 2017/18	To appoint MAN Hatfield (Pty) Ltd directly for the maintenance and repairs of old and new man buses	Roads and Transport Department	MAN Hatfield (Pty) Ltd	Three years	25 August 2018	24 July 21	R45 588 300,00	Pheko Letlonkane

Awarded year	Contract reference number	Contract description	Name of department	Name of contractor	Duration of contract	Start date	End date	Awarded amount	Project manager
2017/18	DEV 04-08-2017/18	Appointment of Gorman Rupp Africa (Pty) Ltd/Pumptron (Pty) Ltd for the repair and maintenance of Gorman Rupp self-priming pumps in terms of MFMA regulation 36	Utility Services Department	Gorman-Rupp Africa (Pty) Ltd	Three years	25 August 2018	24 July 2021	R18 999 010,40	Stephens Notoane
2017/18	DEV 01-09-2017/18	Deviation from the normal procurement processes to directly procure services of service providers that were sub-contracted under integrated project delivery unit	Housing and Human Settlement	<ul style="list-style-type: none"> • MIH Projects • ASEDA • KIPP • Mologadi A Nape 	Eight months	11 October 2017	30 June 2018	R79 249 471,00	Nonto Memela
2017/18	DEV 2017/11/02	Tender for the management of Data Ease Systems on a month-to-month basis until the end of the 2017/18 financial year (30 June 2018)	Information Communication Technology	KC Solutions	Six months	11 November 2017	10 May 2018	R6 800 000,00	Derick Mandiwana
2017/18	DEV 2017/12/14	Deviation for the appointment of TCT Civil and Construction CC as a contractor for the Construction of a social development centre in Winterveld	Community and Social Development Services	TCT Civil and Construction CC	Six months	14 December 2017	13 May 2018	R1 000 000,00	Tich Mekhoe

Awarded year	Contract reference number	Contract description	Name of department	Name of contractor	Duration of contract	Start date	End date	Awarded amount	Project manager
2017/18	REG 36-2018/03/02 (CB83/2010)	Deviation to appoint service providers on CB83/2010 for the hiring and servicing of chemical toilets, bio-degradable systems, vacuum and septic tanks for a period of 6 months ending Dec 2017 or until there is an active tender in place for these services	Regional Operations And Coordination Department	Thabethe Marketing CC; and Thabethe Marketing CC; and Lemon Trees Toilet Hire (Pty) Ltd	Month-to-month, not exceeding Three months	7 December 2017	6 March 2018	R9 000 000,00	Cali Phanyane
2017/18	REG 36: 2017/11/28 (CB131/2012)	CB131/2012 report to request approval to deviate and appoint service providers, appointed under CB131/2012 to complete outstanding milestones for turnkey projects	Human Settlement	Various suppliers	Upon completion	27 November 2017	Upon completion of project	R51 000 000,00	Nonto Memela
2017/18	DEV 2017/12/29	Bulk traffics signals maintenance	ROC: Traffic Signal Maintenance	Synte; Automoto, Inest and Sice	Six months	29 December 2017	28 June 2018	R6 146 540,00	Koot Snyman
2017/18	DEV 2018/06/07	Appointment of the service provider for repairs and maintenance of centrifugal blowers for Zeekoegat Waste Water Treatment Works	Utility Services	Siemens, Howden and Sulzer	Three years	7 June 2018	6 May 2021	R19 486 927,00	James Masonganyane
2017/18	dev 2018/01/03	Appointment of Air BP as aviation fuel supplier to the	Office of the City Manager	Air BP	Six months	21 June 2018	20 December 2021	R15 136 492,00	Pheko Letlonkane

Awarded year	Contract reference number	Contract description	Name of department	Name of contractor	Duration of contract	Start date	End date	Awarded amount	Project manager
		Wonderboom National Airport							

APPENDIX J: DISCLOSURE OF FINANCIAL INTEREST

Disclosure of financial interests		
Period 1 July 2017 to 30 June 2018 – Year 0 (current year)		
Position	Name	Description of financial interests* (nil or details)
Executive Mayor	<i>Still outstanding</i>	
Member of Mayoral Committee/Executive Committee		
Councillors		
Municipal Manager	Moeketsi Mosola	Submitted
Chief Audit Executive	Phillip Ntsimane	Submitted
Chief Financial Officer	Umar Banda	Submitted
Chief Operations Officer	James Murphy	Submitted
Governance Support Officer	Lorette Tredoux	Submitted
Chief of Staff	Marietha Aucamp	Submitted
Chief Emergency Officer	Previn Govender	Submitted
Group Head: Communication, Marketing and Events	Hilgard Matthews	Submitted
Group Head: City Strategies and Performance Management	Nosipho Hlatshwayo	Submitted

Disclosure of financial interests		
Period 1 July 2017 to 30 June 2018 – Year 0 (current year)		
Position	Name	Description of financial interests* (nil or details)
<i>* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A.</i>		

APPENDIX K: ORGANISATIONAL PERFORMANCE SCORECARD

SDBIP targets that drive the IDP

Department	Strategic Pillar	Key Performance Area	Key Performance Indicator	2016/17 Annual Target	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
Community and Social Development	Pillar 1: A city that facilitates economic growth and job creation	Job Intensive Economic Growth	Number of new income earning opportunities facilitated by the city	21 500	17 183	23 000	16 114	-5 817	Not Achieved	<p>The KPI resides with Community and Social Development Services, whereas the target is for the City as a whole. EPWP division is responsible for coordination of reporting. Projects reported on are implemented Citywide. As a result the KPI forms part of the score card for head of department. Other factors that contribute to non-performance stem from</p>	<p>The division engages departments on one on one basis to track reporting challenges and reasons for not meeting their departmental targets. Challenges are associated with:</p> <ul style="list-style-type: none"> • projects not implemented as per the budget book; • delay in the appointment of contractors • reporting without supportive documents. <p>The division can only report on jobs with source documents for compliance purposes. Those without source documents, are left-out of the listing.</p> <p>Mitigation Strategies</p> <ul style="list-style-type: none"> • EPWP will be a standing agenda item at COO's EXCO/TM Meetings to ensure

Department	Strategic Pillar	Key Performance Area	Key Performance Indicator	2016/17 Annual Target	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
										resource and budget constraints which impact on projects.	that all departments are appraised of the EPWP performance to ensure that the City meet the job creation target for the financial year. The division will be appointing regional coordinators for all the regions to provide EPWP support at project level. The support will include visiting projects to track all participants employed and related source documents. Their role will assist the City to meet job creation target as all work opportunities created will meet the reporting requirements to form part of the listing.
Economic Development and Spatial Planning	Pillar 1: A city that facilitates economic growth and job creation	Job Intensive Economic Growth	Rand value of investment facilitated by the City	R2 200billion	R2.298 billion	R 2.4 billion	R 2.43 billion	R30 000	Achieved	N/A	N/A

Department	Strategic Pillar	Key Performance Area	Key Performance Indicator	2016/17 Annual Target	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
Economic Development and Spatial Planning	Pillar 1: A city that facilitates economic growth and job creation	Job Intensive Economic Growth	Support through mentorship/training to the Tshepo 10 000 cooperative	245	289	257	262	5	Achieved	N/A	N/A
Health	Pillar 2: A city that cares for residents and promotes inclusivity	Health and Social Development	% of City of Tshwane PHC fixed clinics providing immunisation coverage for children under 1yr of age	100%	100%	100%	100%	0	Achieved	N/A	N/A
Health	Pillar 2: A city that cares for residents and promotes inclusivity	Health and Social Development	% of City of Tshwane PHC fixed clinics implementing PMTCT programme	100%	100%	100%	100%	0	Achieved	N/A	N/A
Health	Pillar 2: A city that cares for residents and promotes inclusivity	Health and Social Development	% of City of Tshwane PHC fixed clinics providing HIV testing facilities for pregnant women	100%	100%	100%	100%	0	Achieved	N/A	N/A

Department	Strategic Pillar	Key Performance Area	Key Performance Indicator	2016/17 Annual Target	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
Community and Social Development	Pillar 2: A city that cares for residents and promotes inclusivity	Health and Social Development	Nr. of indigent households supported by the city through its Indigent policy	6 000	2 837	4 000	4 116	116	Achieved	N/A	N/A
Community and Social Development	Pillar 2: A city that cares for residents and promotes inclusivity	Health and Social Development	Nr. of indigent households exited from the indigent register	2 000	8 764	2 000	16 589	14 589	Achieved	N/A	N/A
Utility Services (Water and Sanitation)	Pillar 3: A city that delivers excellent services and protects the environment	Provision of Basic Services and Maintenance (Formal)	Number of households in formal areas with access to water (new meter connections)	5 200	5 516	4500	4 949	449	Achieved	N/A	N/A
Housing and Human Settlement	Pillar 3: A city that delivers excellent services and protects the environment	Provision of Basic Services and Maintenance (Formal)	Number of serviced stands provided with water reticulation (new meter connection)	1 500	1 540	2300	2 515	215	Achieved	N/A	N/A

Department	Strategic Pillar	Key Performance Area	Key Performance Indicator	2016/17 Annual Target	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
Regional Operations and Coordination	Pillar 3: A city that delivers excellent services and protects the environment	Provision of Basic Services and Maintenance (Formal)	Nr. of formalised areas provided with weekly waste removal services	2 352	2 338	2 338	2 338	0	Achieved	N/A	N/A
Utility Services (Water and Sanitation)	Pillar 3: A city that delivers excellent services and protects the environment	Provision of Basic Services and Maintenance (Formal)	Nr. of households with access to sanitation service through sewer connections	1 800	1 586	961	817	-144	Not Achieved	The reason for non-achievement relates to: The Soshanguve South ext 1 project, which forms part of this KPI has been completed but the contract experienced issues with the community which refused to sign 160 happy letters due to the reasons which are beyond the scope of the project, 74 happy letters were	As a corrective measure, the Department tends to put the contractor on terms that in submitting the certification of work completed which confirms compliance with technical requirements for connection should be accompanied by the happy letters for invoicing.

Department	Strategic Pillar	Key Performance Area	Key Performance Indicator	2016/17 Annual Target	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
										destroyed during the vandalism of Contractor's office by the community.	
Human Settlement	Pillar 3: A city that delivers excellent services and protects the environment	Provision of Basic Services and Maintenance (Formal)	Nr. of serviced stands provided with sewer reticulation (new connections)	2 900	2 929	1 350	1 645	295	Achieved	N/A	N/A
Utility Services (Energy and Electricity)	Pillar 3: A city that delivers excellent services and protects the environment	Provision of Basic Services and Maintenance (Formal)	Nr. of completed houses electrified to eradicate backlog	7 900	2 429	5 700	3 962	-1 738	Not Achieved	The reasons for non-achievement relate to the unavailability of critical material particularly mini-sub and Shortage of electricity pre-paid meters. In addition the late tender award for Mini-Subs and expiry of meters'tenders also impacted	The Department has developed and approved the 2018/19 Procurement Plan setting non-financial milestones on tendering processes for the appointment of service providers. Monthly report will be submitted detailing progress on each tender to procure services and materials as planned.

Department	Strategic Pillar	Key Performance Area	Key Performance Indicator	2016/17 Annual Target	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
										on performance activities. The supply of dim-rail prepaid meters that do not fit the ready boards resulted in 15000 meters could not be utilized.	
Utility Services (Energy and Electricity)	Pillar 3: A city that delivers excellent services and protects the environment	Provision of Basic Services and Maintenance (Formal)	Nr. of new electricity connections provided (New Connections)	2 550	2 222	1 850	1 855	5	Achieved	N/A	N/A
Roads and Transport	Pillar 3: A city that delivers excellent services and protects the environment	Mobility Optimisation	Km of required municipal storm water drainage network provided	14,00km	15,127km	20,00km	3,107km	- 16 893km	Not Achieved	The reason for non-achievement stems from the late appointment of service providers	Fast-track the appointment of the contractor. Appointment letters have been issued already
Roads and Transport	Pillar 3: A city that delivers	Mobility Optimisation	Km of roads provided to the	30,00km	32,583km	15.00km	15,671km	0,671km	Achieved	N/A	N/A

Department	Strategic Pillar	Key Performance Area	Key Performance Indicator	2016/17 Annual Target	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
	excellent services and protects the environment		required standard								
Roads and Transport	Pillar 3: A city that delivers excellent services and protects the environment	Mobility Optimisation	Km of completed TRT Bus way lanes constructed	0,65km	0	1,80km	1,508km	-0.292km	Not Achieved	The reason for non-achievement relates to poor performance of the Contractor on Line2B WP3 due to cash flow	The 0.292km that is not complete will be completed in 2018/19 FY
Housing & Human Settlement	Pillar 3: A city that delivers excellent services and protects the environment	Mobility Optimisation	Km of roads constructed	N/A	N/A	27.00km	29,817km	2.817km	Achieved	N/A	N/A
Regional Operations and Coordination	Pillar 3: A city that delivers excellent services and protects the environment	Upgrading and Development of the informal settlements	Nr. of informal settlements with access to rudimentary water services	130	133	134	164	30	Achieved	N/A	N/A

Department	Strategic Pillar	Key Performance Area	Key Performance Indicator	2016/17 Annual Target	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
Regional Operations and Coordination	Pillar 3: A city that delivers excellent services and protects the environment	Upgrading and Development of the informal settlements	Nr. of informal settlements with access to rudimentary sanitation services	54	64	67	67	0	Achieved	N/A	N/A
Human Settlement	Pillar 3: A city that delivers excellent services and protects the environment	Upgrading and Development of the informal settlements	Nr. of informal settlements formalised	5	0	7	1	-6	Not Achieved	The reason for non-achievement relates to community disruptions demanding more jobs and rates, Business forum demands as well as excessive rain	Further engagement of stakeholders and political intervention
Utility Services (Water and Sanitation)	Pillar 3: A city that delivers excellent services and protects the environment	Financial Management	% reduction in non-revenue water (NR.W)	26.00%	23,66%	25.40%	20,96%	4.44%	Achieved	N/A	N/A
Utility Services (Energy and Electricity)	Pillar 3: A city that delivers	Financial Management	% average of annual non-	19.00%	20,58%	16.00%	20,32%	-4.32%	Not Achieved	The reasons for non-achievement	The Energy and Electricity Division (EED) developed a

Department	Strategic Pillar	Key Performance Area	Key Performance Indicator	2016/17 Annual Target	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
	excellent services and protects the environment		revenue energy (NR.E)(Annual)							relate to illegal electricity connection, lack of prepaid meters, lack of conventional meters, Fraudulent activities unmetered connections and vandalization of meter boxes to do illegal connection	multipronged strategy over a period of next 5 years, to amongst others address the overall electricity losses. The programme started in the financial year 2016/2017 and it has continued into the financial year 2017/2018.
Community Safety (Emergency Services)	Pillar 4: A city that keeps residents safe	Public Safety	Nr. of fire incidents reported and responded to	4 640	4 002	4 594	4 179	415	Achieved	N/A	N/A
Community Safety (Emergency Services)	Pillar 4: A city that keeps residents safe	Public Safety	Nr. of rescue incidents reported and responded to	7 892	5 848	7 811	5 786	2 025	Achieved	N/A	N/A
Community Safety (Emergency Services)	Pillar 4: A city that keeps residents safe	Public Safety	Nr. of special & humanitarian services reported and responded to	1 019	564	1 009	675	334	Achieved	N/A	N/A

Department	Strategic Pillar	Key Performance Area	Key Performance Indicator	2016/17 Annual Target	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
Community Safety (TMPD)	Pillar 4: A city that keeps residents safe	Public Safety	Nr. of by-law policing operations / interventions executed to reduce by-law transgressions	476	657	384	683	299	Achieved	N/A	N/A
Community Safety (TMPD)	Pillar 4: A city that keeps residents safe	Public Safety	Nr. of crime prevention operations / interventions executed to contribute to a reduction of crime throughout Tshwane	1 524	1 764	1 540	1 787	247	Achieved	N/A	N/A
Community Safety (TMPD)	Pillar 4: A city that keeps residents safe	Public Safety	Nr. of road policing operations/interventions executed in order to comply with the road safety plan (Road Policing)	764	1 547	628	1 268	640	Achieved	N/A	N/A
Office of the City manager	Pillar 5: A city that is open,	Institutional Governance	Unqualified audit opinion achieved (Annual)	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified ⁹ Audit Opinion	Achieved	Achieved	N/A	N/A

⁹ This is an interim result. Such will be finalised upon receipt of the final audit report from the AGSA

Department	Strategic Pillar	Key Performance Area	Key Performance Indicator	2016/17 Annual Target	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
	honest and responsive										
Group Finance	Pillar 5: A city that is open, honest and responsive	Financial Management	% service debtors to revenue	25.00%	22.8%	25.00%	28.6%	-3.60%	Not Achieved	The reason for non-achievement is due to the City's debtor book as well as businesses increased in growth resulting in an increase consumption of service	Improve credit control measures thorough the appointment of a service provider for disconnections
Group Finance	Pillar 5: A city that is open, honest and responsive	Financial Management	% debt coverage	15.00%	33.55%	15.00%	32.13%	17.13%	Achieved	N/A	N/A
Group Finance	Pillar 5: A city that is open, honest and responsive	Financial Management	Cost coverage ratio	1.00	0.99	1.0	1.51	0.51	Achieved	N/A	N/A

Department	Strategic Pillar	Key Performance Area	Key Performance Indicator	2016/17 Annual Target	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
Group Human	Pillar 5: A city that is open, honest and responsive	Institutional Governance	% employees satisfaction rating (Annual)	N/A	N/A	75.0%	0	-75%	Not Achieved	The reason for non-achievement relates to the late appointment of the service provider to conduct employee satisfaction survey. Therefore delays in SCM processes is the root cause.	UNISA to be appointed as service provider through MOU as SCM processes delayed the appointment. SCM processes is currently under review via the stewardship of the CFO.

SDBIP targets that do not drive the IDP

Department	Strategic Pillar	Key Performance Area	Key performance indicator	Baseline ¹⁰ (2016/17)	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
Economic Development and Spatial Planning	Pillar 1: A city that facilitates economic growth and job creation	Job Intensive Economic Growth	% of building plans evaluated within the statutory timeframes: 30 to 60 days	102 days	100%	96,75%	-3.25%	Not Achieved	The reason for non-achievement of the KPI stems from lack of resources in terms of staff that have retired or are in the process of retiring and therefore such positions are not occupied in order to achieve the required level of evaluation within the statutory timeframes.	Staff development initiatives and the advertising of posts are currently underway to aid in obtaining human resources.
Group Finance	Pillar 1: A city that facilitates economic growth and	Job Intensive Economic Growth	% of all contracts on the procurement plan awarded to local SMMEs and cooperatives from	2,10%	25% of 100%	63.44% of 100%	38.44%	Achieved	N/A	N/A

¹⁰ The baseline information was extracted from departmental scorecards for the 2016/17FY.

Department	Strategic Pillar	Key Performance Area	Key performance indicator	Baseline ¹⁰ (2016/17)	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
	job creation		the marginalized groups							
Economic Development and Spatial Planning	Pillar 1: A city that facilitates economic growth and job creation	Job Intensive Economic Growth	Nr of township tourism SMMEs supported through the City's partnership with the Small Enterprise Development Agency/SEDA	30	25	18	-7	Not Achieved	The reason for non-achievement relate to the delay in signing the Memorandum of Agreement between the City and Small Enterprise Development Agency (SEDA) caused SEDA to refuse to continue sending the reports to the City.	Continuous follow up to make sure that the MOA is signed.
Economic Development and Spatial Planning	Pillar 1: A city that facilitates economic growth and job creation	Job Intensive Economic Growth	Nr of township automotive SMMEs supported through the City's partnership with the Automotive Industry	4	10	10	0	Achieved	N/A	N/A

Department	Strategic Pillar	Key Performance Area	Key performance indicator	Baseline ¹⁰ (2016/17)	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
			Development Centre (AIDC)							
Economic Development and Spatial Planning	Pillar 1: A city that facilitates economic growth and job creation	Job Intensive Economic Growth	Nr of investment projects submitted to the Strategic Investment Committee for consideration as strategic/catalytic	3	10	10	0	Achieved	N/A	N/A
Utility Services (EE)	Pillar 1: A city that facilitates economic growth and job creation	Job Intensive Economic Growth	Nr of days taken to connect electricity to new businesses	New Indicator	Within 40 days	33,38	6.62	Achieved	N/A	N/A
Community and Social Development	Pillar 2: A City that cares for residents and promotes inclusivity	Health and Social Development	Nr of arts and culture programmes developed and implemented	10	10	8	-2	Not Achieved	The prolonged period to receive approval of SCM Compliance report resulted in the deferment and ultimately the cancellation of the event as the set Cut off Dates of submitting	Generation of reports for SCM compliance and approval to be conducted 2 Month in advance of the planned programme for execution to allow for ample time for the Project steering Committee to plan and execute the programme within the approved limit.

Department	Strategic Pillar	Key Performance Area	Key performance indicator	Baseline ¹⁰ (2016/17)	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
									emergency requisitions and creation of PO's lapsed. To that effect, this has resulted to non-delivery of the programme target.	
Community and Social Development	Pillar 2: A City that cares for residents and promotes inclusivity	Health and Social Development	Nr of heritage programmes developed and implemented	6	8	8	0	Achieved	N/A	N/A
Regional Operations and Coordination	Pillar 3: A city that delivers excellent services and protects the environment	Provision of Basic Services and Maintenance (Formal)	% achievement of Operations/ Maintenance Plan of Cemeteries	New	90%	89.69%	-0.31%	Not Achieved	Underperformance due to lack of vehicles (tender lapsed), equipment and EPWP staff. Tshepo 10K tender ending and securing of PO numbers on time, cemetery	Tenders for horticultural and grass cutting services were advertised and closed at the end of May and July 2018 respectively. Both tenders are part of the SCM backlogs that are currently at the evaluation stage. The SCM backlogs are expected to be eradicated by the end of October 2018.

Department	Strategic Pillar	Key Performance Area	Key performance indicator	Baseline ¹⁰ (2016/17)	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
									maintenance was delayed.	Therefore, the tenders for horticultural and grass cutting services are expected to be awarded by the end of October 2018. Therefore, full implementation of the maintenance plan will be realised from Q3 with the tenders being in place to compliment the other services already being rendered at the cemeteries.
Regional Operations and Coordination	Pillar 3: A city that delivers excellent services and protects the environment	Provision of Basic Services and Maintenance (Formal)	% achievement Operations/ Maintenance Plan for horticultural services (parks, traffic islands, Council & sport facilities)	New	90%	79.87%	-10.13%	Not Achieved	Underperformance due to lack of vehicles (tender lapsed), equipment and EPWP staff.	Tenders for horticultural and grass cutting services were advertised and closed at the end of May and July 2018 respectively. Both tenders are part of the SCM backlogs that are currently at the evaluation stage. The SCM backlogs are expected to be eradicated by the end of October 2018.

Department	Strategic Pillar	Key Performance Area	Key performance indicator	Baseline ¹⁰ (2016/17)	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
										Therefore, the tenders for horticultural and grass cutting services are expected to be awarded by the end of October 2018. Therefore, full implementation of the maintenance plan will be realised from Q3 with the tenders being in place to compliment the other services already being rendered at the cemeteries.
Regional Operations and Coordination	Pillar 3: A city that delivers excellent services and protects the environment	Provision of Basic Services and Maintenance (Formal)	% achievement of Operations/ Maintenance Plan for swimming pools	New	90%	89.01%	-0.99%	Not Achieved	The non-performance of the KPI was as a result of materials in Q1 and the KPI was achieved from Q2-Q4	Ensure improvement in materials management.
Regional Operations and Coordination	Pillar 3: A city that delivers excellent services and	Provision of Basic Services and Maintenance (Formal)	% Achievement of Operations/ Maintenance plan of all SRAC facilities, e.g.	New	90%	79.67%	-10.33%	Not Achieved	The Region is dependent on building maintenance for	The tenders for building maintenance is done by GPM. The maintenance tender Group Property

Department	Strategic Pillar	Key Performance Area	Key performance indicator	Baseline ¹⁰ (2016/17)	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
	protects the environment		Libraries / Arts & Culture/ Sport & Recreation						maintenance of facilities in the region. Tenders are not always loaded correctly on e-procurement. Stores don't always have stock.	Management 12 is at BEC.
Regional Operations and Coordination	Pillar 3: A city that delivers excellent services and protects the environment	Provision of Basic Services and Maintenance (Formal)	% gravel roads bladed as per Maintenance plan	New	80%	88.4%	8.4%	Achieved	N/A	N/A
Regional Operations and Coordination	Pillar 3: A city that delivers excellent services and protects the environment	Provision of Basic Services and Maintenance (Formal)	Nr of Traffic Signs new/maintained	2500	3 500	0	-3 500	Not Achieved	The tender specifications and advertisement request was first sent out for approval in October 2017 and is yet to be approved with the latest request being that the tender must be revised to include Supply of Traffic Signs to RIMS stores.	The tender specifications and advertisement request was first sent out for approval in October 2017 and is yet to be approved with the latest request being that the tender must be revised to include Supply of Traffic Signs to RIMS stores.

Department	Strategic Pillar	Key Performance Area	Key performance indicator	Baseline ¹⁰ (2016/17)	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
									include Supply of traffic signs to RIMS stores.	The division has since initiated a process of appointing service providers through the HHS panel of contractors. The service providers' appointments are expected to be finalised in quarter 2 (Q2) of the 2018/2019 financial year for actual implementation/execution from quarter 3 (Q3).
Regional Operations and Coordination	Pillar 3: A city that delivers excellent services and protects the environment	Provision of Basic Services and Maintenance (Formal)	% adherence to routine maintenance plan for re-gravelling of roads	New	90%	69.85%	-20.15%	Not Achieved	Limited budget for yellow plant equipment and shortage of G5 Material due to closure of the Quarry.	Short Term mitigation: Repair defects that lead to the closure of the Quarry to ensure it is re-opened for production of G5 material used for re-gravelling of roads. Repairs are underway and the Quarry will be operational at the end of Q1. Therefore G5 material will be available from

Department	Strategic Pillar	Key Performance Area	Key performance indicator	Baseline ¹⁰ (2016/17)	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
										<p>October 2018 for re-gravelling of the roads. Medium term mitigation:</p> <p>ROC will submit a motivation for the increase of funding for hiring of yellow plant equipment during 18/19 budget adjustment period and future financial years.</p>
Regional Operations and Coordination	Pillar 3: A city that delivers excellent services and protects the environment	Provision of Basic Services and Maintenance (Formal)	Road Length (in) of road markings repainted	175km	150km	53.964km	-90.036%	Not Achieved	The contract has been capped to an amount of R40-million over a 3-year period despite the tender stating clearly that the quantities given were annual estimates, and the capped amount has been practically	The division compiled a rectification report for BAC to rectify the incorrectly capped contract value to which the BAC resolved that the division must rather revise the report to a Variation which we now await signatures before sending the report to BAC.

Department	Strategic Pillar	Key Performance Area	Key performance indicator	Baseline ¹⁰ (2016/17)	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
									reached within two years of appointment.	
Regional Operations and Coordination	Pillar 3: A city that delivers excellent services and protects the environment	Provision of Basic Services and Maintenance (Formal)	% of reported water leaks attended to within 48hours	New	70%	48.79%	-21.21%	Not Achieved	Resource constraints continue to impact negatively on performance including and especially human resource capacity. The MAYCO resolution of 2 August 2017, placing a prohibition on exceeding 40 hours of overtime per person per month, has also added an additional negative impact on service delivery in terms of response times	Positions for Artisans have been advertised and applications closed in Q4 of the 2017/2018 financial year. Recruitment of Artisans will be finalised in Q2 of the 2018/2019 financial year to capacitate the Regions to effectively fulfil this role. The water leaks repairs time will only be reduced to within 48 hours in Q3 of the 2018/2019 financial year after completion of the human capital recruitment and selection process.

Department	Strategic Pillar	Key Performance Area	Key performance indicator	Baseline ¹⁰ (2016/17)	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
									Insufficient staff Inadequate budget Limited equipment	
Regional Operations and Coordination	Pillar 3: A city that delivers excellent services and protects the environment	Provision of Basic Services and Maintenance (Formal)	% of sewer blockages attended to within 8 hours	New	70%	48.50%	-21.50%	Not Achieved	<p>The reason for non-achievement relates to: Insufficient staff Inadequate budget Limited equipment</p> <p>The reason is that the number of sewer blockage teams has been reduced with the ending of Tender CB45/2013 Big Eye</p>	<p>Positions for Artisans have been advertised and applications closed in Q4 of the 2017/2018 financial year. Recruitment of Artisans will be finalised in Q2 of the 2018/2019 financial year to capacitate the Regions to effectively fulfil this role.</p> <p>The sewerage blockages repairs time will only be reduced to within 8 hours in Q3 of the 2018/2019 financial year after completion of the human capital recruitment and selection process.</p>

Department	Strategic Pillar	Key Performance Area	Key performance indicator	Baseline ¹⁰ (2016/17)	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
									Investments in June 17 and no capacity has been provided since.	

Department	Strategic Pillar	Key Performance Area	Key performance indicator	Baseline ¹⁰ (2016/17)	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
Regional Operations and Coordination	Pillar 3: A city that delivers excellent services and protects the environment	Provision of Basic Services and Maintenance (Formal)	% of streetlight failures repaired within 72 hours	80	80%	63.81%	-16.18%	Not Achieved	Shortage of material in the stores due to expired maintenance tender.	Tenders were advertised and are at evaluation stage. The SCM backlogs are expected to be eradicated by the end of October 2018. Therefore, the tenders for public lighting (high masts and streetlights) material are expected to be awarded by the end of October 2018. Due to various lead times for delivery of material, orders are expected to be gradually delivered from November 2018 to immediately assist in the reduction of maintenance backlogs. The streetlights repairs time will only be reduced to within 72hrs in Q3 of the 2018/2019 financial year after eradication of the backlogs created by lack of material.

Department	Strategic Pillar	Key Performance Area	Key performance indicator	Baseline ¹⁰ (2016/17)	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
Utility Service (WS)	Pillar 3: A city that delivers excellent services and protects the environment	Provision of Basic Services and Maintenance (Formal)	Maintenance of the Blue Drop Standard	Achievement of Blue Drop Standard	Maintenance of the Achieved of Blue Drop Standard	Maintenance of the Achieved Blue Drop Standard	Maintenance of the Achieved Blue Drop Standard	Achieved	N/A	N/A
Roads and Transport	Pillar 3: A city that delivers excellent services and protects the environment	Mobility optimization	Average nr. of passenger trips on A Re Yeng per day	4500 passenger trips per day	5 200	6 033	833	Achieved	N/A	N/A
Roads and Transport	Pillar 3: A city that delivers excellent services and protects the environment	Financial Management	Rand value increase in revenue from A Re Yeng	R6 000 000	R 10 178 959	R16 541 715,06	R6,362 756.06	Achieved	N/A	N/A
Roads and Transport	Pillar 3: A city that delivers excellent services and protects the environment	Mobility optimization	Average nr. of passenger trips on TBS per month	290 000	260 000	271 238	11 238	Achieved	N/A	N/A

Department	Strategic Pillar	Key Performance Area	Key performance indicator	Baseline ¹⁰ (2016/17)	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
Roads and Transport	Pillar 3: A city that delivers excellent services and protects the environment	Financial Management	Rand Value increase from TBS	42,8	R 25.6 mil	R31 834 565,93	R6 234 565.93	Achieved	N/A	N/A
Human Settlement	Pillar 3: A city that delivers excellent services and protects the environment	Provision of Basic Services and Maintenance (Formal)	Nr of title deeds transferred to eligible beneficiaries	2620	5 000	5 024	24	Achieved	N/A	N/A
Community Safety (MP)	Pillar 4: A city that keeps its residents safe	Public Safety	Nr of inner city road policing operations/interventions executed in order to comply with the road safety plan	New	144	182	38	Achieved	N/A	N/A
Community Safety (MP)	Pillar 4: A city that keeps its residents safe	Public Safety	Nr of inner city by-law policing operations/interventions executed to reduce by-law transgressions	New	96	108	12	Achieved	N/A	N/A
Economic Development and Spatial Planning	Pillar 4: A city that keeps its	Public Safety	% of building contraventions executed	New	100%	100%	0	Achieved	N/A	N/A

Department	Strategic Pillar	Key Performance Area	Key performance indicator	Baseline ¹⁰ (2016/17)	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
	residents safe									
Community Safety (MP)	Pillar 4: A city that keeps its residents safe	Health and Social Development	% of issued search warrants on drug related matters executed	New	100%	100%	0	Achieved	N/A	N/A
Health	Pillar 4: A city that keeps its residents safe	Health and Social Development	Nr of drug awareness programmes implemented	4	5	5	0	Achieved	N/A	N/A
Group Finance	Pillar 5: A city that open, honest and responsive	Job Intensive Economic Growth	Nr of days taken to issue Clearance Certificates	25	7	857 within 7 days (Total certificates issued for FY = 3127 resulting in 27.41% achievement rate)	857 within 7 days (Total certificates issued for FY = 3127 resulting in 27.41% achievement rate)	Not Achieved	The reason for non-achievement is that information that is captured manually is not always available on request	The department will seek to rectify such via automation of the system
Group Finance	Pillar 5: A city that open, honest and responsive	Financial Management	% of revenue targets achieved	106,6	96%	99%	3%	Achieved	N/A	N/A

Department	Strategic Pillar	Key Performance Area	Key performance indicator	Baseline ¹⁰ (2016/17)	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
Group Finance	Pillar 5: A city that open, honest and responsive	Financial Management	% collection of revenue in respect to service bills	New	96%	98.26%	2.26%	Achieved	N/A	N/A
Group Finance	Pillar 5: A city that open, honest and responsive	Financial Management	% of planned capital expenditure achieved	New	95%	83.3%	-11.7%	Not Achieved	Departments that underspend on their capital projects	Department to give reasons for the under expenditures
Group Finance	Pillar 5: A city that open, honest and responsive	Financial Management	% of valid invoices paid within legislated timeframes	New	100%	98%	-2%	Not Achieved	Inherent discrepancies in statement reconciliations between the City and Service Providers	Engage with service providers to submit accurately reconciled invoices and statements
Group Human Capital	Pillar 5: A city that open, honest and responsive	Institutional Governance	Nr of employees on whose skills are enhanced through training and development programmes	New	10 000	14 930	4 930	Achieved	N/A	N/A
Group Human Capital	Pillar 5: A city that open, honest	Institutional Governance	% compliance to Employment Equity Plan	New	100%	90%	-10%	Not Achieved	The reasons for non-achievement are as follows:	Departments will ensure that going forward, appointments to be

Department	Strategic Pillar	Key Performance Area	Key performance indicator	Baseline ¹⁰ (2016/17)	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
	and responsive								<p>Most appointments were not in line with EE monthly targets and the Slow pace of filling posts</p>	<p>in line with EE monthly targets.</p> <p>Audit should at all times take into account that only numerical targets emanating from appointments can be quantified and performance measured at percentages.</p> <p>Non-numerical targets such as advertisements, policies, reasonable accommodation etc, cannot be quantified and thus 100% achievement of targets impossible. Non-numerical targets are equally critical but more of a compliance matter rather than quantification. Targeted posts to be ring fenced.</p> <p>Ring fenced positions to be monitored.</p>

Department	Strategic Pillar	Key Performance Area	Key performance indicator	Baseline ¹⁰ (2016/17)	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
										Appointment of PWDs to be prioritised.
Group Human Capital	Pillar 5: A city that open, honest and responsive	Institutional Governance	% of senior and mid managers whose skills have been audited	New	100%	87.7%	-12.3%	Not Achieved	The Group Heads whose skills were not audited were appointed after the decision was taken	The process is to be continued in the 2018/19 FY
Customer Relations Management	Pillar 5: A city that open, honest and responsive	Institutional Governance	% of calls answered within 20 seconds towards international best standard of 80%	New	80%	49%	-31%	Not Achieved	The reason for non-performance is due to the following: Application system error messages, System flickering and inability to take calls, Systems downtimes due to servers off-line or being maintained,	The mitigation plan is as follows: Consequence management on lack of performance management, Day-to-day performance management at agent level, Review of SoPs, Escalations of ICT system related issues to ICT steering committee, Implementation of staggering shift by GHCM to affirm sufficient capacity as customer demand and supply and

Department	Strategic Pillar	Key Performance Area	Key performance indicator	Baseline ¹⁰ (2016/17)	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
									Go Live of SAP GIS without consulting department impacted negatively on performance, Community protests - disruptions of operations in Centres and Back Office Overtime (cap) hinders performance (not attending to faults).	Deployment of security at centres to safeguard employees at buildings due to community protest.
Group Human Capital	Pillar 5: A city that open, honest and responsive	Institutional Governance	% of unaccounted for employees eliminated	New	100%	100%	0	Achieved	N/A	N/A
Customer Relations Management	Pillar 5: A city that open, honest and responsive	Institutional Governance	Completion of a Customer Satisfaction Survey	2015 Customer Satisfaction Survey	Completed customer Satisfaction Survey	Completed Customer Satisfaction Survey	N/A	Achieved	N/A	N/A

Department	Strategic Pillar	Key Performance Area	Key performance indicator	Baseline ¹⁰ (2016/17)	2017/18 Annual Target	2017/18 Annual Performance	Variance	Performance Rating	Reasons for Variance	Mitigating Action
Group Finance	Pillar 5: A city that open, honest and responsive	Financial Management	% of CoT assets turnover ratio	37	80%	62%	-18%	Not Achieved	Verification of asset will determine the liquidity of the City	Quarterly verification of assets, AUC update and update of the asset register by departments

The 2017/18 IDP scorecard

Department	IDP key performance indicator	Five-year target	Target IDP (2016/17)	Actual IDP (2016/17)	Target IDP (2017/18)	Actual IDP (2017/18)	Performance rating
Utility Services	Percentage of households in formal areas with access to water (metered connections)	86,70%	81,97%	82,02%	83,69%	83,01%	Not achieved
Regional Operation and Coordination	Percentage of formalised areas provided with weekly waste removal services	100%	100%	101,53%	100%	100%	Achieved
Utility Services	Percentage of households with access to sanitation	81,44%	79,14%	79,14%	80,05%	79,91%	Not achieved
Utility Services	Percentage of formal households with access to electricity	85,86%	81,46%	80,95%	82,82%	82,61%	Not achieved
Roads and Transport	Percentage of required municipal storm water drainage network provided	50,41%	38,55%	38,62%	42,38%	38,96%	Not achieved
Roads and Transport	Percentage of roads provided to the required standard (km)	30,11%	24,08%	24,17%	26,47%	24,68%	Not achieved
Roads and Transport	Percentage of completed TRT bus lanes constructed	85,3 %	52,05%	0,0%	44,82%	44,07%	Not achieved
Regional Operation and Coordination	Percentage of informal settlements with access to rudimentary water services	100%	100%	101,86%	100%	122,4%	Achieved

Department	IDP key performance indicator	Five-year target	Target IDP (2016/17)	Actual IDP (2016/17)	Target IDP (2017/18)	Actual IDP (2017/18)	Performance rating
Regional Operation and Coordination	Percentage of informal settlements with access to rudimentary sanitation services	100%	100%	11,06%	100%	99,6%	Not achieved
Human Settlement	Number of informal settlements formalised	32	5	0	7	0	Not achieved
Community and Social Development services	Number of new income-earning opportunities facilitated by the City	104 000	21 500	17 183	23 000	16 114	Not achieved
Economic Development and Spatial Planning	Rand value of investment attracted to Tshwane (annual)	R10,8 billion	R2,2 billion	R2,298 billion	R2,4 billion	R2,430 billion	Achieved
Economic Development and Spatial Planning	Support through mentorship/training of the Tshepo 10 000 cooperatives	1 097	245	289	257	262	Achieved
Health	Percentage of City of Tshwane clinics that provide mother and child health services	100%	100%	100%	100%	1	Achieved
Community and Social Development Services	Number of indigent households supported by the City through its social packages	16 000	114,863	104,936	4 000	4 108	Achieved
Community Safety	Percentage of reduction in safety incidents (fire, rescue and specialised	5,0%	1,0%	23,9%	1% (13 414)	18,17%	Achieved

Department	IDP key performance indicator	Five-year target	Target IDP (2016/17)	Actual IDP (2016/17)	Target IDP (2017/18)	Actual IDP (2017/18)	Performance rating
	humanitarian incidents) (annual)						
Community Safety	Percentage of increase in interventions to root out crime and related incidents (annual)	5,0%	1,00%	43,56%	1% (2 792)	29,88%	Achieved
Office of the City Manager	Unqualified audit opinion achieved (annual)	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion achieved	Achieved
Group Financial Services	Percentage of financial targets met (regulated targets = cost coverage, debt coverage and % service debtors to revenue)	100%	100%	66%	100,00%	20,75%	Not achieved
Utility Services	Percentage average of annual non-revenue energy (annual)	10,0%	19,00%	20,58%	< 16%	20,21%	Not achieved
Utility Services	Percentage reduction of non-revenue water	23,00%	26,00%	23,00%	25,40%	0,2049	Achieved
Group Human Capital Management	Employee satisfaction rating: Percentage	80,0%	N/A	N/A	75,00%	0	Not achieved

APPENDIX N: CAPITAL PROGRAMMES BY PROJECT (CAPITAL PROJECTS EXPENDITURE)

Department	Project Name	WBS Level 2	WBS Level 3	Original Budget 2017/18	Adjusted Budget 2017/18	Cumulative Capex Actual
Utility Services: Energy & Electricity	Upgrading/Strengthening of Existing Network Scheme - East	9.710005.1.016	9.710005.1.016.E	2 000 000	4 000 000	1 796 209
Utility Services: Energy & Electricity	Upgrading/Strengthening of Existing Network Scheme - North	9.710005.1.016	9.710005.1.016.N	2 000 000	2 000 000	1 497 848
Utility Services: Energy & Electricity	Upgrading/Strengthening of Existing Network Scheme - West	9.710005.1.016	9.710005.1.016.W	1 000 000	1 000 000	607 669
Utility Services: Energy & Electricity	Ppayments to Townships for Reticulated Towns (City Wide)	9.710006.1.016	9.710006.1.016.C	4 000 000	4 000 000	3 768 473
Utility Services: Water & Sanitation	Township Water Services Developers: Tshwane Contributions (City Wide)	9.710022.1.001	9.710022.1.001.T	10 000 000	10 000 000	10 000 000
Utility Services: Water & Sanitation	Township Water Services Developers: Tshwane Contributions (City Wide)	9.710022.1.015	9.710022.1.015.T	-	2 000 000	2 000 000
Utility Services: Water & Sanitation	Lengthening of Network and Supply Pipelines	9.710023.1.016	9.710023.1.016.L	3 000 000	3 000 000	-
Utility Services: Water & Sanitation	Replacement of Worn Out Network Pipes	9.710026.1.015	9.710026.1.015.P	102 000 000	72 000 000	60 311 783
Community & Social Development Services: Sports and Recreation	Suurman Library	9.710101.1.015	9.710101.1.015.S	-	1 200 000	592 800
Roads & Transport	Contributions: Services for Township Development	9.710115.1.016	9.710115.1.016.C	19 412 496	10 312 321	7 650 046
Roads & Transport	Concrete Canal: Sam Malema Road, Winterveldt	9.710128.1.015	9.710128.1.015.W	1 591 547	1 591 547	963 443
Roads & Transport	Major Stormwater Systems: Klip/Kruisfontein	9.710143.1.005	9.710143.1.005.K	1 200 000	1 200 000	549 852
Utility Services: Energy & Electricity	Replacement of Obsolete and Dangerous Switchgear	9.710176.1.015	9.710176.1.015.D	5 000 000	5 000 000	4 692 566
Utility Services: Energy & Electricity	Low Voltage Network within Towns	9.710177.1.001	9.710177.1.001.V	10 000 000	10 000 000	9 102 894

Department	Project Name	WBS Level 2	WBS Level 3	Original Budget 2017/18	Adjusted Budget 2017/18	Cumulative Capex Actual
Utility Services: Energy & Electricity	Electricity for All - Region 1	9.710178.2.005	9.710178.2.005.A	45 000 000	57 602 869	56 780 754
Utility Services: Energy & Electricity	Electricity for All - Region 3	9.710178.2.005	9.710178.2.005.C	11 992 000	17 425 482	17 335 081
Utility Services: Energy & Electricity	Electricity for All - Region 4	9.710178.2.005	9.710178.2.005.D	5 000 000	11 963 649	11 419 396
Utility Services: Energy & Electricity	Electricity for All - Region 5	9.710178.2.005	9.710178.2.005.E	30 000 000	36 000 000	35 194 049
Utility Services: Energy & Electricity	Electricity for All - Region 6	9.710178.2.005	9.710178.2.005.F	7 686 500	10 686 500	10 670 694
Utility Services: Energy & Electricity	Electricity for All - Region 7	9.710178.2.005	9.710178.2.005.G	4 321 500	9 321 500	8 818 625
Utility Services: Energy & Electricity	Electricity for All - Region 3	9.710178.2.006	9.710178.2.006.C	10 686 500	10 686 500	10 686 333
Utility Services: Energy & Electricity	Electricity for All - Region 6	9.710178.2.006	9.710178.2.006.F	19 313 500	19 313 500	19 313 498
Shared Services: Group Information & Communication Technology	Upgrade of IT Networks	9.710200.1.015	9.710200.1.015.I	15 000 000	15 000 000	14 629 956
Shared Services: Group Information & Communication Technology	One Integrated Transaction Processing System	9.710213.1.015	9.710213.1.015.O	20 000 000	20 000 000	18 828 981
Roads & Transport	Traffic Calming and Pedestrian Safety for Tshwane	9.710229.2.015	9.710229.2.015.T	6 000 000	8 000 000	7 582 248
Shared Services: Group Information & Communication Technology	Computer Equipment Deployment - End user computer hardware equipment	9.710268.1.015	9.710268.1.015.C	10 500 000	10 500 000	10 396 735
Economic Development & Spatial Planning: Economic Development	Upgrading and Extension of Facilities	9.710276.1.015	9.710276.1.015.U	2 500 000	2 500 000	2 498 657
Utility Services: Energy & Electricity	Communication Upgrade: Optical Fibre Net	9.710325.1.005	9.710325.1.005.C	10 000 000	10 000 000	9 994 932
Shared Services: Group Information & Communication Technology	Implementation of Storage Area Network	9.710344.1.015	9.710344.1.015.I	15 000 000	15 000 000	14 998 998
Roads & Transport	Traffic Lights/Traffic Signal System	9.710395.1.015	9.710395.1.015.T	1 000 000	1 000 000	507 284

Department	Project Name	WBS Level 2	WBS Level 3	Original Budget 2017/18	Adjusted Budget 2017/18	Cumulative Capex Actual
Utility Services: Water & Sanitation	Revitalisation of the City-Sandspruit waste water treatment works: Sludge facility and new 20MI per day	9.710411.1.001	9.710411.1.001.Z	-	5 000 000	-
Utility Services: Water & Sanitation	Replacement, Upgrade, Construct Wwtw Facilities	9.710411.1.005	9.710411.1.005.T	14 991 547	14 991 547	6 039 612
Utility Services: Water & Sanitation	Baviaanspoort waste water treatment works	9.710411.1.015	9.710411.1.015.B	30 000 000	10 100 000	3 470 031
Utility Services: Water & Sanitation	Waste Water Treatment facilities upgrades Minor Capital Projects (City wide)	9.710411.1.015	9.710411.1.015.C	8 008 453	3 308 453	135 266
Utility Services: Water & Sanitation	Replacement, Upgrade, Construct Wwtw Facilities : Tembaand Babelegi WWTW Upgrade	9.710411.1.015	9.710411.1.015.U		13 000 000	-
Utility Services: Energy & Electricity	Strengthening of 11kv Cable Network	9.710480.1.015	9.710480.1.015.S	15 000 000	15 000 000	14 857 996
Utility Services: Energy & Electricity	Strengthening of 11kv Overhead Network	9.710481.1.005	9.710481.1.005.S	15 000 000	15 000 000	14 519 563
Utility Services: Energy & Electricity	Secondary Substations	9.710484.1.016	9.710484.1.016.S	5 000 000	5 000 000	4 933 723
Utility Services: Energy & Electricity	USDG Funds: Region 1 (Public Lighting)	9.710556.2.005	9.710556.2.005.A	6 450 000	6 450 000	6 449 905
Utility Services: Energy & Electricity	USDG Funds: Region 2 (Public Lighting)	9.710556.2.005	9.710556.2.005.B	5 400 000	5 400 000	5 071 561
Utility Services: Energy & Electricity	USDG Funds: Region 3 (Public Lighting)	9.710556.2.005	9.710556.2.005.C	9 100 000	9 100 000	8 841 485
Utility Services: Energy & Electricity	USDG Funds: Region 4 (Public Lighting)	9.710556.2.005	9.710556.2.005.D	7 400 000	7 400 000	7 294 913
Utility Services: Energy & Electricity	USDG Funds: Region 5 (Public Lighting)	9.710556.2.005	9.710556.2.005.E	4 400 000	4 400 000	4 166 869
Utility Services: Energy & Electricity	USDG Funds: Region 6 (Public Lighting)	9.710556.2.005	9.710556.2.005.F	7 750 000	7 750 000	7 734 673
Utility Services: Energy & Electricity	USDG Funds: Region 7 (Public Lighting)	9.710556.2.005	9.710556.2.005.G	4 500 000	4 500 000	4 317 774
Utility Services: Energy & Electricity	Tshwane Public Lighting Programme	9.710556.2.015	9.710556.2.015.T	5 000 000	5 000 000	4 924 266
Roads & Transport	Shova Kalula Bicycle Project	9.710609.1.015	9.710609.1.015.S	9 000 000	1 500 000	-
Roads & Transport	Mabopane Station Modal Interchange	9.710657.2.015	9.710657.2.015.M	60 000 000	60 000 000	58 554 264

Department	Project Name	WBS Level 2	WBS Level 3	Original Budget 2017/18	Adjusted Budget 2017/18	Cumulative Capex Actual
Community & Social Development Services: Sports and Recreation	Upgrading of HM Pitje Stadium	9.710692.2.015	9.710692.2.015.S	1 000 000	1 000 000	955 040
Housing & Human Settlement	Booyens Ext - Bulk water	9.710863.2.001	9.710863.2.001.B	-	17 000 000	13 507 297
Housing & Human Settlement	Booyens Ext - Bulk water	9.710863.2.005	9.710863.2.005.B	17 000 000	-	-
Housing & Human Settlement	Zithobeni 8&9 - Bulk water main line	9.710863.2.005	9.710863.2.005.E	15 000 000	15 000 000	12 506 479
Housing & Human Settlement	Water provision - Fortwest 4 & 5	9.710863.2.005	9.710863.2.005.F		4 500 000	3 775 441
Housing & Human Settlement	Water provision - Chantel x39	9.710863.2.005	9.710863.2.005.I	4 691 297	4 691 297	4 616 150
Housing & Human Settlement	Hammarskraal x 10	9.710863.2.005	9.710863.2.005.K	25 000 000	25 000 000	19 630 614
Housing & Human Settlement	Water provision - Kopanong phase 2	9.710863.2.005	9.710863.2.005.L		2 000 000	-
Housing & Human Settlement	Refilwe Manor Pump Stations	9.710863.2.005	9.710863.2.005.M	22 000 000	22 000 000	27 230 604
Housing & Human Settlement	Water provision - Mabopane Ext 1	9.710863.2.005	9.710863.2.005.N	26 000 000	26 000 000	25 154 715
Housing & Human Settlement	Water provision - Zithobeni Heights Phase 1	9.710863.2.005	9.710863.2.005.O	42 000 000	42 000 000	35 718 202
Housing & Human Settlement	Water provision - Kopanong phase 2	9.710863.2.005	9.710863.2.005.P		2 691 297	-
Housing & Human Settlement	Refilwe Manor 10ml Reservoir	9.710863.2.005	9.710863.2.005.R	42 000 000	45 000 000	35 859 500
Housing & Human Settlement	Water provision - Winterveldt	9.710863.2.005	9.710863.2.005.S	25 000 000	25 000 000	19 476 213
Housing & Human Settlement	Temba View X1 - Bulk line connection	9.710863.2.005	9.710863.2.005.T	25 000 000	25 000 000	14 412 494
Housing & Human Settlement	Water provision - Rama City	9.710863.2.005	9.710863.2.005.U	21 000 000	21 000 000	16 079 422
Housing & Human Settlement	Zithobeni 8&9 - Bulk	9.710863.2.005	9.710863.2.005.Z	5 500 000	5 500 000	5 418 360
Housing & Human Settlement	Olievenhoutbosch Bulk Water	9.710863.2.015	9.710863.2.015.B	-	9 512 861	-
Housing & Human Settlement	Tswaing Pump Station	9.710864.2.005	9.710864.2.005.A		4 000 000	-

Department	Project Name	WBS Level 2	WBS Level 3	Original Budget 2017/18	Adjusted Budget 2017/18	Cumulative Capex Actual
Housing & Human Settlement	Booyens Ext - Bulk Sewer	9.710864.2.005	9.710864.2.005.B	17 000 000	17 000 000	45 701 316
Housing & Human Settlement	Sewer Provision - Chantelle x39 Bulk	9.710864.2.005	9.710864.2.005.D	7 175 471	7 175 471	7 060 532
Housing & Human Settlement	Sewer provision - Mabopane EW	9.710864.2.005	9.710864.2.005.E		1 875 471	-
Housing & Human Settlement	Sewer provision - Fortwest 4 & 5	9.710864.2.005	9.710864.2.005.F	-	4 500 000	3 775 441
Housing & Human Settlement	Sewer Provision - Hammarskraal x 10	9.710864.2.005	9.710864.2.005.I	25 000 000	25 000 000	-
Housing & Human Settlement	Sewer provision - Kopanong Ext 1 Phase 2	9.710864.2.005	9.710864.2.005.J		1 200 000	-
Housing & Human Settlement	Sewer Provision - Kudube 9 - Bulk Sewer line	9.710864.2.005	9.710864.2.005.K	40 000 000	46 066 464	37 857 254
Housing & Human Settlement	Sewer Provision - Kudube 9 - Pump Stations	9.710864.2.005	9.710864.2.005.M	30 000 000	30 000 000	8 547 852
Housing & Human Settlement	Sewer Provision - Mabopane Ext 1	9.710864.2.005	9.710864.2.005.N	26 000 000	26 000 000	33 620 153
Housing & Human Settlement	Sewer Provision - Rama City	9.710864.2.005	9.710864.2.005.O	21 000 000	21 000 000	23 262 869
Housing & Human Settlement	Sewer provision - Zithobeni Heights Phase 2	9.710864.2.005	9.710864.2.005.R		6 800 000	3 909 557
Housing & Human Settlement	Sewer Provision - Zithobeni 8&9	9.710864.2.005	9.710864.2.005.S		-	-983 820
Housing & Human Settlement	Winterveldt bulk sewer	9.710864.2.005	9.710864.2.005.T	66 000 000	66 000 000	57 246 188
Housing & Human Settlement	Winterveldt sewer reticulation	9.710864.2.005	9.710864.2.005.U	25 000 000	25 000 000	36 050 746
Housing & Human Settlement	Sewer Provision - Zithobeni 8&9	9.710864.2.005	9.710864.2.005.Z	5 500 000	5 500 000	13 378 738
Housing & Human Settlement	Construction of roads & stormwater - Fortwest 4 & 5	9.710865.2.001	9.710865.2.001.F	-	14 265 464	4 849 096
Housing & Human Settlement	Construction of roads & stormwater - Winterveldt	9.710865.2.005	9.710865.2.005.D	10 633 232	10 633 232	10 462 906
Housing & Human Settlement	Construction of roads & stormwater - Mabopane EW	9.710865.2.005	9.710865.2.005.E		3 632 232	-

Department	Project Name	WBS Level 2	WBS Level 3	Original Budget 2017/18	Adjusted Budget 2017/18	Cumulative Capex Actual
Housing & Human Settlement	Construction of roads & stormwater - Fortwest 4 & 5	9.710865.2.005	9.710865.2.005.F	40 000 000	25 734 536	21 029 704
Housing & Human Settlement	Construction of roads & stormwater - Olievenhoutbosch x60	9.710865.2.015	9.710865.2.005.H	30 000 000	-	-
Housing & Human Settlement	Construction of roads & stormwater - Soshanguve X12	9.710865.2.005	9.710865.2.005.J	26 422 432	56 422 432	54 733 170
Housing & Human Settlement	Construction of roads & stormwater - Soshanguve X13	9.710865.2.005	9.710865.2.005.K	32 000 000	32 000 000	34 746 303
Housing & Human Settlement	Construction of roads & stormwater - Soshanguve X5	9.710865.2.005	9.710865.2.005.L	72 000 000	72 000 000	70 589 765
Housing & Human Settlement	Construction of roads & stormwater - Thorn treeview	9.710865.2.005	9.710865.2.005.N	50 000 000	50 000 000	85 594 234
Housing & Human Settlement	Construction of roads & stormwater - Winterveldt	9.710865.2.005	9.710865.2.005.O	43 000 000	43 000 000	40 692 238
Housing & Human Settlement	Construction of roads & stormwater - Chantelle ext 39	9.710865.2.015	9.710865.2.015.C	17 500 000	8 750 000	8 609 840
Housing & Human Settlement	Construction of roads & stormwater - Olievenhoutbosch x60	9.710865.2.015	9.710865.2.015.H		30 000 000	19 832 436
Housing & Human Settlement	Construction of roads & stormwater - Soshanguve X13	9.710865.2.015	9.710865.2.015.K		8 750 000	3 927 262
Housing & Human Settlement	Project Linked Housing - Acquisition of Land	9.710868.2.005	9.710868.2.005.A	-	27 000 000	27 000 000
Housing & Human Settlement	Project Linked Housing - Acquisition of Land	9.710868.2.015	9.710868.2.015.A	-	17 450 000	-
Utility Services: Water & Sanitation	Ramotse-Marokolong waterborne sanitation	9.710878.2.005	9.710878.2.005.R	2 000 000	2 000 000	656 250
Utility Services: Water & Sanitation	Temba Water Purification Plant Extension	9.710878.2.005	9.710878.2.005.T	50 000 000	50 000 000	50 000 000
Utility Services: Water & Sanitation	North West - Region	9.710878.2.005	9.710878.2.005.W	-		-7 177

Department	Project Name	WBS Level 2	WBS Level 3	Original Budget 2017/18	Adjusted Budget 2017/18	Cumulative Capex Actual
Utility Services: Water & Sanitation	Ekangala Block A sewer reticulation and toilets	9.710878.2.015	9.710878.2.015.7	-	-	-1
Utility Services: Water & Sanitation	Ekangala Block A sewer reticulation and toilets	9.710878.2.015	9.710878.2.015.M	-	8 000 000	5 999 860
Utility Services: Water & Sanitation	Refurbishment of Water Networks and Backlog Eradication : Soshanguve DD to Stinkwater Extension 2 - 8	9.710878.2.015	9.710878.2.015.S		4 650 000	-
Utility Services: Water & Sanitation	Refurbishment of Water Networks and Backlog Eradication : Soshanguve DD to Stinkwater Extension 2 - 9	9.710878.2.015	9.710878.2.015.U		31 000 000	37 173 252
Utility Services: Water & Sanitation	Mabopane water reticulation (region 1)	9.710878.2.015	9.710878.2.015.W		2 000 000	-
Roads & Transport	Block W - Stormwater Drainage (Soshanguve): Phase 1	9.711164.2.015	9.711164.2.015.A	20 000 000	2 250 000	1 483 355
Roads & Transport	Stormwater Drainage Mahube Valley	9.711213.2.005	9.711213.2.005.S	1 000 000	1 000 000	998 364
Roads & Transport	Hartebeest Spruit: Canal Upgrading	9.711265.1.015	9.711265.1.015.H	1 500 000	1 500 000	-
Roads & Transport	Montana Spruit: Channel Improvements	9.711268.1.015	9.711268.1.015.M	6 000 000	-	-
Roads & Transport	Major S/Water Drainage System: Majaneng	9.711273.2.005	9.711273.2.005.S	6 000 000	6 000 000	4 944 489
Utility Services: Water & Sanitation	Bronkhorstspuit bulk pipeline	9.711335.1.015	9.711335.1.015.A	5 000 000	-	-
Utility Services: Water & Sanitation	Bronkhorstspuit Reservoir zone eastern pipe reinforcement and PRV	9.711335.1.015	9.711335.1.015.B	2 000 000	-	-
Utility Services: Water & Sanitation	Heights Iscor Feeder	9.711335.1.015	9.711335.1.015.D	15 000 000	5 000 000	3 946 470
Utility Services: Water & Sanitation	Garsfontein bulk water pipe reinforcement	9.711335.1.015	9.711335.1.015.H		3 140 000	-
Utility Services: Water & Sanitation	Replace feeder main from Garsfontein to Parkmore HL Reservoir	9.711335.1.015	9.711335.1.015.W		800 000	-
Utility Services: Water & Sanitation	Replacement of Sewers	9.711404.2.015	9.711404.2.015.A	-	8 000 000	2 500 000

Department	Project Name	WBS Level 2	WBS Level 3	Original Budget 2017/18	Adjusted Budget 2017/18	Cumulative Capex Actual
Utility Services: Water & Sanitation	Replacement of Sewers : Kaalplaasspruit and Rooiwal Sewer Siphon.	9.711404.2.015	9.711404.2.015.K		500 000	-
Utility Services: Water & Sanitation	Replacement of Sewers	9.711404.2.016	9.711404.2.016.A	20 000 000	20 000 000	6 886 840
Community Safety: Emergency Services	Renovation & Upgrading of Facilities	9.711455.1.015	9.711455.1.015.R	5 000 000	5 000 000	4 942 193
Environment & Agriculture Management	Atmospheric Pollution Monitoring Network	9.711562.1.015	9.711562.1.015.A	3 000 000	3 000 000	2 988 888
Housing & Human Settlement	Redevelopment of Hostels: Saulsville (Phase 3b and 4a)	9.711712.2.015	9.711712.2.015.S	10 000 000	10 000 000	8 694 722
Housing & Human Settlement	Development of Mamelodi hostels	9.711713.1.005	9.711713.1.005.M	10 000 000	10 000 000	7 063 176
Utility Services: Energy & Electricity	Pre-paid Electricity Meters	9.711862.1.015	9.711862.1.015.E	35 000 000	35 000 000	34 980 206
Roads & Transport	Internal Roads: Northern Areas	9.711863.2.005	9.711863.2.005.A	52 004 323	25 004 323	24 944 642
Roads & Transport	Internal Roads: Northern Areas	9.711863.2.016	9.711863.2.016.B	13 275 358	11 852 834	8 374 805
Utility Services: Water & Sanitation	Bronkhorstspruit Water Purification Plant Refurbishment	9.711921.1.015	9.711921.1.015.B	15 000 000	800 000	-
Roads & Transport	Separation Airside/Landside movements	9.711953.2.015	9.711953.2.015.A	3 000 000	3 976 225	1 727 584
Utility Services: Water & Sanitation	Blk + Reservoir - Babelegi	9.712142.1.001	9.712142.1.001.A	-	12 000 000	-
Roads & Transport	Soshanguve Block FF East Area 1	9.712220.1.005	9.712220.1.005.B	10 000 000	6 958 239	6 949 244
Roads & Transport	Soshanguve Block FF East Area 2	9.712220.1.005	9.712220.1.005.C	10 000 000	24 041 761	22 831 047
Roads & Transport	Soshanguve Block GG Central (R)	9.712220.1.005	9.712220.1.005.D	22 400 000	22 400 000	22 362 287
Roads & Transport	Soshanguve Block L	9.712220.1.005	9.712220.1.005.E	2 100 000	2 100 000	2 099 330
Roads & Transport	Soshanguve Block LL South (O)	9.712220.1.005	9.712220.1.005.F	1 000 000	1 000 000	1 000 000
Roads & Transport	Flooding Backlogs: Mabopane Area	9.712221.1.005	9.712221.1.005.A	500 000	500 000	497 780

Department	Project Name	WBS Level 2	WBS Level 3	Original Budget 2017/18	Adjusted Budget 2017/18	Cumulative Capex Actual
Roads & Transport	Flooding Backlogs: Mamelodi, Eersterust & Pta Eastern Area: Mamelodi Extension 2	9.712223.1.005	9.712223.1.005.B	2 000 000	1 000 000	150 000
Roads & Transport	Flooding Backlogs: Mamelodi, Eersterust & Pta Eastern Area: Mamelodi Extension 4	9.712223.1.005	9.712223.1.005.C	1 000 000		-
Roads & Transport	Flooding Backlogs: Mamelodi, Eersterust & Pta Eastern Area: Mamelodi Extension 5	9.712223.1.005	9.712223.1.005.D	1 000 000		-
Community & Social Development Services: Sports and Recreation	Lotus Gardens Multi-Purpose Sport Facility	9.712260.1.015	9.712260.1.015.L	-	600 000	205 816
Health	Upgrading of Clinic Dispensaries	9.712278.1.015	9.712278.1.015.A	5 000 000	7 500 000	7 499 861
Utility Services: Energy & Electricity	Refilwe 11kV Capacity Increase	9.712279.1.001	9.712279.1.001.5	-	3 000 000	2 262 395
Utility Services: Energy & Electricity	Revitalisation of the City- Monavoni 132/11KV Substation	9.712279.1.001	9.712279.1.001.O		19 000 000	15 141 319
Utility Services: Energy & Electricity	Revitalisation of the City- Soshanguve 132/11KV Substation	9.712279.1.001	9.712279.1.001.Q		7 000 000	6 857 500
Utility Services: Energy & Electricity	Revitalisation of the City- Soshanguve JJ 132/11 kV Substation (2 x 40MVA Power Transformers)	9.712279.1.001	9.712279.1.001.S		19 000 000	17 656 770
Utility Services: Energy & Electricity	Bronkhorstspuit 132/11kv substation	9.712279.1.005	9.712279.1.005.C	5 000 000	1 000 000	-
Utility Services: Energy & Electricity	Eldoraigine 132/11kv Substation	9.712279.1.005	9.712279.1.005.E	30 000 000	6 000 000	4 983 170
Utility Services: Energy & Electricity	Heatherley 132/11KV Substation	9.712279.1.005	9.712279.1.005.H	10 000 000	15 000 000	14 177 860
Utility Services: Energy & Electricity	Kentron 132/11kv Substation refurbishment	9.712279.1.005	9.712279.1.005.L	5 000 000	1 000 000	-
Utility Services: Energy & Electricity	Mamelodi-3 132/11kv substation (2 x 40MVA Power Transformers)	9.712279.1.005	9.712279.1.005.M	20 000 000	8 000 000	7 935 826
Utility Services: Energy & Electricity	Monavoni 132/11KV Substation	9.712279.1.005	9.712279.1.005.P	20 000 000	20 000 000	17 731 768
Utility Services: Energy & Electricity	Soshanguve 132/11KV Substation	9.712279.1.005	9.712279.1.005.Q	5 000 000	1 000 000	-

Department	Project Name	WBS Level 2	WBS Level 3	Original Budget 2017/18	Adjusted Budget 2017/18	Cumulative Capex Actual
Utility Services: Energy & Electricity	Soshanguve JJ 132/11KV Substation	9.712279.1.005	9.712279.1.005.T	25 000 000	25 000 000	24 988 455
Group Financial Services	Buildings and Equipment (security at the stores)	9.712444.1.015	9.712444.1.015.B	10 000 000	10 000 000	9 433 984
Group Audit & Risk	Insurance Replacements (CTMM Contribution)	9.712449.1.001	9.712449.1.001.A	8 000 000	8 000 000	4 355 186
Group Audit & Risk	Insurance Replacements (CTMM Contribution)	9.712449.1.015	9.712449.1.015.A	-	1 000 000	-
Group Audit & Risk	Insurance Replacements	9.712450.1.001	9.712450.1.001.B	5 000 000	5 000 000	4 691 633
Utility Services: Energy & Electricity	New Connections	9.712483.1.016	9.712483.1.016.A	28 312 146	28 312 146	25 641 486
Community Safety: Metro Police Services	Purchasing of Policing Equipment	9.712500.1.015	9.712500.1.015.A	13 000 000	13 000 000	12 996 196
Roads & Transport	Traffic Flow Improvement at Intersections	9.712502.1.015	9.712502.1.015.A	4 000 000	4 000 000	3 915 795
Roads & Transport	Flooding Backlog: Network 3, Kudube Unit 11	9.712503.1.005	9.712503.1.005.A	6 000 000	4 000 000	3 800 000
Roads & Transport	Flooding Backlog: Network 2F, Kudube Unit 6	9.712504.1.015	9.712504.1.015.A	8 000 000	1 000 000	-
Roads & Transport	Flooding backlog: Network 5A, Matenteng	9.712506.1.005	9.712506.1.005.M	15 000 000	10 000 000	5 794 881
Roads & Transport	Flooding Backlog: Network 2H, Kudube Unit 7	9.712507.1.005	9.712507.1.005.K	8 000 000	6 000 000	4 146 114
Roads & Transport	Flooding Backlog: Network C5, C6, C11 & C13, Atteridgeville	9.712511.1.005	9.712511.1.005.A	15 000 000	12 000 000	3 962 586
Roads & Transport	Flooding Backlogs: Soshanguve South (& Akasia Area): Soshanguve Block TT	9.712513.1.015	9.712513.1.015.A	1 200 000	800 000	-
Roads & Transport	Flooding Backlogs: Soshanguve South (& Akasia Area): Soshanguve Block WW	9.712513.1.015	9.712513.1.015.B	1 200 000	700 000	-
Roads & Transport	Flooding Backlogs: Soshanguve South (& Akasia Area): Soshanguve South Extension 1	9.712513.1.015	9.712513.1.015.C	1 200 000	620 000	-
Roads & Transport	Flooding Backlog: Network 2D, New Eersterust x 2	9.712516.1.005	9.712516.1.005.E	10 000 000	5 000 000	4 781 830

Department	Project Name	WBS Level 2	WBS Level 3	Original Budget 2017/18	Adjusted Budget 2017/18	Cumulative Capex Actual
Roads & Transport	Flooding Backlog: Drainage Canals along Hans Strydom Dr, Mamelodi x 4 and 5	9.712518.1.015	9.712518.1.015.M	2 000 000	800 000	238 039
Roads & Transport	Collector Road Backlogs: Mamelodi	9.712521.1.015	9.712521.1.015.M	200 000	-	-
Roads & Transport	Collector Road Backlogs: Atteridgeville	9.712522.1.015	9.712522.1.015.A	500 000	500 000	-
Roads & Transport	Flooding Backlog: Network 3A, Kudube Unit 9	9.712523.1.015	9.712523.1.015.K	8 000 000	3 900 000	3 824 812
City Manager	Implementation of Tsosoloso Programme - (VPUU) Mamelodi East Walkways	9.712533.1.001	9.712533.1.001.N	10 000 000	10 000 000	9 153 080
City Manager	Implementation of Tsosoloso Programme	9.712533.1.003	9.712533.1.003.O	20 000 000	20 000 000	16 394 564
City Manager	Refilwe Business NOD	9.712533.1.003	9.712533.1.003.R			497 622
Utility Services: Water & Sanitation	Bronkhorstbaai: Refurbishment and upgrade of Water Purification Plant	9.712534.1.015	9.712534.1.015.B	15 000 000	2 500 000	1 882 078
Utility Services: Water & Sanitation	Installation of telemetry, bulk meters and control equipment at reservoirs (City Wide)	9.712534.1.015	9.712534.1.015.C	10 000 000	15 000 000	15 000 000
Utility Services: Water & Sanitation	Doornkloof Reservoir	9.712534.1.015	9.712534.1.015.D	20 000 000	10 000 000	9 920 231
Utility Services: Water & Sanitation	Annlin Reservoir	9.712534.1.015	9.712534.1.015.K		3 000 000	-
Utility Services: Water & Sanitation	New Parkmore LL Reservoir	9.712534.1.015	9.712534.1.015.L	25 000 000	1 000 000	-
Utility Services: Water & Sanitation	Klipfontein Reservoir pipework	9.712534.1.015	9.712534.1.015.M		600 000	157 440
Utility Services: Water & Sanitation	New Klipgat Reservoir	9.712534.1.015	9.712534.1.015.N	12 000 000	16 000 000	15 992 191
Utility Services: Water & Sanitation	Refurbishment of the Magaliesberg Reservoirs	9.712534.1.015	9.712534.1.015.R		4 200 000	-
Utility Services: Water & Sanitation	Replace reservoir fencing (City Wide)	9.712534.1.015	9.712534.1.015.T	5 000 000	10 000 000	-
Utility Services: Water & Sanitation	Region:1 W	9.712534.1.015	9.712534.1.015.W			-1 747 277
Roads & Transport	Giant Stadium: Buitekant Street	9.712545.1.015	9.712545.1.015.G	1 500 000	-	-

Department	Project Name	WBS Level 2	WBS Level 3	Original Budget 2017/18	Adjusted Budget 2017/18	Cumulative Capex Actual
Shared Services: Group Information & Communication Technology	E-Initiatives supporting the Smart City	9.712554.1.015	9.712554.1.015.E	13 000 000	13 000 000	9 000 640
Community Safety: Emergency Services	Disaster Risk Management Tools and Equipment	9.712587.1.015	9.712587.1.015.D	3 000 000	3 000 000	2 997 941
Roads & Transport	Line 1A - Rainbow Junction Depot	9.712591.1.002	9.712591.1.002.2	10 000 000	-	-
Roads & Transport	Belle Ombre CNG Depot - Bulk Earthworks	9.712591.1.002	9.712591.1.002.3	12 811 899	12 811 899	7 447 808
Roads & Transport	Belle Ombre CNG Depot - Civil Works	9.712591.1.002	9.712591.1.002.4	1 521 759	7 823 705	2 111 326
Roads & Transport	Line 1A - Complete Rainbow Bypass (WP4B)	9.712591.1.002	9.712591.1.002.5	38 629 200	55 810 424	45 083 180
Roads & Transport	Wonderboom Intermodal Facility - Permanent Phase 1	9.712591.1.002	9.712591.1.002.6	2 390 200	2 390 200	2 096 580
Roads & Transport	Kopanong Intermodal Facility - West of the City	9.712591.1.002	9.712591.1.002.7	8 935 162	9 935 162	10 467 501
Roads & Transport	Belle Ombre CNG Depot - Building Works	9.712591.1.002	9.712591.1.002.B	41 216 882	36 216 882	18 820 112
Roads & Transport	Line 3: CBD to Atteridgeville	9.712591.1.002	9.712591.1.002.C	5 000 000	-	-
Roads & Transport	Denneboom Intermodal facility	9.712591.1.002	9.712591.1.002.D	5 006 967	7 538 232	1 567 406
Roads & Transport	Design, Supply, Installation, Commissioning and Operational Support Of Advanced Public Transport Management System (APTMS)	9.712591.1.002	9.712591.1.002.H	27 823 558	27 823 558	27 445 405
Roads & Transport	Design, Supply, Installation, Commissioning and Operational Support Of Advanced Public Transport Management System (APTMS)	9.712591.1.002	9.712591.1.002.I	-	-	-217 932
Roads & Transport	Line 2B: Atterbury Rd (btw Lois Avenue Rd to January Masilela Rd)	9.712591.1.002	9.712591.1.002.J	53 828 814	88 751 132	85 342 477
Roads & Transport	Menlyn Taxi Interchange	9.712591.1.002	9.712591.1.002.M	47 432 302	-	-
Roads & Transport	Planning and Design of BRT Projects	9.712591.1.002	9.712591.1.002.P	78 049 160	171 364 953	216 852 288

Department	Project Name	WBS Level 2	WBS Level 3	Original Budget 2017/18	Adjusted Budget 2017/18	Cumulative Capex Actual
Roads & Transport	Railway Bridges (WP6)	9.712591.1.002	9.712591.1.002.R	50 000 000	10 850 581	9 050 581
Roads & Transport	Taxi Industry Compensation	9.712591.1.002	9.712591.1.002.T	112 000 000	112 500 000	-
Roads & Transport	The Design, Supply, Installation, Operation and Maintenance of an automated fare Collection (AFC) System	9.712591.1.002	9.712591.1.002.U	13 240 000	17 358 222	13 268 887
Roads & Transport	Urban traffic control (UTC) system - A Re Yeng communication backbone and traffic signals	9.712591.1.002	9.712591.1.002.V	17 800 000	11 000 000	9 902 016
Roads & Transport	BRT Line 2C - Watloo Rd (btw Simon Vermooten & Denneboom Station)	9.712591.1.002	9.712591.1.002.W	65 831 495	44 107 944	44 107 944
Roads & Transport	Wonderboom Intermodal Facility	9.712591.1.002	9.712591.1.002.Z	77 672 442	22 500 000	21 346 320
Roads & Transport	Upgrading of Roads and Appurtenant Stormwater Systems in Soshanguve	9.712605.2.005	9.712605.2.005.S	1 500 000	1 500 000	1 500 000
Roads & Transport	Upgrading of Mabopane Roads dealing with Red Soils	9.712611.1.005	9.712611.1.005.M	1 000 000	1 000 000	399 732
Roads & Transport	Upgrading of Sibande Street, Mamelodi	9.712612.1.015	9.712612.1.015.M	1 500 000	-	-
Health	Replacement of Rayton Clinic	9.712684.1.015	9.712684.1.015.R	6 700 000	6 700 000	6 700 000
Group Property	Replacement/Modernization of all the Lifts within various Council Buildings	9.712743.1.015	9.712743.1.015.L	5 000 000	-	-
Economic Development & Spatial Planning: City Planning & Development	Capital Movables	9.712751.1.007	9.712751.1.007.C	450 000	450 000	393 253
Group Financial Services	Capital Movables	9.712755.1.007	9.712755.1.007.C	500 000	500 000	456 555
Health	Capital Movables	9.712756.1.007	9.712756.1.007.C	300 000	1 126 658	1 084 410
Roads & Transport	Capital Movables	9.712760.1.007	9.712760.1.007.C	500 000	500 000	218 377
Roads & Transport	Capital Movables	9.712760.1.015	9.712760.1.015.C	-	45 280 000	33 710 399

Department	Project Name	WBS Level 2	WBS Level 3	Original Budget 2017/18	Adjusted Budget 2017/18	Cumulative Capex Actual
Roads & Transport	Capital Movables	9.712760.1.016	9.712760.1.016.C	-	1 422 524	-
Utility Services: Water & Sanitation	Capital Movables	9.712762.1.001	9.712762.1.001.C		12 000 000	4 999 455
Utility Services: Water & Sanitation	Capital Movables	9.712762.1.007	9.712762.1.007.C	500 000	500 000	75 160
Community Safety: Emergency Services	Capital Movables	9.712765.1.007	9.712765.1.007.C	250 000	250 000	249 027
Community & Social Development Services: Sports and Recreation	Capital Movables	9.712773.1.007	9.712773.1.007.C	200 000	200 000	161 873
Community & Social Development Services: Sports and Recreation	Capital Movables	9.712773.1.013	9.712773.1.013.C	9 507 000	7 012 951	1 042 015
Utility Services: Energy & Electricity	Replacement of Obsolete Protection and Testing Instruments	9.712861.1.016	9.712861.1.016.C	2 000 000	-	-
Economic Development & Spatial Planning: Economic Development	Upgrading of the market trading system	9.712868.1.015	9.712868.1.015.C	4 000 000	4 000 000	3 716 008
Economic Development & Spatial Planning: Economic Development	Upgrading of the market trading system	9.712868.1.015	9.712868.1.015.T	-		-10 909
Community & Social Development Services: Sports and Recreation	Upgrading of Pilditch Stadium	9.712878.1.015	9.712878.1.015.P	-	10 000 000	8 661 204
Community & Social Development Services: Sports and Recreation	Upgrading of Zithobeni Sport Stadium	9.712883.1.015	9.712883.1.015.Z	-	410 000	198 715
Roads & Transport	Main terminal Building, carousel and other mechanical baggage handling equipment maintenance	9.712891.1.015	9.712891.1.015.A	2 000 000	2 000 000	-
Roads & Transport	Revitalisation of the City- Upgrading of Road from gravel to tar in Zithobeni Ward 102	9.712893.1.001	9.712893.1.001.Z	-	10 000 000	10 000 000
Roads & Transport	Upgrading of Road from gravel to tar in Zithobeni Ward 102	9.712893.1.005	9.712893.1.005.Z	5 000 000	5 000 000	5 000 000

Department	Project Name	WBS Level 2	WBS Level 3	Original Budget 2017/18	Adjusted Budget 2017/18	Cumulative Capex Actual
Roads & Transport	Upgrading of Road from gravel to tar in Ekangala (previously Ward 11 & 12) - Ward 103 & 104	9.712894.1.001	9.712894.1.001.U	-	20 000 000	19 990 446
Roads & Transport	Upgrading of Road from gravel to tar in Ekangala (previously Ward 11 & 12) - Ward 103 & 104	9.712894.1.005	9.712894.1.005.U	10 000 000	10 000 000	10 000 000
Roads & Transport	Revitalisation of the City-Development of Non-Motorised Transport Masterplan	9.712895.1.001	9.712895.1.001.U		10 000 000	10 000 000
Roads & Transport	Upgrading of Road from gravel to tar in Ekangala Ward 105 (prev 11&12)	9.712895.1.005	9.712895.1.005.U	10 000 000	10 000 000	9 869 642
Utility Services: Water & Sanitation	Water Conservation and Demand Management	9.712896.1.005	9.712896.1.005.M	80 000 000	80 000 000	79 366 379
Utility Services: Energy & Electricity	Substation Peripheral Equipment Programme	9.712906.1.005	9.712906.1.005.S		4 000 000	3 938 653
Utility Services: Energy & Electricity	Electricity vending infrastructure	9.712908.1.015	9.712908.1.015.E	35 000 000	35 000 000	20 559 300
Community & Social Development Services: Sports and Recreation	New Ga-Rankuwa Library	9.712910.1.015	9.712910.1.015.G	-	9 200 000	4 919 723
Community & Social Development Services: Sports and Recreation	Upgrading of Caledonian Stadium (Inner City Park)	9.712915.1.015	9.712915.1.015.C	32 000 000	8 577 139	5 531 939
Community & Social Development Services: Sports and Recreation	Upgrade Refilwe Stadium	9.712916.1.015	9.712916.1.015.R	15 000 000	8 500 000	-8 450 000
Group Legal Services	Capital Movables	9.712924.1.007	9.712924.1.007.C	100 000	100 000	81 456
Regional Operations and Coordination	Capital Movables	9.712926.1.007	9.712926.1.007.C	1 800 000	1 800 000	1 600 954
City Manager	Capital Funded from Operating	9.712930.1.007	9.712930.1.007.C	-	431 630	373 663
Community & Social Development Services: Sports and Recreation	Greening of Sports fields	9.712941.1.015	9.712941.1.015.G	-	1 000 000	711 823
Roads & Transport	Upgrading of roads and stormwater systems in Refilwe	9.712944.1.015	9.712944.1.015.R	2 600 000		-

Department	Project Name	WBS Level 2	WBS Level 3	Original Budget 2017/18	Adjusted Budget 2017/18	Cumulative Capex Actual
Roads & Transport	Upgrading of roads and stormwater systems in Rayton	9.712945.1.015	9.712945.1.015.R	1 300 000		-
Roads & Transport	Upgrading of roads and stormwater systems in Cullinan	9.712946.1.015	9.712946.1.015.C	2 600 000		-
Roads & Transport	Improvement of dirt road leading to Clover hill club, Bronkhortspruit dam	9.712947.1.001	9.712947.1.001.B	-	2 500 000	2 218 377
Community & Social Development Services: Social Development	Social Development centre in Hammanskraal	9.712948.1.010	9.712948.1.010.H		2 293 422	2 293 420
Community & Social Development Services: Social Development	Social Development centre in Hammanskraal	9.712948.1.017	9.712948.1.017.H	11 000 000	21 000 000	15 633 008
Shared Services: Group Information & Communication Technology	Disaster Recovery System Storage	9.712950.1.015	9.712950.1.015.D	10 000 000	10 000 000	9 995 854
Group Human Capital	Tshwane Leadership and Management Academy	9.712953.1.020	9.712953.1.020.T	6 000 000	4 900 000	940 363
Community & Social Development Services: Social Development	Social Development centre in Winterveldt	9.712954.1.017	9.712954.1.017.W	11 000 000	21 000 000	20 998 335
Community & Social Development Services: Social Development	Social Development centre in Mabopane	9.712955.1.017	9.712955.1.017.M	12 000 000	22 000 000	22 000 000
Shared Services: Group Information & Communication Technology	BPC and SCOA	9.712961.1.015	9.712961.1.015.B	-	10 000 000	9 571 284
Shared Services: Group Information & Communication Technology	Credit Control Solution	9.712969.1.015	9.712969.1.015.C	10 000 000	10 000 000	9 982 500
Utility Services: Water & Sanitation	Re Aga Tshwane Programme 2017/18	9.712970.1.005	9.712970.1.005.T	83 304 248	83 304 248	72 107 859
Utility Services: Water & Sanitation	Re Aga Tshwane Programme 2017/18	9.712970.1.015	9.712970.1.015.T		37 410 000	37 406 356
Economic Development & Spatial Planning: Economic Development	Business Process Outsourcing (BPO) Park Construction	9.712977.1.015	9.712977.1.015.C	50 000 000	56 900 000	7 718 037

Department	Project Name	WBS Level 2	WBS Level 3	Original Budget 2017/18	Adjusted Budget 2017/18	Cumulative Capex Actual
Economic Development & Spatial Planning: Economic Development	Informal Trade Market (Inner City)	9.712988.1.015	9.712988.1.015.I	6 900 000	-	-
Group Financial Services	Handheld terminals and battery charges	9.712997.1.015	9.712997.1.015.H	5 000 000	5 000 000	4 962 615
Roads & Transport	Construct improved security accesses to restricted maintenance areas with CCTV system and upgraded control room to meet CAA compliance requirements	9.712998.1.015	9.712998.1.015.A	1 000 000	997 568	997 568
Roads & Transport	Elevator/escalator for main terminal building	9.713000.1.015	9.713000.1.015.E	3 000 000	3 000 000	-
Roads & Transport	Fire sprinklers and smoke detectors in the main terminal building required to meet legislative compliance requirements	9.713002.1.015	9.713002.1.015.F	1 000 000	996 854	996 854
Roads & Transport	Automated Fare Collection (AFC-TBS)	9.713006.1.002	9.713006.1.002.A	10 000 000	10 000 000	9 999 204
Utility Services: Energy & Electricity	Digital Tunked Radio Communication	9.713009.1.015	9.713009.1.015.D	15 000 000	15 000 000	14 999 994
Regional Operations and Coordination	Jo Jo-Tanks 15/16 FY	9.713021.1.005	9.713021.1.005.J	5 000 000	5 000 000	2 448 472
Economic Development & Spatial Planning: City Planning & Development	Inner City Regeneration: Civic and Northern Gateway Precincts	9.713023.1.021	9.713023.1.021.I	20 664 650	20 664 650	-
Economic Development & Spatial Planning: City Planning & Development	Rosslyn Urban Realm Upgrade and Multi Modal Interchange	9.713023.1.021	9.713023.1.021.R	12 000 000	12 000 000	-
Environment & Agriculture Management	Upgrading of Resorts and reserves of security infrastructure	9.713024.1.015	9.713024.1.015.R	4 500 000	6 800 000	1 871 940
Customer Relations Management	Call Center Furniture and Equipment	9.713025.1.015	9.713025.1.015.C	1 550 000	1 550 000	1 383 359
Customer Relations Management	Construction Centurion Call Centre Chill Room	9.713026.1.015	9.713026.1.015.C	500 000	500 000	313 250
Customer Relations Management	Call Centre - IT Equipment	9.713027.1.015	9.713027.1.015.I	1 150 000	1 150 000	1 109 005
Customer Relations Management	SAP CRM Contact Centre Optimization	9.713028.1.001	9.713028.1.001.S	-	10 000 000	2 124 333







Department	Project Name	WBS Level 2	WBS Level 3	Original Budget 2017/18	Adjusted Budget 2017/18	Cumulative Capex Actual
Customer Relations Management	SAP CRM Contact Centre Optimization	9.713028.1.015	9.713028.1.015.S	6 800 000	6 800 000	6 800 000
Roads & Transport	Additional carports and electronic parking payment equipment	9.713029.1.015	9.713029.1.015.A	2 000 000	2 054 179	1 402 277
Roads & Transport	Arch metal detector and scanners to scan passenger, luggage and baggage	9.713030.1.015	9.713030.1.015.A	2 000 000	2 000 000	-
Roads & Transport	Fire Arm safe for visitors	9.713031.1.015	9.713031.1.015.F	50 000	50 000	-
Roads & Transport	Installation of Biometric security system	9.713032.1.015	9.713032.1.015.I	1 450 000	1 450 000	1 450 000
Roads & Transport	Installation of temporary office structures (SARS, Immigration, Metro police, SAPS, Security Service Provider)	9.713033.1.015	9.713033.1.015.I	3 000 000	2 979 837	2 979 837
Roads & Transport	Upgrade of Rescue and Firefighting centre with additional office space	9.713034.1.015	9.713034.1.015.U	750 000	749 687	749 687
Group Financial Services	Fuel Assets Underground Tanks	9.713035.1.015	9.713035.1.015.F	7 000 000	7 000 000	6 165 271
Group Financial Services	MSCOA Automation	9.713036.1.015	9.713036.1.015.M	28 000 000	18 000 000	-
Environment & Agriculture Management	Furniture and equipment for overnight accommodation at Resorts	9.713040.1.015	9.713040.1.015.R	5 000 000	2 700 000	2 642 147
Environment & Agriculture Management	Development of waste transfer stations	9.713043.1.015	9.713043.1.015.D	1 000 000	1 000 000	999 999
Environment & Agriculture Management	Provision of burial facilities	9.713044.1.015	9.713044.1.015.B	5 000 000	5 000 000	4 932 742
Environment & Agriculture Management	Provision of waste containers	9.713045.1.015	9.713045.1.015.W	9 000 000	9 000 000	8 999 496
Environment & Agriculture Management	Upgrade of access control at waste disposal sites	9.713046.1.015	9.713046.1.015.U	5 000 000	5 000 000	4 569 962
City Manager	Revitalisation of City's industrial and economic nodes (Rosslyn, Babelegi, Enkandustrisa, Garankuwa)	9.713047.1.001	9.713047.1.001.R	331 000 000	-	-










Department	Project Name	WBS Level 2	WBS Level 3	Original Budget 2017/18	Adjusted Budget 2017/18	Cumulative Capex Actual
City Manager	Revitalisation of City's industrial and economic nodes (Rosslyn, Babelegi, Enkandustrisa, Garankuwa)	9.713047.1.015	9.713047.1.015.B	15 000 000	-	-
Health	Rosslyn Clinic	9.713048.1.015	9.713048.1.015.R	2 000 000	500 000	500 000
Health	New Clinic Lusaka	9.713049.1.015	9.713049.1.015.L	1 500 000	500 000	500 000
Community Safety: Emergency Services	Mamelodi Station	9.713052.1.001	9.713052.1.001.S	2 000 000	2 000 000	2 000 000
Roads & Transport	Construction of a separate entrance for General Aviation passengers	9.713054.1.015	9.713054.1.015.A	1 500 000	1 495 650	1 495 650
Roads & Transport	Construction of new water and sewage system.	9.713055.1.015	9.713055.1.015.A	10 000 000	10 000 000	8 514 155
Roads & Transport	Public Parking paved with CCTV coverage, carports and access control	9.713056.1.015	9.713056.1.015.A	1 500 000	1 500 000	-
Roads & Transport	Replacement and upgrade of fire hydrants and equipment	9.713057.1.015	9.713057.1.015.A	1 000 000		-
Roads & Transport	Storage facility for rescue and firefighting foam and related equipment	9.713058.1.015	9.713058.1.015.A	750 000	750 000	355 769
Group Financial Services	Renovation of record management	9.713059.1.015	9.713059.1.015.R	5 000 000	5 000 000	961 798
Group Financial Services	Renovation of tender advertisement	9.713060.1.015	9.713060.1.015.T	5 000 000	5 000 000	1 942 026
Group Financial Services	Record management	9.713061.1.015	9.713061.1.015.R	2 000 000	2 000 000	1 739 130
Group Financial Services	Turnaround of Municipality Water Services – Reduction of water losses	9.713063.1.015	9.713063.1.015.T	58 000 000	10 000 000	-
Group Human Capital	Capital Movables	9.713064.1.007	9.713064.1.007.C	200 000	200 000	194 665
Group Property	Capital Movables	9.713065.1.007	9.713065.1.007.C	200 000	100 000	97 750









Department	Project Name	WBS Level 2	WBS Level 3	Original Budget 2017/18	Adjusted Budget 2017/18	Cumulative Capex Actual
Roads & Transport	Revitalisation of the City-WNA - Construction of an extended taxiway which provide for the further expansion of the airport tenants base.	9.713066.1.001	9.713066.1.001.C	-	5 500 000	-
Roads & Transport	Revitalisation of the City- Development and Construction of Roads and Stormwater: Klerksoord Industrial Site	9.713066.1.001	9.713066.1.001.D	-	3 000 000	3 000 000
Roads & Transport	Revitalisation of the City-Cleaning of the cadastral boundary, erecting of Clearview type fence with	9.713066.1.001	9.713066.1.001.F	-	5 000 000	-
Roads & Transport	Revitalisation of the City-Internal Routes in Rosslyn and Traffic signals	9.713066.1.001	9.713066.1.001.I	-	2 100 000	1 796 181
Roads & Transport	Revitalisation of the City-Development of Non-Motorised Transport Masterplan	9.713066.1.001	9.713066.1.001.N	-	5 000 000	4 347 826
Roads & Transport	Revitalisation of the City-Doubling of Petroleum Street	9.713066.1.001	9.713066.1.001.P	-	7 000 000	7 000 000
Roads & Transport	Revitalisation of the City-Upgrade of Pretoria Station Taxi Rank- Dairy Mall Taxi Rank	9.713066.1.001	9.713066.1.001.U	-	10 000 000	10 000 000
Roads & Transport	Revitalisation of the City-Taxi Holding areas within the Pretoria CBD	9.713066.1.015	9.713066.1.015.T	-	20 000 000	15 344 416

APPENDIX O: CAPITAL PROGRAMMES BY WARD










2017/18 capital programmes by ward REGION 1				
Capital project	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
Water and Sanitation				
Chantelle: Detail design and Installation of internal infrastructure	Ward 4	100% completion of internal services	Internal reticulation completed	😊
Chantelle: Installation of bulk services	Ward 4	20% installation of bulk services	20% installation of bulk services completed	😊
Chantelle X 39: Water reticulation	Ward 4	2,5 km	Internal reticulation installation.	😊
Water provision – Kopanong Phase 2	Ward 20	Commissioning to the reservoir	Completion of the bulk water pipeline to commission. 1000 stands connected	😊
Water provision – Mabopane X 1	Ward 22	500 stands provided with water reticulation	507 stands connected	😊
Water provision – Winterveld	Ward 19	400 stand connections.	400 stands connected	😊
Water provision – Rama City	Ward 32	250 water stands connections	400 stands connected	😊
Mabopane: Bulk pipeline chambers and appurtenant works	Ward 12	Construction of bulk valve chamber and related pipework	The overall progress of the project is 98% complete.	😊










2017/18 capital programmes by ward REGION 1				
Capital project	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
Mabopane: Water reticulation and bulk pipeline	Ward 12	Completion of the outstanding pipework, pipe jacking and snag list items	The overall progress of the project is 85% completed.	
Refurbishment of the Magaliesberg reservoirs	Ward 59, 53	Erection of props for roof structures, testing of concrete and breaking of existing concrete structures; and testing of concrete and 100% fixing of rebar for upstand beams around reservoir.	No work done	
Klipfontein reservoir pipework	Ward 37, 39	Submission of closeout report and as-built	No milestones were achieved. A report for payment of outstanding professional fees has been submitted for approval.	
New Klipgat Reservoir	Ward 21	Completion of the reservoir	The project is 97% complete. Only installation of pipes and testing of the reservoir and pipes work are outstanding.	
Soshanguve South X 1 (Plot 67) – 398 housing units – water provision	Ward 39	Completion and commencement of defect liability period, defect liability, close-out report and as built drawings	The project achieved practical completion on 20 March 2018. Signing-off happy letters is 100% completed. Preparation of as-built drawings is 70% completed.	
Replacement and upgrading: Redundant bulk pipeline – bulk water pipeline Wonderboom	Ward 50	Completion and commencement of defect liability period; close-out report and as-built drawings	Bulk water pipeline installation is 100%, fittings installation is 97% and construction of valve chambers is 99% completed. 100% testing of 500 mm diameter steel pipe completed.	
Sanitation/Sewerage				







2017/18 capital programmes by ward REGION 1				
Capital project	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
Sewer provision – Chantelle X 39: Bulk services	Ward 4	3,7 km of bulk sewer lines	Installation of internal reticulation	
Sewer provision – Mabopane EW (X 2)	Ward 22	262 stand connections	131 stands connected	
Sewer provision – Kopanong X 1	Ward 20	Commissioning of the reservoir	Commissioning of the reservoir	
Sewer provision – Mabopane X 1	Ward 22	500 stand connections	507 stands connected	
Sewer provision – Rama City	Ward 32	350 stand connections	Total serviced stands: 350	
Winterveld – Bulk sewers	Ward 24	7 km	7 km of bulk sewer line constructed.	
Winterveld – Sewer reticulation	Ward 19	400 stand connections	400 stands connected	
Tswaing – Pump station	Ward 0	Approved designs	Not achieved	
Revitalisation of the City – Sandspruit Waste Water Treatment Works – sludge facility and new 200 Mℓ	Ward 37	Design review	The preliminary design report is completed and approved.	
Electricity				






2017/18 capital programmes by ward				
REGION 1				
Capital project	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
Electricity for All – Region 1	32, 39, 89, 90	construction of the electricity backbone network infrastructure with 2800 connections	2 493 connections	
USDG funds: Region 1 (public lighting)	Ward 98	Construction of the network backbone infrastructure, 330 street lights and two high masts	303 street lights and two high masts	
Soshanguve 132/11 kV substation	Ward 11	Conclude the evaluation and appointment of the contractor and establish site	No work was done	
Revitalisation of the City – Soshanguve 132/11 kV substation	Ward 11	Complete earthworks and compaction, start with building and outdoor yard equipment foundations.	Ordered one 40 MVA power transformer	
Soshanguve JJ 132/11 kV Substation (two 40 MVA power transformers)	Ward 96	Conclude the evaluation and appointment of contractor and establish site	Construction of JJ substation is 65% completed and the installation of outdoor yard equipment is in progress.	
Housing				
Construction of low-cost houses – Thorntree View		Submission of project enrolment to NBRC.	Project was enrolled with NBRC. 64 units were constructed.	
Construction of low-cost houses – Rama City		Submission of project enrolment to NBRC.	Project was enrolled with NBRC. Zero units were constructed.	
Construction of low-cost houses – Ga-Rankuwa X 10		Submission of project enrolment to NBRC.	Project was enrolled with NBRC. No units were constructed.	
Refuse removal				

2017/18 capital programmes by ward REGION 1				
Capital project	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
Upgrade of access control at waste disposal sites	Wards 106, 40	Complete fence project Soshanguve landfill site and upgrade Bronkhorstspuit landfill site	Fencing off Soshanguve landfill site completed	😊
Roads and storm water systems				
Construction of roads and storm water systems – Chantelle X 39	Ward 4	1,6 km	1,6 km of roads and storm water drainage not constructed	😞
Construction of roads and storm water systems – Soshanguve X 13	Ward 90	Construction of 3,8 km of road	3.8 km of roads constructed	😊
Construction of roads and storm water systems – Soshanguve X 12	Ward 90	Construction of 3 km of road	Length of roads constructed: 3 km	😊
Construction of roads and storm water systems – Soshanguve X 5	Ward 90	Construction of 6 km of road	6 km of roads constructed	😊
Construction of roads and storm water systems – Mabopane EW	Ward 22	262 stand connections	Not reported	😞
Construction of roads and storm water systems – Thorntree View	Ward 90	Construction of 4,5 km of road	5,868 km of roads constructed	😊
Construction of roads and storm water systems – Winterveld	Ward 19	Construction of 4 km of road.	8 km of roads constructed:	😊
Concrete canal: Sam Malema Road, Winterveld	Ward 29	Appointment of design consultant and detail design of culvert road crossings	Detail design was done and contract documentation concluded.	😊

2017/18 capital programmes by ward REGION 1				
Capital project	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
Major storm water systems: Klip-Kruisfontein	Ward 90	Review detailed designs	Review of detail designs has been completed	
Traffic lights/Traffic signal system	Ward 57	Upgrading of Mkhombe intersections in Atteridgeville and installation of push-buttons for the visually impaired at various intersections around Tshwane CBD	New robot at Mkhobe intersection was completed. Push-button equipment for the visually impaired were procured.	
Shova Kalula Bicycle Project	Ward 9	Construction of approximately 5 km of bicycle pathways in Winterveld	Construction of 5 km bicycle pathways was not done	
Block W – Storm water drainage (Soshanguve):North east	Ward 4	Construction of 0,7 km of storm water drainage	No construction was done.	
Internal roads: Northern areas	Ward 24	Construction of 11,1 km of roads and 6,0 km of storm water drainage	Construction of 10,745 km roads and 2,9 km storm water drainage was completed.	
Internal roads: Northern areas	Ward 24	0,4 km of roads	0,4 km of roads	
Soshanguve Block FF East, Area 1	Ward 26	Storm water drainage: 0,7 km	No construction was done.	
Soshanguve Block FF East, Area 2	Ward 26	Storm water drainage: 0,7 km	No construction was done.	
Soshanguve Block GG Central (R)	Ward 94	Construction of 2,95 km of roads; 0,2 km of storm water drainage; 1,4 km of sidewalks; speed humps and road signs.	Construction of 2,95 km of roads; 0,2 km of storm water drainage; 1,4 km of sidewalks; speed humps and road signs was completed.	

2017/18 capital programmes by ward REGION 1				
Capital project	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
Soshanguve Block L	Ward 36	Appoint consultant, review designs and apply for environmental impact assessment	Review of detail designs has been completed. A sub-consultant for environmental impact assessment has been appointed.	
Soshanguve Block LL South (O)	Ward 36	4,500 km roads and 2,971 km of storm water systems; 0,933 km of sidewalks; 30 speed humps; 42 road signs	Construction of 4,500 km roads, 2,971 km of storm water systems; 0,933 km of sidewalks; 30 speed humps; and 42 road signs was completed.	
Flooding backlogs: Mabopane area	Ward 21	Detail designs and drawings	Water Use Land Application (WULA)	
Flooding backlogs: Soshanguve South (and Akasia Area): Soshanguve Block TT	Ward 89	Appoint consultant and review designs	Review of detail designs has been completed.	
Flooding backlogs: Soshanguve South (and Akasia area): Soshanguve Block WW	Ward 89	Appoint consultant and review designs	Review of detail designs has been completed.	
Flooding backlogs: Soshanguve South (and Akasia area): Soshanguve South X 1	Ward 39	Appoint consultant and review designs	Review of detail designs has been completed.	
Giant Stadium: Buitekant Street	Ward 29	Appointment of a contractor	No work done.	
Upgrading of roads and appurtenant storm water systems in Soshanguve	Ward 11 and 94	Appoint consultant and review design	Review of detail designs has been completed	
Upgrading of Mabopane roads (red soils)	Ward 21	Detail designs and drawings completed	Detail designs and drawings completed	

2017/18 capital programmes by ward REGION 1				
Capital project	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
Revitalisation of the city – Doubling of Petroleum Street	Ward 87	Detail designs and drawings	Detail design and drawings completed	
Economic development				
Rosslyn Urban Realm Upgrade and Multi Modal Interchange	Ward 4	Construction of 6 km walkways	No work done	
Mabopane Station Modal Interchange	Ward 94	Construction of two traffic circles, 140 food stalls, two ablution facilities, two guardhouses, 9 237 m ² of paving	<ul style="list-style-type: none"> - Sewer installations 100% completed - Storm water drainage construction 90% completed - Water installations 96% completed - Construction of two traffic circles 100% completed - 140 hawkers' stalls 100% completed - Two ablution facilities 100% completed - Two guardhouses 100% completed - Construction of paving 96% completed - Electrical installations 70% completed - Erection of roof structure 30% completed 	
Rosslyn Intermodal hub	Ward 0	1 km of walkways in Rosslyn	No construction	
Wonderboom Intermodal Facility	Ward 50, 96	10% completion of Wonderboom Intermodal Facility	5% completion of construction works	
Payments to townships for reticulated towns (citywide)	Ward 39	Process 100% of all applications received.	Completed all three applications received. Construction in progress.	

2017/18 capital programmes by ward REGION 1				
Capital project	Ward(s) affected	Annual milestone	Annual achieved milestone	Works completed (Yes/No)
Sport, arts and culture				
New Ga-Rankuwa Library	Ward 30	Finalised outstanding contractor payments and IT connection to library.	Payments finalised.	
Social Development Centre in Winterveld	Ward 94	Project completion and handover	Construction progress at 89%.	
Social Development Centre in Mabopane	Ward 21	Project completion and handover	Construction progress at 75%.	
Environment				
Provision of burial facilities	Ward 95	Klip-Kruisfontein Cemetery: Construction of second access gate	Klip-Kruisfontein Cemetery Second access gate: Purchase orders have been released; the project manager is consulting with the ward councillor; fencing has been advertised	
Health				
Extension of Rosslyn Clinic	Ward 4	Received final bill of quantities	Final bill of quantities (with estimated cost) received from professionals	

GLOSSARY OF TERMS

Term	Definition
Accounting Officer	(a) In relation to a municipality, the municipal official referred to in section 60 of the Municipal Systems Act; or (b) In relation to a municipal entity, the official of the entity referred to in section 93 and includes a person acting as the accounting officer.
Annual Report	In relation to a municipality or a municipal entity, means an annual report as contemplated in section 121 of the Municipal Finance Management Act.
Auditor-General South Africa	The person appointed as the Auditor-General in terms of section 193 of the Constitution, and includes a person – (a) acting as Auditor-General; (b) acting in terms of a delegation by the Auditor-General; or (c) designated by the Auditor-General to exercise a power or perform a duty of the Auditor-General.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment. According to Regulation 10 of the Municipal Planning and Performance Management Regulations 2001, such services include water supply, sanitation, electricity and solid waste removal.
Backlog	A backlog can be defined as services/goods that have accumulated over time that are still undelivered or unattended or still not produced.
Baseline	The accurate and quantitative data at a stated point in time that mark the beginning of a trend.
Councillor	A member of a municipal council.
Section 56 employee	In terms of the Municipal Systems Act, a person employed by a municipality as a municipal manager or as a manager directly accountable to a municipal manager.
Employer	The municipality employing a person as a municipal manager or as manager directly accountable to a municipal manager and as represented by the mayor, executive mayor or municipal manager, as the case may be.
Employment contract	A contract as contemplated in section 57 of the Municipal Systems Act.
External service provider	An external mechanism referred to in section 76(b) of the Municipal Systems Act, which provides a municipal service to a municipality.
Financial statements	In relation to a municipality or municipal entity, a statement consisting of at least – (a) a statement of financial position; (b) a statement of financial performance; (c) a cash-flow statement; (d) any other statement that may be prescribed; and (e) any notes to these statements.

Term	Definition
Financial year	The financial year of municipalities, which ends on 30 June of each year.
Input indicator	An indicator that measures the costs, resources and time used to produce an output.
Integrated Development Plan (IDP)	A plan envisaged in section 25 of the Municipal Systems Act.
Local community or community	In relation to a municipality, means that body or persons comprising – (a) the residents of the municipality; (b) the ratepayers of the municipality; and (c) any civic organisation and non-government, private sector or labour organisation or body that is involved in the local affairs of the municipality.
Mayor	In relation to a municipality with an – (a) executive mayor: the councillor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act; or (b) executive committee: the councillor elected as the mayor of the municipality in terms of section 48 of the Act.
Mid-year Report	A report that is developed in terms of the MFMA, section 72, and is intended to inform the council of a municipality's mid-year budget and performance assessment.
Mid-Term Report	A report that is developed half-way during the council's term, and will reflect among others the progress of the municipality on the IDP for that period. It is not a legislated report.
Municipality	When referred to as – (a) an entity: a municipality as described in section 2 of the Municipal Systems Act; and (b) a geographical area: a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act 27 of 1998).
Municipal entity	As defined in section 1 of Act 44 of 2003, means – (a) a private company referred to in section 86B(1)(a) of the Municipal Systems Act; (b) a service utility; or (c) a multi-jurisdiction service utility.
Municipal Finance Management Act	The Local Government: Municipal Finance Management Act, 2003 and any regulations made under the Act.
Municipal Manager	A person appointed in terms of section 82 of the Municipal Structures Act.
Municipal Structures Act	The Local Government: Municipal Structures Act, 1998 (Act 117 of 1998).
Municipal Systems Act	The Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).
Outcome Indicator	An indicator that measures the quality and/or impact of an output regarding a particular objective.
Output Indicator	An indicator that measures the results of activities, processes and strategies of a municipality's programme.
Performance agreement	An agreement as contemplated in section 57 of the Municipal Systems Act.
Performance plan	A part of the performance agreement that details the performance objectives and targets that must be met and the timeframe within which these must be met.
Service Delivery and Budget Implementation Plan	A detailed plan approved by the mayor of a municipality in terms of section 53(1)(c)(ii) of the Municipal Finance Management Act, for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate –

Term	Definition
	<p>(a) projections for each month of –</p> <ul style="list-style-type: none"> (i) revenue to be collected by source; and (ii) operational and capital expenditure by vote; <p>(b) service delivery targets and performance indicators for each quarter; and</p> <p>(c) any other matters that may be prescribed;</p> <p>and includes any revisions of such plan by the mayor in terms of section 54(1)(c) of the Municipal Finance Management Act.</p>
Monitoring and evaluation	<p>Monitoring is a process that entails collecting and analysing data on inputs, activities, outputs, outcomes and impacts as well as external factors, to support effective management.</p> <p>Evaluation is a process of assessing relevance, efficiency, effectiveness, impact and sustainability.</p>

ACRONYMS

AC	Audit Committee
AG	Auditor-General
AGSA	Auditor-General of South Africa
AIDS	Acquired immunodeficiency syndrome
APC	Audit and Performance Committee
ART	Antiretroviral treatment
BAC	Bid Adjudication Committee
BEC	Bid Evaluation Committee
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CM	City Manager
CNG	Compressed natural gas
CoGTA	Department of Cooperative Governance and Traditional Affairs
COSUP	Community-oriented Substance Use Programme
CSOP	City Strategy and Organisational Management
DAFF	Department of Agriculture, Forestry and Fisheries
ECD	Early childhood development
EE	Employment equity
EPWP	Expanded Public Works Programme
GDARD	Gauteng Department of Agriculture and Rural Development
GEP	Gauteng Enterprise Propeller
GGDP	Gross geographic domestic product
GDP	Gross domestic product
GIS	Geographical Information System
HCT	Housing Company Tshwane
HIV	Human immunodeficiency virus
HR	Human resources
ICT	Information and communication technology
IDP	Integrated Development Plan
IGR	Intergovernmental relations
IOD	Injury on duty
IRPTN	Integrated Rapid Transport Network
IT	Information technology
KPI	Key performance indicator

LED	Local economic development
MEC	Member of the Executive Committee
MFMA	Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)
MHS	Municipal health services
MMC	Member of the Mayoral Committee
MOA	Memorandum of agreement
MOU	Memorandum of understanding
MPAC	Municipal Public Accounts Committee
MTREF	Medium-term Revenue and Expenditure Framework
NGO	Non-governmental organisation
NMT	Non-motorised transport
OHS	Occupational health and safety
OPCA	Operation Clean Audit
PCR	Polymerase chain reaction (test)
PHC	Primary healthcare
PMTCT	Prevention of mother-to-child transmission (of HIV)
PO	Purchase order
PRASA	Passenger Rail Agency of South Africa
SAAQIS	South African Ambient Air Quality Information System
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SED	Strategic Executive Director
SEDA	Small Enterprise Development Agency
SMME	Small, medium and micro enterprise
SRC	Strategic Relationship Coordination
STI	Sexually transmitted infection
TB	Tuberculosis
TBS	Tshwane Bus Services
TEDA	Tshwane Economic Development Agency
TMPD	Tshwane Metro Police Department
TRT	Tshwane Rapid Transit



CITY OF TSHWANE METROPOLITAN MUNICIPALITY
Consolidated Annual Financial Statements
for the year ended 30 June 2018

General Information

Legal form of entity

Category A municipality in terms of section 1 of the Local Government Municipal Structures Act, 1998 (Act 117 of 1998) read with section 155(1) of the Constitution of the Republic of South Africa, 1996

Nature of business and principal activities

The principal activities of the City of Tshwane Metropolitan Municipality are to:

- Provide democratic and accountable government to the local communities;
- Ensure sustainable services delivery to communities;
- Promote social and economic development;
- Provide local communities equitable access to the municipal services;
- Promote and undertake development in the municipality;
- Promote a safe and healthy environment; and
- Encourage the involvement of communities in local government affairs

Executive Mayor

Solly Msimanga

Speaker

Rachel Mathebe

Chief Whip

Christiaan van den Heever

Mayoral committee**Members**

Mare-Lise Fourie (Ms) (MMC: Finance)
Sakkie du Plooy (MMC: Health)
Mike Mkhari (MMC: Agriculture and Environmental Management)
Anniruth Kisoonduth (Derrick) (MMC: Community Safety)
Darryl Moss (MMC: Utility Services)
Cilliers Brink (MMC: Human Capital Management and Shared Services)
Ntsiki Mokhotho (Ms) (MMC: Community and Social Development Services)
Randall Williams (MMC: Economic Development and Spatial Planning)
Mandla Nkomo (MMC: Housing and Human Settlement)
Sheila Lynn Senkubuge (Ms) (MMC: Roads and Transport)

Grading of local authority

Category A Grade 6 urban municipality (demarcation code - TSH)

Accounting Officer

Dr Moeketsi Mosola
Telephone: 012 358 4901

Chief Financial Officer (CFO)

Umar Banda CA (SA)
Telephone: 012 358 8100

Registered office

Tshwane House
320 Madiba Steet
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 (Act 56 of 2003)
Local Government: Municipal Systems Act (Act 32 of 2000)
Local Government: Municipal Structures Act (Act 117 of 1998)
Housing Act (Act 107 of 1997)
Constitution of the Republic of South Africa, 1996
Property Rates Act (Act 6 of 2004)
Division of Revenue Act (Act 3 of 2016)

General Information

Entities to be consolidated at year end

Consistent with the prior financial year the following municipal entities will be included in the Consolidated Annual Financial Statements:

Housing Company Tshwane NPC (Registration nr 2001/029821/08)

Tshwane Economic Development Agency Soc Ltd (TEDA) (Registration nr 2006/019396/07)

Entities dormant

Metsweding Economic Development Agency (MEDA) - Council decision of 25 August 2011 to disestablish MEDA. All operations were taken over by the Municipality on 1 July 2011. (Final deregistration 26 August 2016).

Sandspruit Works Association Soc Ltd (Registration nr 1999/019160/08). Was disestablished on 30 June 2017 in terms of Council Resolution of 27 October 2016. Currently in the process of being deregistered.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Index

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

	Page
Certification by City Manager	5
Statement of Financial Position	6
Statement of Financial Performance for the year ended 30 June 2018	7
Statement of Changes in Net Assets for the year ended 30 June 2018	8
Cash Flow Statement for the year ended 30 June 2018	9
Statement of Comparison of Budget and Actual Amounts	10 - 15
Summary of significant accounting policies	16 - 44
Notes to the Consolidated Annual Financial Statements	45 - 175
The following supplementary information does not form part of the Consolidated Annual Financial Statements and is unaudited:	
Supplementary Information	176 - 175
Appendixes:	
Appendix A: Schedule of External Loans	176
Appendix B: Analysis of Property, Plant and Equipment	178
Appendix C: Budgeted Financial Performance (Revenue and Expenditure by Standard Classification)	180
Appendix D: Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote)	182
Appendix E: Budgeted Financial Performance (Revenue and Expenditure)	184
Appendix F: Budgeted Capital Expenditure by Vote, Standard Classification and Funding	186
Appendix G: Budgeted Cash Flows	188
Appendix H: Disclosure of Grants and Subsidies paid in terms of the MFMA	189

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Index

Abbreviations

AARTO	Administrative Adjudication of Road Traffic Offences
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 Mineral and Energy
DoRA	Divisional of Revenue Act
DPSA	Department of Public Service and Administration
EPWP	Expanded Public Works Program
FMG	Finance Management Grant
GAAP	Generally Accepted Accounting Practice
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
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IPSAS	International Public Sector Accounting Standards
MEC	Member of the Executive Council
MEDA	Metsweding Economic Development Agency
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MPRA	Municipal Property Rates Act
NDPG	Neighbourhood Development Partnership Grant
PTNOG	Public Transport Network Operating Grant
RTMC	Road Traffic Management Corporation
SALGA	South African Local Government Association
TEDA	Tshwane Economic Development Agency
UIF	Unemployment Insurance Fund
USDG	Urban Settlement Development Grant
VAT	Value Added Tax

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Certification by City Manager

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

The consolidated annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board and as required by the Local Government: Municipal Finance Management Act, 2003.

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

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the economic entity and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal controls aimed at reducing the risk of error or loss 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 consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The accounting officer has reviewed the group's cash flow forecast for the year to 30 June 2019 and, in the light of this review and the current financial position, he is satisfied that the economic entity has adequate resources or has access to such resources to continue operating for the foreseeable future.

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

The consolidated annual financial statements set out on pages 6 to 175, which have been prepared on a going concern basis, were approved and signed by the accounting officer on 30 September 2018.

I certify that the salaries, allowances and benefits of councillors and payments made to councillors for loss of office, if any, as disclosed in Note 31 of these annual financial statements 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.

Dr Moeketsi Mosola
City Manager

Umar Banda CA(SA)
Chief Financial Officer

Pretoria

30 September 2018

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Position as at 30 June 2018

		Group		Municipality	
	Note(s)	2018	2017 Restated* R	2018	2017 Restated*
Assets					
Current Assets					
Inventories	21	635,565,193	692,359,396	635,565,193	688,894,585
Investments	19	2,356,562,644	1,712,536,970	2,356,110,483	1,712,108,929
Current tax receivable	77	-	859,028	-	-
Other receivables from exchange transactions	23	1,205,823,394	1,423,329,504	1,205,551,815	1,149,796,111
Other receivables from non-exchange transactions	23	206,183,986	74,472,926	206,183,986	74,472,926
Consumer receivables from exchange transactions	22	3,205,059,363	3,297,802,230	3,205,059,363	3,274,957,925
Consumer receivables from non-exchange transactions	22	912,319,296	689,804,129	912,319,296	689,804,129
VAT receivable	12	2,385,807	4,363,938	-	-
Long-term receivables: short-term portion	20	132,771,634	91,005,216	132,771,634	91,005,216
Sinking fund asset	73	468,779,692	-	468,779,692	-
Cash and bank	24	562,495,690	447,530,497	482,680,683	389,527,161
		9,687,946,699	8,434,063,834	9,605,022,145	8,070,566,982
Non-Current Assets					
Investment property	14	828,889,079	833,694,547	828,889,079	833,694,547
Property, plant and equipment	13	36,258,780,046	34,357,248,498	36,128,996,908	34,291,414,247
Leased assets	17	553,521,560	666,061,025	553,521,560	666,061,025
Intangible assets	15	390,137,806	416,205,518	390,084,966	416,007,742
Heritage assets	16	3,484,251,610	3,648,495,662	3,484,251,610	3,648,495,662
Investments	19	-	710,520	-	710,520
Deferred tax	75	59,351	-	-	-
Long-term receivables: long-term portion	20	41,039,269	36,199,920	41,039,269	36,199,920
Sinking fund	73	260,151,366	-	260,151,366	-
Interest rate swap asset	71	47,235,142	18,743,157	47,235,142	18,743,157
		41,864,065,229	39,977,358,847	41,734,169,900	39,911,326,820
Total Assets		51,552,011,928	48,411,422,681	51,339,192,045	47,981,893,802
Liabilities					
Current Liabilities					
Loans and bonds	4	715,376,151	728,912,199	715,060,753	728,596,801
Current tax payable	77	3,042,792	-	-	-
Lease liabilities	5	175,371,268	151,444,287	175,371,268	151,444,287
Operating lease liability	74	156,129	25,248	-	-
Payables from exchange transactions	10	7,180,555,619	7,388,212,390	7,129,150,731	7,052,516,216
VAT payable	12	2,219,564,782	1,437,135,346	2,219,564,782	1,426,786,838
Consumer deposits	9	516,053,782	411,345,192	516,053,782	407,336,926
Employee benefit obligation	43	307,179,298	305,258,081	307,179,298	305,258,081
Unspent grants and receipts	11	470,930,372	305,859,395	470,930,372	305,859,395
Service concession arrangements	60	235,749,104	247,621,793	235,749,104	247,621,793
		11,823,979,297	10,975,813,931	11,769,060,090	10,625,420,337
Non-Current Liabilities					
Loans and bonds	4	10,139,798,026	10,662,892,847	10,138,570,319	10,661,349,741
Lease liabilities	5	406,402,707	328,660,380	406,402,707	328,660,380
Deferred operating lease liability	74	75,677	148,443	-	-
Employee benefit obligation	43	1,523,823,760	1,663,747,853	1,523,823,760	1,663,747,853
Deferred tax	75	-	14,924	-	-
Provisions	6	943,934,569	968,935,936	943,934,569	968,935,936
Interest rate swap liability	71	183,928,141	142,995,983	183,928,141	142,995,983
Service concession arrangements	60	1,265,561,458	1,013,585,105	1,265,561,458	1,013,585,105
Sinking fund	73	147,547,144	-	147,547,144	-
		14,611,071,482	14,780,981,471	14,609,768,098	14,779,274,998
Total Liabilities		26,435,050,779	25,756,795,402	26,378,828,188	25,404,695,335
Net Assets		25,116,961,149	22,654,627,279	24,960,363,857	22,577,198,467
Accumulated surplus	42	25,116,961,149	22,654,627,279	24,960,363,857	22,577,198,467

* See Note 46

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Performance for the year ended 30 June 2018

		Group		Municipality	
		2018	2017 Restated* R	2018	2017 Restated*
	Note(s)				
Revenue					
Revenue from exchange transactions					
Service charges	26	16,921,045,891	16,186,493,118	16,921,669,192	16,423,581,684
Rental of facilities and equipment		141,396,888	134,119,008	133,087,962	128,862,904
Interest received - outstanding consumer debtors		731,177,851	618,102,368	731,032,609	553,456,804
Licences and permits		52,325,465	49,266,169	52,325,465	49,266,169
Other income	28	795,443,972	895,487,313	795,337,402	895,251,878
Investment revenue	34	210,975,786	105,993,848	210,274,693	105,227,294
Gain on foreign exchange transactions	72	537,469	281,716	537,469	281,716
Total revenue from exchange transactions		18,852,903,322	17,989,743,540	18,844,264,792	18,155,928,449
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	25	6,761,346,762	5,912,583,707	6,761,720,009	5,912,860,893
Transfer revenue					
Government grants, subsidies, awards and donations	27	6,467,568,269	6,123,596,479	6,438,423,343	6,123,596,479
Public contributions and donations		76,885,838	233,803,259	76,885,838	233,803,259
Fines, penalties and forfeits		214,536,078	186,948,494	214,536,078	186,948,494
Total revenue from non-exchange transactions		13,520,336,947	12,456,931,939	13,491,565,268	12,457,209,125
Total revenue		32,373,240,269	30,446,675,479	32,335,830,060	30,613,137,574
Expenditure					
Employee-related cost	29	(8,182,972,086)	(8,040,578,994)	(8,147,630,176)	(7,901,253,881)
Remuneration of councilors	31	(126,606,977)	(118,003,200)	(126,606,977)	(118,003,200)
Depreciation and amortisation	32	(1,808,750,942)	(1,586,023,006)	(1,807,045,707)	(1,581,557,251)
Impairment loss/reversal of impairments	61	(234,750,180)	(2,726,850)	(234,750,180)	(2,726,850)
Finance costs	33	(1,696,562,764)	(1,317,500,240)	(1,696,252,154)	(1,316,628,894)
Debt impairment	35	(1,714,178,382)	(1,417,202,205)	(1,712,997,942)	(1,270,227,002)
Bulk purchases	36	(9,835,004,103)	(9,401,956,537)	(9,835,502,733)	(9,582,375,815)
Contracted services	62	(2,510,690,756)	(2,845,342,761)	(2,485,413,588)	(2,799,728,867)
Transfers and subsidies	37	-	-	(122,425,090)	(382,142,676)
Loss on disposal of assets and liabilities		(79,939,912)	(74,837,639)	(79,778,670)	(75,140,946)
Fair value adjustments		(92,859,788)	(18,855,341)	(92,859,788)	(18,855,341)
General expenses	38	(3,649,526,847)	(3,194,313,238)	(3,635,258,069)	(3,167,587,175)
Total expenditure		(29,931,842,737)	(28,017,340,011)	(29,976,521,074)	(28,216,227,898)
Surplus before taxation		2,441,397,532	2,429,335,468	2,359,308,986	2,396,909,676
Taxation	76	2,920,067	758,508	-	-
Surplus for the year		2,438,477,465	2,428,576,960	2,359,308,986	2,396,909,676

The National Treasury classification of expenditure is disclosed in Note 68.

* See Note 46

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Statement of Changes in Net Assets for the year ended 30 June 2018

	Accumulated surplus	Total net assets
Group		
Opening balance as previously reported	19,663,032,334	19,663,032,334
Prior year adjustments (refer to Note 42 and 46)	563,017,985	563,017,985
Balance at 1 July 2016 as restated*	20,226,050,319	20,226,050,319
Changes in net assets		
Surplus for the year	2,428,576,960	2,428,576,960
Total changes	2,428,576,960	2,428,576,960
Opening balance as previously reported	23,265,811,833	23,265,811,833
Prior year adjustments (refer to Note 43 and 46)	(611,184,543)	(611,184,543)
Restated* Balance at 1 July 2017 as restated*	22,654,627,290	22,654,627,290
Changes in net assets		
Surplus for the year	2,438,477,465	2,438,477,465
Gain/(loss) from transfer of functions between entities under common control	23,856,394	23,856,394
Total changes	2,462,333,859	2,462,333,859
Balance at 30 June 2018	25,116,961,149	25,116,961,149
Note(s)	42	
Municipality		
Opening balance as previously reported	19,617,270,805	19,617,270,805
Adjustments		
Prior year adjustments (refer to Note 42 and 46)	563,017,986	563,017,986
Balance at 1 July 2016 as restated*	20,180,288,791	20,180,288,791
Changes in net assets		
Surplus for the year	2,396,909,676	2,396,909,676
Total changes	2,396,909,676	2,396,909,676
Opening balance as previously reported	23,194,990,739	23,194,990,739
Adjustments		
Prior year adjustments (refer to Note 42 and 46)	(617,792,262)	(617,792,262)
Restated* Balance at 1 July 2017 as restated*	22,577,198,477	22,577,198,477
Changes in net assets		
Surplus for the year	2,359,308,986	2,359,308,986
Gain/(loss) from transfer of functions between entities under common control	23,856,394	23,856,394
Total changes	2,383,165,380	2,383,165,380
Balance at 30 June 2018	24,960,363,857	24,960,363,857
Note(s)	42	

* See Note 46

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Cash Flow Statement for the year ended 30 June 2018

		Group		Municipality	
		2018	2017 Restated* R	2018	2017 Restated*
Cash flows from operating activities					
Receipts					
Cash receipts from other revenue sources		2,296,579,247	2,495,765,558	2,877,562,212	2,459,534,294
Cash receipts from rate payers and service charges		22,376,471,808	20,445,223,689	21,478,538,196	20,718,003,819
Grants: Operating		4,320,824,281	3,980,677,184	4,291,679,355	3,980,677,184
Grants: Capital		2,368,845,285	2,378,837,580	2,368,845,285	2,378,837,580
Interest income		205,582,045	102,616,461	204,880,952	101,849,907
		<u>31,568,302,666</u>	<u>29,403,120,472</u>	<u>31,221,506,000</u>	<u>29,638,902,784</u>
Payments					
Cash paid to employees		(8,309,579,063)	(8,158,582,194)	(8,274,237,153)	(8,019,257,081)
Cash paid to suppliers		(15,855,704,225)	(15,765,426,757)	(15,509,102,980)	(15,830,062,804)
Finance costs (interest paid)		(1,696,562,764)	(1,317,500,240)	(1,696,252,154)	(1,316,628,894)
Transfers and grants		-	-	(122,425,090)	(382,142,676)
Taxes on surpluses	75&77	907,478	(492,225)	-	-
		<u>(25,860,938,574)</u>	<u>(25,242,001,416)</u>	<u>(25,602,017,377)</u>	<u>(25,548,091,455)</u>
Net cash flows from operating activities	39	<u>5,707,364,092</u>	<u>4,161,119,056</u>	<u>5,619,488,623</u>	<u>4,090,811,329</u>
Cash flows from investing activities					
Purchase of property, plant and equipment	13	(3,231,734,545)	(3,415,047,734)	(3,166,058,342)	(3,383,354,823)
Retirement of leased assets	17	900,299	2,424,164	900,299	2,424,164
Proceeds from sale of assets	13&14	3,116,724	(1,489,354)	3,211,576	(1,792,661)
Purchase of investment property	14	-	(1,154,596)	-	(1,154,596)
Proceeds from sale of investment property	14	-	459,843	-	459,843
Purchase of other intangible assets	15	(35,243,435)	(22,310,352)	(35,290,210)	(22,310,352)
Transfer of functions between entities under common control	70	11,627,223	-	11,627,223	-
Increase/(decrease) in long-term receivables		(46,605,767)	(2,591,394)	(46,605,767)	(2,591,394)
Movement in financial assets		552,870,710	(1,079,656,525)	552,870,710	(1,079,656,525)
Capital contribution to sinking fund		(667,611,310)	-	(667,611,310)	-
Net cash flows from investing activities		<u>(3,412,680,101)</u>	<u>(4,519,365,948)</u>	<u>(3,346,955,821)</u>	<u>(4,487,976,344)</u>
Cash flows from financing activities					
Proceeds from loans and bonds		-	1,000,000,000	-	1,000,000,000
Repayment of loans and bonds	4	(596,715,120)	(549,871,573)	(596,399,722)	(549,555,981)
Proceeds from service concession arrangements		(188,169,587)	-	(188,169,587)	-
Finance lease (repayments)/receipts	5	(198,648,227)	(192,045,478)	(198,648,227)	(192,045,478)
Net cash flows from financing activities		<u>(983,532,934)</u>	<u>258,082,949</u>	<u>(983,217,536)</u>	<u>258,398,541</u>
Net increase/(decrease) in cash and cash equivalents		1,311,151,057	(100,163,943)	1,289,315,266	(138,766,474)
Cash and cash equivalents at the beginning of the year		1,081,561,706	1,181,725,649	1,023,130,329	1,161,896,803
Cash and cash equivalents at the end of the year	24	<u>2,392,712,763</u>	<u>1,081,561,706</u>	<u>2,312,445,595</u>	<u>1,023,130,329</u>

* See Note 46

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

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 - 2018											
Financial performance											
Property rates	6,514,409,101	90,000,000	6,604,409,101	-		6,604,409,101	6,761,346,762		156,937,661	102 %	104 %
Service charges	17,566,764,851	(134,610,918)	17,432,153,933	-		17,432,153,933	16,921,045,891		(511,108,042)	97 %	96 %
Investment revenue	79,492,589	49,976,069	129,468,658	-		129,468,658	210,975,786		81,507,128	163 %	265 %
Transfers recognised - operational	4,159,531,871	347,724,242	4,507,256,113	-		4,507,256,113	4,362,302,110		(144,954,003)	97 %	105 %
Other own revenue	1,905,815,072	97,766,441	2,003,581,513	-		2,003,581,513	2,004,777,167		1,195,654	100 %	105 %
Total revenue (excluding capital transfers and contributions)	30,226,013,484	450,855,834	30,676,869,318	-		30,676,869,318	30,260,447,716		(416,421,602)	99 %	100 %
Employee costs	(8,778,735,995)	110,762,474	(8,667,973,521)	-	33,000	(8,667,940,521)	(8,161,932,015)	-	506,008,506	94 %	93 %
Remuneration of councillors	(125,280,507)	-	(125,280,507)	-	-	(125,280,507)	(123,785,928)	-	1,494,579	99 %	99 %
Debt impairment	(1,175,972,918)	40,000,000	(1,135,972,918)	-		(1,135,972,918)	(1,714,178,382)	181,417,021	(578,205,464)	151 %	146 %
Depreciation and asset impairment	(1,961,301,772)	96,086,671	(1,865,215,101)	-		(1,865,215,101)	(2,043,501,122)	169,659,329	(178,286,021)	110 %	104 %
Finance charges	(1,417,356,526)	(38,366,656)	(1,455,723,182)	-	-	(1,455,723,182)	(1,686,623,352)	170,781,043	(230,900,170)	116 %	119 %
Materials and bulk purchases	(10,724,386,888)	30,972,907	(10,693,413,981)	-	(18,504,822)	(10,711,918,803)	(10,126,409,621)	-	585,509,182	95 %	94 %
Transfers and grants	(49,980,234)	(81,288)	(50,061,522)	-	-	(50,061,522)	(29,178,816)	-	20,882,706	58 %	58 %
Other expenditure	(5,761,814,505)	(918,949,030)	(6,680,763,535)	-	18,471,822	(6,662,291,713)	(6,079,494,827)	-	582,796,886	91 %	106 %
Total expenditure	(29,994,829,345)	(679,574,922)	(30,674,404,267)	-	-	(30,674,404,267)	(29,965,104,063)	521,857,393	709,300,204	98 %	100 %
Surplus/(deficit)	231,184,139	(228,719,088)	2,465,051	-		2,465,051	295,343,653		292,878,602	11,981 %	11,981 %

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. council approved policy)	Shifting of funds (i.t.o. s31 of the MFMA)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	2,443,910,336	(10,285,225)	2,433,625,111	-		2,433,625,111	2,104,325,795		(329,299,316)	86 %	86 %
Transfers recognised - capital (monetary Departmental agencies)	6,000,000	(1,100,000)	4,900,000	-		4,900,000	940,363		(3,959,637)	19 %	16 %
Contributions recognised - capital (in-kind: all)	32,815,800	-	32,815,800	-		32,815,800	40,787,721		7,971,921	124 %	124 %
Surplus/(deficit) after capital transfers and contributions	2,713,910,275	(240,104,313)	2,473,805,962	-		2,473,805,962	2,441,397,532		(32,408,430)	99 %	90 %
Taxation	-	-	-	-		-	2,920,067		2,920,067	- %	- %
Surplus/(deficit) for the year	2,713,910,275	(240,104,313)	2,473,805,962	-		2,473,805,962	2,438,477,465		(35,328,497)	99 %	90 %
Capital expenditure and funds sources											
Total capital expenditure	3,860,284,040	(137,083,996)	3,723,200,044	-		3,723,200,044	3,046,712,512		(676,487,532)	82 %	79 %
Sources of capital funds											
Transfers recognised - capital	(2,346,619,390)	1,707,573	(2,344,911,817)	-		(2,344,911,817)	(2,105,265,990)		239,645,827	90 %	90 %
Public contributions and donations	(100,000,000)	9,100,175	(90,899,825)	-		(90,899,825)	(61,157,098)		29,742,727	67 %	61 %
Borrowing	(1,000,000,000)	-	(1,000,000,000)	-		(1,000,000,000)	(700,248,494)		299,751,506	70 %	70 %
Integrated City Development Grant	(32,664,650)	-	(32,664,650)	-		(32,664,650)	-		32,664,650	- %	- %
Internally generated funds	(381,000,000)	126,276,248	(254,723,752)	-		(254,723,752)	(180,040,930)		74,682,822	71 %	47 %
Total sources of capital funds	(3,860,284,040)	137,083,996	(3,723,200,044)	-		(3,723,200,044)	(3,046,712,512)		676,487,532	82 %	79 %

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. council approved policy)	Shifting of funds (i.t.o. s31 of the MFMA)	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	4,777,383,098	(625,578,777)	4,151,804,321	-		4,151,804,321	5,707,364,092		1,555,559,771	137 %	119 %
Net cash from (used) investing	(4,459,981,493)	73,146,255	(4,386,835,238)	-		(4,386,835,238)	(3,412,680,101)		974,155,137	78 %	77 %
Net cash from (used) financing	398,206,067	315,398	398,521,465	-		398,521,465	(983,532,934)		(1,382,054,399)	(247)%	(247)%
Net increase/(decrease) in cash and cash equivalents	715,607,672	(552,117,124)	163,490,548	-		163,490,548	1,311,151,057		1,147,660,509	802 %	183 %
Cash and cash equivalents at the beginning of the year	1,907,680,971	261,634,831	2,169,315,802	-		2,169,315,802	1,081,561,706		(1,087,754,096)	50 %	57 %
Cash and cash equivalents at year end	2,623,288,643	(290,482,293)	2,332,806,350	-		2,332,806,350	2,392,712,763		59,906,413	103 %	91 %

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

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 - 2018											
Financial performance											
Property rates	6,515,394,224	90,000,000	6,605,394,224	-		6,605,394,224	6,761,720,009		156,325,785	102 %	104 %
Service charges	17,569,565,225	(137,411,293)	17,432,153,932	-		17,432,153,932	16,921,669,192		(510,484,740)	97 %	96 %
Investment revenue	50,634,637	49,806,295	100,440,932	-		100,440,932	210,274,693		109,833,761	209 %	415 %
Transfers recognised - operational	4,159,531,871	347,724,242	4,507,256,113	-		4,507,256,113	4,333,157,184		(174,098,929)	96 %	104 %
Other own revenue	1,917,416,071	103,593,417	2,021,009,488	-		2,021,009,488	1,996,216,429		(24,793,059)	99 %	104 %
Total revenue (excluding capital transfers and contributions)	30,212,542,028	453,712,661	30,666,254,689	-		30,666,254,689	30,223,037,507		(443,217,182)	99 %	100 %
Employee costs	(8,731,534,889)	107,455,952	(8,624,078,937)	-	33,000	(8,624,045,937)	(8,126,590,105)	-	497,455,832	94 %	93 %
Remuneration of councillors	(125,280,507)	-	(125,280,507)	-	-	(125,280,507)	(123,785,928)	-	1,494,579	99 %	99 %
Debt impairment	(1,175,972,918)	40,000,000	(1,135,972,918)	-		(1,135,972,918)	(1,712,997,942)	577,025,024	(577,025,024)	151 %	146 %
Depreciation and asset impairment	(1,958,477,467)	96,086,668	(1,862,390,799)	-		(1,862,390,799)	(2,041,795,887)	179,405,088	(179,405,088)	110 %	104 %
Finance charges	(1,417,116,653)	(38,966,656)	(1,456,083,309)	-	-	(1,456,083,309)	(1,686,312,742)	230,229,433	(230,229,433)	116 %	119 %
Materials and bulk purchases	(10,336,202,305)	44,153,902	(10,292,048,403)	-	(18,504,822)	(10,310,553,225)	(10,126,908,251)	-	183,644,974	98 %	98 %
Transfers and grants	(133,361,859)	(36,274,816)	(169,636,675)	-	-	(169,636,675)	(151,603,906)	-	18,032,769	89 %	114 %
Other expenditure	(6,107,656,514)	(928,155,129)	(7,035,811,643)	-	18,471,822	(7,017,339,821)	(6,039,787,639)	-	977,552,182	86 %	99 %
Total expenditure	(29,985,603,112)	(715,700,079)	(30,701,303,191)	-	-	(30,701,303,191)	(30,009,782,400)	986,659,545	691,520,791	98 %	100 %
Surplus/(deficit)	226,938,916	(261,987,418)	(35,048,502)	-		(35,048,502)	213,255,107		248,303,609	(608)%	94 %

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. council approved policy)	Shifting of funds (i.t.o. s31 of the MFMA)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital (monetary National/Provincial)	2,373,284,040	(607,573)	2,372,676,467	-		2,372,676,467	2,104,325,795		(268,350,672)	89 %	89 %
Transfers recognised - capital (monetary - Departmental agencies)	6,000,000	(1,100,000)	4,900,000	-		4,900,000	940,363		(3,959,637)	19 %	16 %
Transfers recognised - capital (in-kind: all)	32,815,800	-	32,815,800	-		32,815,800	40,787,721		7,971,921	124 %	124 %
Surplus/(deficit) after capital transfers and contributions	2,639,038,756	(263,694,991)	2,375,343,765	-		2,375,343,765	2,359,308,986		(16,034,779)	99 %	89 %
Surplus/(deficit) for the year	2,639,038,756	(263,694,991)	2,375,343,765	-		2,375,343,765	2,359,308,986		(16,034,779)	99 %	89 %
Capital expenditure and funds sources											
Total capital expenditure	3,860,284,040	(137,083,996)	3,723,200,044	-		3,723,200,044	3,046,712,512		(676,487,532)	82 %	79 %
Sources of capital funds											
Transfers recognised - capital	(2,346,619,390)	1,707,573	(2,344,911,817)	-		(2,344,911,817)	(2,105,265,990)		239,645,827	90 %	90 %
Public contributions and donations	(100,000,000)	9,100,175	(90,899,825)	-		(90,899,825)	(61,157,098)		29,742,727	67 %	61 %
Borrowing	(1,000,000,000)	-	(1,000,000,000)	-		(1,000,000,000)	(700,248,494)		299,751,506	70 %	70 %
Integrated City Development Grant	(32,664,650)	-	(32,664,650)	-		(32,664,650)	-		32,664,650	- %	- %
Internally generated funds	(381,000,000)	126,276,248	(254,723,752)	-		(254,723,752)	(180,040,930)		74,682,822	71 %	47 %
Total sources of capital funds	(3,860,284,040)	137,083,996	(3,723,200,044)	-		(3,723,200,044)	(3,046,712,512)		676,487,532	82 %	79 %

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. council approved policy)	Shifting of funds (i.t.o. s31 of the MFMA)	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	4,770,227,097	(767,630,103)	4,002,596,994	-		4,002,596,994	5,619,488,623		1,616,891,629	140 %	118 %
Net cash from (used) investing	(4,459,981,493)	216,502,312	(4,243,479,181)	-		(4,243,479,181)	(3,346,955,821)		896,523,360	79 %	75 %
Net cash from (used) financing	398,206,067	630,797	398,836,864	-		398,836,864	(983,217,536)		(1,382,054,400)	(247)%	(247)%
Net increase/(decrease) in cash and cash equivalents	708,451,671	(550,496,994)	157,954,677	-		157,954,677	1,289,315,266		1,131,360,589	816 %	182 %
Cash and cash equivalents at the beginning of the year	1,907,680,971	203,203,454	2,110,884,425	-		2,110,884,425	1,023,130,329		(1,087,754,096)	48 %	54 %
Cash and cash equivalents at year end	2,616,132,642	(347,293,540)	2,268,839,102	-		2,268,839,102	2,312,445,595		(43,606,493)	102 %	88 %

The explanations for major variances between the budget and the actual for the period under review are done in note 57.

The explanations for changes between the original budget and the final budget for the period under review are done in note 57.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Summary of significant accounting policies

1. Basis of preparation of annual financial statements

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

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

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 consolidated annual financial statements, is disclosed below.

1.1 Presentation currency

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

1.2 Consolidation

Basis of consolidation

The consolidated annual financial statements are the consolidated annual financial statements of the economic entity (group) presented as those of a single entity.

Control exists when the controlling entity (municipality) has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities.

The consolidated annual financial statements of the controlling entity (municipality) and its controlled entities used in the preparation of the consolidated consolidated annual financial statements are prepared as of the same date.

Adjustments are made when necessary to the consolidated annual financial statements of the controlled entities to bring their accounting policies in line with those of the Municipality.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

The term "economic entity" is used in GRAP 6 to define, for financial reporting purposes a group of entities comprising the controlling entity and any controlled entities. Other terms sometimes used to refer to an economic entity include "administrative entity", "financial entity", "consolidated entity" and "group". For ease of reference and understanding the term "group" is used to refer to the "economic entity" and "Municipality" is used to refer to the "controlling entity" in these consolidated annual financial statements.

1.3 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 65.

1.4 Transfer of functions between entities under common control

Definitions

An acquirer is the group that obtains control of the acquiree or transferor.

Control is the power to govern the financial and operating policies of another economic entity so as to benefit from its activities.

Determining the transfer date

The acquirer and the transferor identify the transfer date, which is the date on which the acquirer obtains control and the transferor loses control of that function.

All relevant facts and circumstances are considered in identifying the transfer date.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Summary of significant accounting policies

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

Assets acquired [transferred] and liabilities assumed [relinquished]

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

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

Other criteria for the entity (as acquirer)

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

Costs that the 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, is 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 consolidated annual financial statements after the transfer has occurred, in accordance with the applicable Standards of GRAP.

Accounting by the entity as acquirer

Initial recognition and measurement

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

Subsequent measurement

The economic entity subsequently measure 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.

1.5 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.

Trade receivables/investments and/or loans and receivables

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.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Summary of significant accounting policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Impairment of financial assets

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

The group has developed a detailed impairment model used for the assessing whether there is objective evidence that consumer debtors, housing receivables and long term receivables should be impairment. 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 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 2018 were used.

Where objective evidence of an impairment loss on financial assets measured at amortised cost exists, the present value of the future cash flows of the financial assets discounted at the financial asset's original effective rate is determined and compared to the carrying value of the financial assets. The carrying amount of assets shall be reduced either directly or through the use of an allowance account. The amount of loss shall be recognised in the statement of financial performance.

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 have 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 of current replacement cost. The write down is included in the operational surplus (general expense). Refer to Note 21.

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 estimate the recoverable service amount of the non-cash generating asset. The recoverable service amount of non-cash-generating assets have been determined on the higher of value-in-use calculations and fair value less cost to sell. These calculations require the use of estimates and assumptions.

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

Provisions

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

The estimates are discounted at a discount rate that reflects current market assessments of the time value of money. Additional disclosure of these estimates of provisions is included in Note 6 - Provisions.

Summary of significant accounting policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment

The group's management determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on industry norms. The industry norm is adjusted for the 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 43.

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 6).

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 4.

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.

1.6 Biological assets that form part of an agricultural activity

Biological assets (game) - disclosed under property, plant and equipment are measured at their fair value less point-of-sale costs.

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 (game) - disclosed under property, plant and equipment and is included as a surplus or deficit for the period in which it arises.

Biological assets 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. Any gain or loss that arises at the point of derecognition is recognised in surplus or deficit at the point of derecognition.

1.7 Investment property

Investment property is property held to earn rental revenue or for capital appreciation or both.

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 group, and the cost or fair value of the investment property can be measured reliably.

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

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

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.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Summary of significant accounting policies

1.7 Investment property (continued)

Cost model

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 installments over the useful life of the property, which is as follows:

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

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential 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 group separately discloses expenditure to repair and maintain investment property in the notes to the consolidated annual financial statements (see note 14).

The group discloses relevant information relating to assets under construction or development, in the notes to the consolidated annual financial statements (see note 14).

1.8 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the 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.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Summary of significant accounting policies

1.8 Property, plant and equipment (continued)

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

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 (refer to Note 17)	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.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Summary of significant accounting policies

1.8 Property, plant and equipment (continued)

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the group. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

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

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

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

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

The group separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 13).

The group discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 13).

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

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

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

1.9 Site rehabilitation and restoration cost

The group has an obligation to rehabilitate and restore items of property, plant and equipment. Such obligations are referred to as "rehabilitation provisions". The cost of an item of property, plant and equipment includes the initial estimate of the costs of rehabilitation and restoring the site on which it is located, the obligation for which the group incurs 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 group considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.10 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

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

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Summary of significant accounting policies

1.10 Intangible assets (continued)

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.

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;
- 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
Servitudes	Indefinite

The group discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 15).

The group discloses relevant information relating to the repair and maintenance of intangible assets, in the notes to the financial statements (see note 15).

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).

1.11 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.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Summary of significant accounting policies

1.11 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 - refer to Note 54.

1.12 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, requires 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 Provincial 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.

1.13 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

The group separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 16).

The group discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 16).

Initial measurement

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.

City of Tshwane Metropolitan Municipality
Consolidated Annual Financial Statements for the year ended 30 June 2018

Summary of significant accounting policies

1.13 Heritage assets (continued)

Subsequent measurement

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

Impairment

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

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.

Derecognition

The group 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).

1.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the "underlying").
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

A hedge is an investment to reduce the risk of adverse price movements in an asset. Normally, a hedge consists of taking an offsetting position in a related security, such as an investment. Hedge accounting is a method of accounting where entries for the ownership of a security and the opposing hedge are treated as one. Hedge accounting attempts to reduce the volatility created by the repeated adjustment of a financial instrument's value, known as marking to market.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Summary of significant accounting policies

1.14 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is -

- cash;
- a residual interest of another entity; or
- a contractual right to -
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to -

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counter party has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as -

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that -

- the entity designates at fair value at initial recognition; or
- are held for trading.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Summary of significant accounting policies

1.14 Financial instruments (continued)

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are -

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading.

A financial instrument is held for trading if:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
- non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
- financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

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

Class

Non-exchange:

Consumer receivables: Property rates

Exchange:

Consumer receivables: Services

Other receivables

Long-term receivables: Housing loans

Long-term receivables: Loans to sport clubs

Long-term receivables: Sale of land

Long-term receivables: Arrangement debtors

Cash and cash equivalents

Investments (short-term deposits of three months and less)

Investments (long-term of more than three months)

Interest rate swap

Sinking fund assets

Category

Financial asset measured at amortised cost

Financial asset measured at amortised cost

Financial asset measured at amortised cost

Financial asset measured at amortised cost

Financial asset measured at amortised cost

Financial asset measured at amortised cost

Financial asset measured at amortised cost

Financial asset measured at amortised cost

Financial asset measured at amortised cost

Financial asset measured at amortised cost

Financial asset measured at fair value

Financial asset measured at fair value

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

Class

Exchange:

Long-term loans: Term loans

Long-term loans: Local registered stock

Long-term loans: Annuity loans

Long-term loans: Municipality bonds

Trade payables:

Payables from exchange transactions

Retention creditors

Deposits

Bank overdraft

Lease liabilities

Service concession arrangement

Interest rate swap liability

Sinking fund liabilities

Category

Financial liability measured at amortised cost

Financial liability measured at amortised cost

Financial liability measured at amortised cost

Financial liability measured at amortised cost

Financial liability measured at amortised cost

Financial liability measured at amortised cost

Financial liability measured at amortised cost

Financial liability measured at amortised cost

Financial liability measured at amortised cost

Financial liability measured at amortised cost

Financial liability measured at fair value

Financial liability measured at fair value

Initial recognition

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

The group recognises financial assets using trade date accounting.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Summary of significant accounting policies

1.14 Financial instruments (continued)

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:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The 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 best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the group establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the group calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. 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.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

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 is impaired.

Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The 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 — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another 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 group 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 group does not offset the transferred asset and the associated liability.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

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 by the statement of financial position date.

Deferred tax assets and liabilities

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

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

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

Tax expenses

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

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

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

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 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.

Housing Company Tshwane are exempt from tax in terms of section 10(1)cA(ii) of the Income Tax Act.

Tshwane Economic Development Agency (TEDA) is 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 entity assesses the classification of each element separately.

Finance leases - lessor

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

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

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

City of Tshwane Metropolitan Municipality
Consolidated Annual Financial Statements for the year ended 30 June 2018

Summary of significant accounting policies

1.16 Leases (continued)

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.

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 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. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised. Unconditional grants and receipts are recognised upon receipt.

1.18 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction. Then their costs are their fair value as at the date of acquisition.

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

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

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Summary of significant accounting policies

1.18 Inventories (continued)

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.

Land held for development, including land in the course of development until legal completion of the sale of the asset, is initially recorded at cost. Where, through deferred purchase credit terms, cost differs from the nominal amount which will actually be paid in settling the deferred purchase terms liability, no adjustment is made to the cost of the land, the difference being charged as a finance cost.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Cost also includes a portion of overhead costs, if this relates to the development.

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 and that has not yet been treated, that is under the control of the Municipality but cannot be measured reliably as there is no cost attached to the water, is therefore not recognised in the statement of financial position. The basis of determining the cost of water purchased and not yet sold at the reporting date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates.

Derecognition of inventory

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

1.19 Value-added tax

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

The group accounts for VAT on the cash basis.

1.20 Grants-in-aid (expense)

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

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

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Summary of significant accounting policies

1.21 Impairment of non-cash-generating assets

Identification

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

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.

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.

Summary of significant accounting policies

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

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 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 un-discounted 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 plans and/or composite social security programmes 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.

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, an 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.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Summary of significant accounting policies

1.22 Employee benefits (continued)

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.

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.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Summary of significant accounting policies

1.22 Employee benefits (continued)

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

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

Actuarial valuations are conducted 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) reflect 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
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

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

Other post-retirement obligations

The group provides post-retirement health care benefits, housing subsidies 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.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Summary of significant accounting policies

1.22 Employee benefits (continued)

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.

1.23 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 passage of time is recognised as 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 54.

Levies

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

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

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

The following provisions exist within the group:

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

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Summary of significant accounting policies

1.23 Provisions and contingencies (continued)

- **Legal proceedings**

A provision was created in 2013/14 for the legal cost contingencies of certain cases. Refer to Note 6.

1.24 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

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:

- Contracts should be non-cancelable or only cancelable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.25 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 group 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.

Measurement

Revenue is measured at the fair value of the consideration received or receivable for the supply of services in the ordinary course of activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The group has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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:

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

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

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

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Summary of significant accounting policies

1.25 Revenue from exchange transactions (continued)

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

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

Interest income

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the group, and
- The amount of the revenue can be measured reliably.

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

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

1.26 Revenue from non-exchange transactions

Recognition

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 group 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.

Measurement

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

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

City of Tshwane Metropolitan Municipality
Consolidated Annual Financial Statements for the year ended 30 June 2018

Summary of significant accounting policies

1.26 Revenue from non-exchange transactions (continued)

Taxes (property rates for municipalities)

The group 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 group 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 group 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.

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 group.

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

Services in kind

The group 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 group 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 Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. A liability is recognised when the criteria, conditions or obligations have not been met.

1.27 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.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Summary of significant accounting policies

1.28 Translation of foreign currencies

Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the Group (i.e. 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).

1.29 Comparative amounts

Where necessary, comparative amounts have been reclassified to conform to changes in presentation in the current year. Refer to Note 46.

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.

1.30 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 of 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, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.31 Fruitless and wasteful expenditure

Fruitless 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, and where recovered, it is subsequently accounted for as revenue in surplus or deficit.

1.32 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), 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, it is subsequently accounted for as revenue in surplus or deficit for the year.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2018

Summary of significant accounting policies

1.33 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.

1.34 Budget information

A 10% deviation on operational revenue and expenditure versus the final budget 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 01-Jul-17 to 30-Jun-18.

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

1.35 Related parties

Management is considered a related party, and comprises of the Councillors, Executive Mayor, Mayoral Committee Members, City Manager and all other section 56 and 57 employees as defined in the MFMA (refer to note 30 and note 31).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the group (refer to note 50).

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 consolidated financial statements.

1.36 Events after the reporting date

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

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

1.37 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 identified from other assets within the same asset category, and are clearly identified from 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.

Summary of significant accounting policies

1.37 Service concession arrangements: Entity as grantor (continued)

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.

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 (i.e. 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.

Summary of significant accounting policies

1.37 Service concession arrangements: Entity as grantor (continued)

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.

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations**2.1 Standards and interpretations effective and adopted in the current year**

In the current year there were no new standards and interpretations that are effective for the current financial period and that are relevant to the operations of the group.

2.2 Standards and Interpretations early adopted

The group has chosen not to early adopt any new standards and interpretations.

2.3 Standards and interpretations issued, but not yet effective

The group has not applied the following standards and interpretations, which have been published:

GRAP 34: Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

It furthermore covers Definitions, Preparation of separate financial statements, Disclosure, Transitional provisions and Effective date.

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

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

The adoption of this standard is not expected to impact on the results of the group, but may result in more disclosure than is currently provided in the consolidated annual financial statements.

GRAP 35: Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

To meet this objective, the Standard:

- requires an entity (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements;
- defines the principle of control, and establishes control as the basis for consolidation;
- sets out how to apply the principle of control to identify whether an entity controls another entity and therefore must consolidate that entity;
- sets out the accounting requirements for the preparation of consolidated financial statements; and
- defines an investment entity and sets out an exception to consolidating particular controlled entities of an investment entity.

It furthermore covers Definitions, Control, Accounting requirements, Investment entities: Fair value requirement, Transitional provisions and Effective date.

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

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

The adoption of this standard is not expected to impact on the results of the group, but may result in more disclosure than is currently provided in the consolidated annual financial statements.

GRAP 36: Investments in Associates and Joint Ventures

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

It furthermore covers Definitions, Significant influence, Equity method, Application of the equity method, Separate financial statements, Transitional provisions and Effective date.

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

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

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

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 37: Joint Arrangements

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

To meet this objective, the Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

It furthermore covers Definitions, Joint arrangements, Financial statements and parties to a joint arrangement, Separate financial statements, Transitional provisions and Effective date.

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

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

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

GRAP 38: Disclosure of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- the effects of those interests on its financial position, financial performance and cash flows.

It furthermore covers Definitions, Disclosing information about interests in other entities, Significant judgements and assumptions, Investment entity status, Interests in controlled entities, Interests in joint arrangements and associates, Interests in structured entities that are not consolidated, Non-qualitative ownership interests, Controlling interests acquired with the intention of disposal, Transitional provisions and Effective date.

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

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

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

GRAP 110: Living and Non-living Resources

The objective of this Standard is to prescribe the:

- recognition, measurement, presentation and disclosure requirements for living resources; and
- disclosure requirements for non-living resources

It furthermore covers Definitions, Recognition, Measurement, Depreciation, Impairment, Compensation for impairment, Transfers, Derecognition, Disclosure, Transitional provisions and Effective date.

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

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

The group is unable to reliably estimate the impact of the standard on the consolidated annual financial statements.

GRAP 110 (as amended 2016): Living and Non-living Resources

Amendments to the Standard of GRAP on Living and Non-living Resources resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23; and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when a living resource is revalued; To clarify acceptable methods of depreciating assets; and To define a bearer plant and include bearer plants within the scope of GRAP 17 or GRAP 110, while the produce growing on bearer plants will remain within the scope of GRAP 27

The effective date of the amendment is for years beginning on or after 1 April 2020.

The group expects to adopt the amendment for the first time in the 2021 consolidated annual financial statements.

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations (continued)

The group is unable to reliably estimate the impact of the amendment on the consolidated annual financial statements.

GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements

The definition of 'minority interest' has been amended to 'non-controlling interest', and paragraph .60 was added by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

Paragraph .59 was amended by Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107] from the date at which it first applied the Standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .03, .39, .47 to .50 and added paragraphs .51 to .58 and .61 to .62. An entity shall apply these amendments when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for consolidated annual financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

The group expects to adopt the amendment for the first time in the 2019 consolidated annual financial statements.

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

GRAP 7 (as revised 2010): Investments in Associates

Paragraphs .03 and .42 were amended by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .22, .28 and .38 and added paragraph .24. An entity shall apply these amendments and addition when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for consolidated annual financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

The group expects to adopt the amendment for the first time in the 2019 consolidated annual financial statements.

It is unlikely that the amendment will have a material impact on the economic entity's consolidated annual financial statements.

GRAP 8 (as revised 2010): Interests in Joint Ventures

Paragraph .04 was amended by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers added paragraph .50 and amended paragraphs .51 and .52. An entity shall apply these amendments and addition when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for annual financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

The group expects to adopt the amendment for the first time in the 2019 consolidated annual financial statements.

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

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 18 (as amended 2016): Segment Reporting

Amendments to the Standard of GRAP on Segment Reporting resulted from editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.

The most significant changes to the Standard are:

- General improvements: An appendix with illustrative segment disclosures has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the amendment is for years beginning on or after 1 April 2020.

The economic entity expects to adopt the amendment for the first time when the Minister sets the effective date for the amendment.

The group is unable to reliably estimate the impact of the amendment on the consolidated annual financial statements.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's consolidated annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual consolidated annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that 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. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations (continued)

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

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

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

The adoption of this standard is not expected to impact on the results of the group, but may result in more disclosure than is currently provided in the consolidated annual financial statements.

GRAP 32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

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

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

The adoption of this standard is not expected to impact on the results of the group, but may result in more disclosure than is currently provided in the consolidated annual financial statements.

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is for years beginning on or after 1 April 2019.

The group expects to adopt the standard for the first time in the 2020 financial year.

The adoption of this standard is not expected to impact on the results of the group, but may result in more disclosure than is currently provided in the consolidated annual financial statements.

GRAP 109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 1 April 2019.

The group expects to adopt the standard for the first time in the 2020 financial year..

The impact of this standard is currently being assessed.

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations (continued)

IGRAP 11: Consolidation – Special purpose entities

An entity may be created to accomplish a narrow and well-defined objective (e.g. to effect a lease, research and development activities or a securitisation of financial assets). Such a special purpose entity ('SPE') may take the form of a corporation, trust, partnership or unincorporated entity. SPEs often are created with legal arrangements that impose strict and sometimes permanent limits on the decision-making powers of their management over the operations of the SPE. Frequently, these provisions specify that the policy guiding the ongoing activities of the SPE cannot be modified, other than perhaps by its creator or sponsor (ie they operate on so-called 'autopilot'). The sponsor (or entity on whose behalf the SPE was created) frequently transfers assets to the SPE, obtains the right to use assets held by the SPE or performs services for the SPE, while other parties ('capital providers') may provide the funding to the SPE. An entity that engages in transactions with an SPE (frequently the creator or sponsor) may in substance control the SPE. A beneficial interest in an SPE may, for example, take the form of a debt instrument, an equity instrument, a participation right, a residual interest or a lease. Some beneficial interests may simply provide the holder with a fixed or stated rate of return, while others give the holder rights or access to other future economic benefits or service potential of the SPE's activities. In most cases, the creator or sponsor (or the entity on whose behalf the SPE was created) retains a significant beneficial interest in the SPE's activities, even though it may own little or none of the SPE's net assets.

The Standard of GRAP on Consolidated and Separate Financial Statements requires the consolidation of entities that are controlled by the reporting entity. However, the Standard of GRAP does not provide explicit guidance on the consolidation of SPEs. The issue is under what circumstances an entity should consolidate an SPE. This interpretation of the Standards of GRAP does not apply to post-employment benefit plans or other long-term employee benefit plans to which the Standard of GRAP on Employee Benefits applies.

A transfer of assets from an entity to an SPE may qualify as a sale by that entity. Even if the transfer does qualify as a sale, the provisions of the Standard of GRAP on Consolidated and Separate Financial Statements and this Interpretation of the Standards of GRAP may mean that the entity should consolidate the SPE. This Interpretation of the Standards of GRAP does not address the circumstances in which sale treatment should apply for the entity or the elimination of the consequences of such a sale upon consolidation.

The effective date of this interpretation is dependent on/in conjunction with the effective date of GRAP 105, 106 and 107.

The group expects to adopt the interpretation for the first time in the 2019 consolidated annual financial statements.

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

IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures

Paragraph .54 in the Standard of GRAP on Interests in Joint Ventures refers to both contributions and sales between a venturer and a joint venture as follows: 'When a venturer contributes or sells assets to a joint venture, recognition of any portion of a gain or loss from the transaction shall reflect the substance of the transaction'. In addition, paragraph 31 in the Standard of GRAP on Interests in Joint Ventures says that 'a jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest'. There is no explicit guidance on the recognition of gains and losses resulting from contributions of non-monetary assets to jointly controlled entities ('JCEs').

Contributions to a JCE are transfers of assets by venturers in exchange for an interest in the net asset in the JCE. Such contributions may take various forms. Contributions may be made simultaneously by the venturers either upon establishing the JCE or subsequently. The consideration received by the venturer(s) in exchange for assets contributed to the JCE may also include cash or other consideration that does not depend on future cash flows of the JCE ('additional consideration').

The issues are:

- when the appropriate portion of gains or losses resulting from a contribution of a non-monetary asset to a JCE in exchange for an interest in the net assets in the JCE should be recognised by the venturer in surplus or deficit;
- how additional consideration should be accounted for by the venturer; and
- how any unrealised gain or loss should be presented in the consolidated

This Interpretation of the Standards of GRAP deals with the venturer's accounting for non-monetary contributions to a JCE in exchange for an interest in the net assets in the JCE that is accounted for using either the equity method or proportionate consolidation.

The effective date of this interpretation is dependent on/in conjunction with the effective date of GRAP 105, 106 and 107.

The group expects to adopt the interpretation for the first time in the 2019 consolidated annual financial statements.

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

IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations (continued)

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the interpretation is for years beginning on or after 1 April 2019.

The group expects to adopt the interpretation for the first time in the 2020 consolidated annual financial statements.

The adoption of this interpretation is not expected to impact on the results of the group, but may result in more disclosure than is currently provided in the consolidated annual financial statements.

IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land

This Interpretation of the Standards of GRAP applies to the initial recognition and derecognition of land in an entity's financial statements. It also considers joint control of land by more than one entity.

When an entity concludes that it controls the land after applying the principles in this Interpretation of the Standards of GRAP, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets. As this Interpretation of the Standards of GRAP does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined. An entity also applies the applicable Standards of GRAP to the derecognition of land when it concludes that it does not control the land after applying the principles in this Interpretation of the Standards of GRAP.

In accordance with the principles in the Standards of GRAP, buildings and other structures on the land are accounted for separately. These assets are accounted for separately as the future economic benefits or service potential embodied in the land differs from those included in buildings and other structures. The recognition and derecognition of buildings and other structures are not addressed in this Interpretation of the Standards of GRAP.

The effective date of the interpretation is for years beginning on or after 1 April 2019.

The group expects to adopt the interpretation for the first time in the 2020 consolidated annual financial statements.

The adoption of this interpretation is not expected to impact on the results of the group, but may result in more disclosure than is currently provided in the consolidated annual financial statements.

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations (continued)

IGRAP 19: Liabilities to Pay Levies

This Interpretation of the Standards of GRAP provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.

To clarify the accounting for a liability to pay a levy, this Interpretation of the Standards of GRAP addresses the following issues:

- What is the obligating event that gives rise to the recognition of a liability to pay a levy?
- Does economic compulsion to continue to operate in a future period create a constructive obligation to pay a levy that will be triggered by operating in that future period?
- Does the going concern assumption imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period?
- Does the recognition of a liability to pay a levy arise at a point in time or does it, in some circumstances, arise progressively over time?
- What is the obligating event that gives rise to the recognition of a liability to pay a levy that is triggered if a minimum threshold is reached?

Consensus reached in this interpretation:

- The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation;
- An entity does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period;
- The preparation of financial statements under the going concern assumption does not imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period;
- The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time;
- If an obligation to pay a levy is triggered when a minimum threshold is reached, the accounting for the liability that arises from that obligation shall be consistent with the principles established in this Interpretation of the Standards of GRAP; and
- An entity shall recognise an asset, in accordance with the relevant Standard of GRAP, if it has prepaid a levy but does not yet have a present obligation to pay that levy.

The effective date of the interpretation is for financial years beginning on or after 1 April 2019.

The group expects to adopt the interpretation for the first time in the 2020 consolidated annual financial statements..

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

GRAP 12 (as amended 2016): Inventories

Amendments to the Standard of GRAP on Inventories resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 12 on Inventories (IPSAS 12) as a result of the IPSASB's Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12)
- IPSASB amendments: To align terminology in GRAP 12 with that in IPSAS 12. The term "ammunition" in IPSAS 12 was replaced with the term "military inventories" and provides a description of what it comprises in accordance with Government Finance Statistics terminology

The effective date of the amendment is for years beginning on or after 1 April 2018.

The group expects to adopt the amendment for the first time in the 2019 consolidated annual financial statements.

The adoption of this amendment is not expected to impact on the results of the group, but may result in more disclosure than is currently provided in the consolidated annual financial statements.

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 16 (as amended 2016): Investment Property

Amendments to the Standard of GRAP on Investment Property resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IAS 40 on Investment Property (IAS 40) as a result of the IASB's amendments on Annual Improvements to IFRSs 2011 – 2013 Cycle issued in December 2013.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
- IASB amendments: To clarify the interrelationship between the Standards of GRAP on Transfer of Functions Between Entities Not Under Common Control and Investment Property when classifying investment property or owner-occupied property.

The effective date of the amendment is for years beginning on or after 1 April 2018.

The group expects to adopt the amendment for the first time in the 2019 consolidated annual financial statements.

The adoption of this amendment is not expected to impact on the results of the group, but may result in more disclosure than is currently provided in the consolidated annual financial statements.

GRAP 17 (as amended 2016): Property, Plant and Equipment

Amendments to the Standard of GRAP on Property, Plant and Equipment resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of property, plant, and equipment is revalued; To clarify acceptable methods of depreciating assets; To align terminology in GRAP 17 with that in IPSAS 17. The term "specialist military equipment" in IPSAS 17 was replaced with the term "weapon systems" and provides a description of what it comprises in accordance with Government Finance Statistics terminology; and To define a bearer plant and include bearer plants within the scope of GRAP 17, while the produce growing on bearer plants will remain within the scope of GRAP 27.

The effective date of the amendment is for years beginning on or after 1 April 2018.

The group expects to adopt the amendment for the first time in the 2019 consolidated annual financial statements.

The adoption of this amendment is not expected to impact on the results of the group, but may result in more disclosure than is currently provided in the consolidated annual financial statements.

GRAP 21 (as amended 2016): Impairment of non-cash-generating assets

Amendments to the Standard of GRAP on Impairment of Non-cash Generating Assets resulted from changes made to IPSAS 21 on Impairment of Non-Cash-Generating Assets (IPSAS 21) as a result of the IPSASB's Impairment of Revalued Assets issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: To update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.

The effective date of the amendment is for years beginning on or after 1 April 2018.

The group expects to adopt the amendment for the first time in the 2019 consolidated annual financial statements.

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

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 26 (as amended 2016): Impairment of cash-generating assets

Amendments Changes to the Standard of GRAP on Impairment of Cash Generating Assets resulted from changes made to IPSAS 26 on Impairment of Cash-Generating Assets (IPSAS 26) as a result of the IPSASB's Impairment of Revalued Assets issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: To update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.

The effective date of the amendment is for years beginning on or after 1 April 2018.

The group expects to adopt the amendment for the first time in the 2019 consolidated annual financial statements.

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

GRAP 27 (as amended 2016): Agriculture

Amendments to the Standard of GRAP on Agriculture resulted from changes made to IPSAS 27 on Agriculture (IPSAS 27) as a result of the IPSASB's Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: To define a bearer plant and include bearer plants within the scope of GRAP 17, while the produce growing on bearer plants will remain within the scope of GRAP 27. In addition to the changes made by the IPSASB, a consequential amendment has been made to GRAP 103 on Heritage Assets. The IPSASB currently does not have a pronouncement on this topic.

The effective date of the amendment is for years beginning on or after 1 April 2018.

The group expects to adopt the amendment for the first time in the 2019 consolidated annual financial statements.

The group is unable to reliably estimate the impact of the amendment on the consolidated annual financial statements.

GRAP 31 (as amended 2016): Intangible Assets

Amendments to the Standard of GRAP on Intangible Assets resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 31 on Intangible Assets (IPSAS 31) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015.

The most significant changes to the Standard are:

- General improvements: To add the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of intangible assets is revalued; and To clarify acceptable methods of depreciating assets

The effective date of the amendment is for years beginning on or after 1 April 2018.

The group expects to adopt the amendment for the first time in the 2019 consolidated annual financial statements.

The adoption of this amendment is not expected to impact on the results of the group, but may result in more disclosure than is currently provided in the consolidated annual financial statements.

GRAP 103 (as amended 2016): Heritage Assets

Amendments to the Standard of GRAP on Heritage Assets resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from editorial changes to the original text.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets

The effective date of the amendment is for years beginning on or after 1 April 2018.

The group expects to adopt the amendment for the first time in the 2019 consolidated annual financial statements.

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

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations (continued)

Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities

Historically, public entities have prepared financial statements in accordance with generally recognised accounting practice, unless the Accounting Standards Board (the Board) approved the application of generally accepted accounting practice for that entity. "Generally accepted accounting practice" has been taken to mean Statements of Generally Accepted Accounting Practice (Statements of GAAP), or for certain entities, International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board. Since Statements of GAAP have been withdrawn from 1 December 2012, public entities will be required to apply another reporting framework in the future.

The purpose of this Directive is to prescribe the criteria to be applied by public entities in selecting and applying an appropriate reporting framework.

The effective date of the directive is for years beginning on or after 1 April 2018.

The group expects to adopt the directive for the first time in the 2019 consolidated annual financial statements.

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

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
3. Housing development fund (refer to note 42)				
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	156,442,652	156,442,652	156,442,652
The housing development fund is represented by the following assets				
Housing selling scheme loans	10,623,822	10,156,272	10,623,822	10,156,272
Housing debtors	70,306,406	59,328,604	70,306,406	59,328,604
Bank and cash	75,512,424	86,957,776	75,512,424	86,957,776
Housing development fund assets	156,442,652	156,442,652	156,442,652	156,442,652
4. Loans and bonds				
Summary of long-term borrowings:				
Term loans	4,431,559,215	4,431,871,909	4,430,017,110	4,430,014,405
Local registered stock	1,000	1,000	-	-
Municipal bonds	2,177,419,005	2,177,419,005	2,177,419,005	2,177,419,005
Annuity loans	4,246,194,960	4,782,513,132	4,246,194,960	4,782,513,132
	10,855,174,180	11,391,805,046	10,853,631,075	11,389,946,542
Held at amortised cost				
Term loans				
Development Bank of South Africa (1-2100)	1,600,000,000	1,600,000,000	1,600,000,000	1,600,000,000
Unsecured 20-year bullet loan, Jibar rate +2,5 margin interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date 30 June 2034.				
Development Bank of South Africa (1-02)	80,017,110	78,331,528	80,017,110	78,331,528
Secured 20-year bullet loan, Jibar floating rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date 31 October 2019. A sinking fund investment has been made for the purpose of providing for the capital repayment at the redemption date.				
Nedbank (1-2300)	1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000
Unsecured 10 year bullet loan, fixed interest rate 11,44% repayable semi-annual, while capital will be redeemed by way of a bullet repayment on the final redemption date, 24 June 2026.				
Development Bank of South Africa (1-22)	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000
Unsecured 20-year bullet loan, Jibar rate + 2,5 margin interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date, 30 June 2035.				

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
4. Loans and bonds (continued)				
Development Bank of South Africa (1-400)	50,000,000	51,682,877	50,000,000	51,682,877
Secured 20-year bullet loan, fixed interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date 30 September 2018. A sinking fund investment has been made for the purpose of providing for the capital repayment at the redemption date.				
National Housing Finance Corporation (Housing Company Tshwane)	1,542,105	1,857,504	-	-
This loan is secured, bears interest at 14% per annum and is repayable in 69 monthly installments of R46 377.14. The loan is secured by a mortgage bond over the Eloff Building.				
Municipal bonds				
Standard Bank (1-1900)	573,927,890	573,927,890	573,927,890	573,927,890
Unsecured 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 2 April 2028. A sinking fund investment has been made for the purpose of providing for the capital repayment at the date of redemption.				
Standard Bank (1-1901)	848,437,142	848,437,142	848,437,142	848,437,142
Unsecured 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 sinking fund investment has been made for the purpose of providing for the capital repayment at the redemption date.				
Standard Bank (1-1950)	755,053,973	755,053,973	755,053,973	755,053,973
Unsecured 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 sinking fund investment has been made for the purpose of providing for the capital repayment at the redemption date.				
Local registered stock				
TEDA municipal entity shares	1,000	1,000	-	-
Share capital in municipal entity (loan bears no interest and has no fixed terms of repayment).				
Annuity loans				
Standard Bank (1-1300)	672,086,622	730,546,211	672,086,622	730,546,211
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.				
ABSA Bank (1-2350)	941,742,442	1,002,459,589	941,742,442	1,002,459,589
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..				

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
4. Loans and bonds (continued)				
Development Bank of South Africa (1-950)	112,671,590	112,097,892	112,671,590	112,097,892
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.				
Development Bank of South Africa (1-851)	46,547,264	58,688,619	46,547,264	58,688,619
Unsecured fixed-interest 13-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 31 March 2021.				
Development Bank of South Africa (1-800)	166,750,739	161,404,760	166,750,739	161,404,760
Unsecured fixed-interest 20-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 30 June 2028.				
Development Bank of South Africa (1-700)	69,154,812	69,295,670	69,154,812	69,295,670
Unsecured fixed-interest 20-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 30 June 2028.				
Development Bank of South Africa (1-701)	168,998,297	162,422,712	168,998,297	162,422,712
Unsecured fixed-interest 20-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 30 June 2028.				
Development Bank of South Africa (1-501)	155,121,258	165,189,664	155,121,258	165,189,664
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.				
Development Bank of South Africa (1-500)	30,959,975	34,108,012	30,959,975	34,108,012
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.				
Development Bank of South Africa (1-200)	92,531,482	100,905,273	92,531,482	100,905,273
Unsecured fixed-interest 15-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 31 December 2020.				

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
4. Loans and bonds (continued)				
INCA (1-100)	51,356,915	73,687,936	51,356,915	73,687,936
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.				
Development Bank of South Africa (1-52)	19,582,468	56,998,686	19,582,468	56,998,686
Secured 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 September 2018.				
Development Bank of South Africa (1-50)	37,399,769	51,803,161	37,399,769	51,803,161
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 2018.				
iVuzi Investments (1-550)	71,616,895	88,429,376	71,616,895	88,429,376
Unsecured fixed-interest 15-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 12 December 2021.				
iVuzi Investments (1-450)	27,299,859	34,646,156	27,299,859	34,646,156
Unsecured fixed-interest 15-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 30 June 2021.				
iVuzi Investments (1-300)	29,278,758	38,979,672	29,278,758	38,979,672
Unsecured fixed-interest 15-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 31 December 2020.				
iVuzi Investments (1-150)	12,067,430	17,198,145	12,067,430	17,198,145
Unsecured fixed-interest 15-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 30 June 2020.				
iVuzi Investments (1-0)	2,561,796	4,862,795	2,561,796	4,862,795
Unsecured fixed-interest 15-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 30 June 2019.				
Nedbank (1-1150)	122,189,750	142,460,513	122,189,750	142,460,513
Unsecured variable-interest 10-year loan repayable in semi-annual installments of interest and capital, with interest payable on reducing balance until capital is paid off on 30 June 2020.				
Nedbank (1-1100)	121,520,126	143,212,254	121,520,126	143,212,254
Unsecured variable-interest 10-year loan repayable in semi-annual installments of interest and capital, with interest payable on reducing balance until capital is paid off on 30 June 2020.				

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
4. Loans and bonds (continued)				
Nedbank (1-852)	62,771,164	78,985,472	62,771,164	78,985,472
Unsecured fixed-interest 13-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 31 March 2021.				
ABSA Bank Ltd (1-850)	94,936,004	114,943,733	94,936,004	114,943,733
Unsecured fixed-interest 13-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 31 March 2021.				
iVuzi (FirstRand Bank) (1-1850)	210,526,316	263,157,895	210,526,316	263,157,895
Unsecured (Jibar) variable-interest 9-year loan repayable in semi-annual equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 30 June 2022.				
Nedbank (1-1800)	393,395,440	466,865,606	393,395,440	466,865,606
Unsecured (Jibar) variable-interest 16-year loan repayable in semi-annual equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 1 March 2023.				
iVuzi (FirstRand Bank) (1-1851)	310,344,828	344,827,586	310,344,828	344,827,586
Unsecured (Jibar) variable-interest 14-year loan repayable in semi-annual equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 1 December 2027.				
Nedbank (1-1801)	222,782,961	264,335,744	222,782,961	264,335,744
Unsecured (Jibar) variable-interest 12-year loan repayable in semi-annual equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 1 March 2023.				
	10,855,174,180	11,391,805,046	10,853,631,075	11,389,946,542
Non-current liabilities				
At amortised cost	10,139,798,026	10,662,892,847	10,138,570,319	10,661,349,741
Current liabilities				
At amortised cost	715,376,151	728,912,199	715,060,753	728,596,801
	10,855,174,177	11,391,805,046	10,853,631,072	11,389,946,542

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
4. Loans and bonds (continued)				
Secured and unsecured long-term liabilities				
Secured	6,628,561,688	185,331,750	6,627,018,583	183,474,246
Unsecured	4,226,612,489	11,206,473,296	4,226,612,489	11,206,472,296
	10,855,174,177	11,391,805,046	10,853,631,072	11,389,946,542
No defaults or breaches of the loans occurred in the year under review.				
The weighted average interest rate is 10.581% (2017: 10.371%).				
5. Lease liabilities				
Minimum lease payments due				
- within one year	185,164,625	160,805,625	185,164,625	160,805,625
- in second to fifth year inclusive	519,214,333	460,792,507	519,214,333	460,792,507
	704,378,958	621,598,132	704,378,958	621,598,132
Less: future finance charges	(122,604,983)	(141,493,465)	(122,604,983)	(141,493,465)
Present value of minimum lease payments	581,773,975	480,104,667	581,773,975	480,104,667
Present value of minimum lease payments due				
- within one year	175,371,268	151,444,287	175,371,268	151,444,287
- in second to fifth year inclusive	406,402,707	328,660,380	406,402,707	328,660,380
	581,773,975	480,104,667	581,773,975	480,104,667
Non-current liabilities	406,402,707	328,660,380	406,402,707	328,660,380
Current liabilities	175,371,268	151,444,287	175,371,268	151,444,287
	581,773,975	480,104,667	581,773,975	480,104,667
Value of leases (amortised cost i.e. present value)	581,773,975	480,104,667	581,773,975	480,104,667
Net book value of leased assets (refer to Note 17)	553,521,560	666,061,025	553,521,560	666,061,025

The lease liabilities reflected above relate to the lease contract of Fleet Management for the supply of fleet vehicles and fleet related services. The lease contract of Fleet Management is a Public Private Partnership agreement between the following companies -

- * Moipone Group of Companies (Pty) Ltd for the supply of category A and C fleet vehicles and fleet related services;
- * Fleet Africa a division of Super Group Africa (Pty) Ltd for the supply of category E fleet vehicles and fleet related services; and
- * Fleetmatics VMS (Pty) Ltd for the supply of category B fleet vehicles and fleet related services.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

The average lease term is 3 to 5 years and the average effective borrowing rate is 10.25%. Interest rates are variable at the contract date.

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

6. Provisions
Reconciliation of provisions - Group - 2018

	Opening balance	Unwinding of interest	Utilised during the year	Reversed/ adjusted during the year	Reduction in provision	Total
Clearing of alien vegetation	18,252,009	2,219,811	(3,512,483)	6,239,686	-	23,199,023
Legal proceedings	160,508,980	-	(13,910,584)	6,951,542	-	153,549,938
Rehabilitation of landfill sites	752,023,566	69,751,493	(3,368,420)	(89,440,585)	-	728,966,054
Rehabilitation of quarries	38,151,381	3,657,058	(1,704,230)	(1,884,655)	-	38,219,554
	968,935,936	75,628,362	(22,495,717)	(78,134,012)	-	943,934,569

Reconciliation of provisions - Group - 2017

	Opening balance	Unwinding of interest	Utilised during the year	Increase in provision	Reduction in provision	Total
Clearing of alien vegetation	52,773,645	1,715,048	(2,069,327)	-	(34,167,357)	18,252,009
Legal proceedings	103,429,961	-	-	57,079,019	-	160,508,980
Rehabilitation of landfill sites	614,249,263	70,663,820	(4,361,326)	71,471,809	-	752,023,566
Rehabilitation of quarries	36,089,042	3,584,891	(1,652,884)	130,332	-	38,151,381
Employee benefit cost	9,938	-	(9,938)	-	-	-
	806,551,849	75,963,759	(8,093,475)	128,681,160	(34,167,357)	968,935,936

Reconciliation of provisions - Municipality - 2018

	Opening balance	Unwinding of interest rate	Utilised during the year	Reversed/ adjusted during the year	Reduction in provision	Total
Clearing of alien vegetation	18,252,009	2,219,811	(3,512,483)	6,239,686	-	23,199,023
Legal proceedings	160,508,980	-	(13,910,584)	6,951,542	-	153,549,938
Rehabilitation of landfill sites	752,023,566	69,751,493	(3,368,420)	(89,440,585)	-	728,966,054
Rehabilitation of quarries	38,151,381	3,657,058	(1,704,230)	(1,884,655)	-	38,219,554
	968,935,936	75,628,362	(22,495,717)	(78,134,012)	-	943,934,569

Reconciliation of provisions - Municipality - 2017

	Opening balance	Unwinding of interest rate	Utilised during the year	Increase in provision	Reduction in provision	Total
Clearing of alien vegetation	52,773,645	1,715,048	(2,069,327)	-	(34,167,357)	18,252,009
Legal proceedings	103,429,961	-	-	57,079,019	-	160,508,980
Rehabilitation of landfill sites	614,249,263	70,663,820	(4,361,326)	71,471,809	-	752,023,566
Rehabilitation of quarries	36,089,042	3,584,891	(1,652,884)	130,332	-	38,151,381
	806,541,911	75,963,759	(8,083,537)	128,681,160	(34,167,357)	968,935,936

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 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

The group has an obligation to rehabilitate its landfill sites in terms of its licence 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.

The decrease in the provision amounted to R17 202 325 (2017: R71 471 809 increase). The decrease in the cost of property, plant and equipment amounted to R17 202 325 (2017: R71 471 809 increase). The amount recognised in surplus or deficit due to re-estimation where the adjustment exceed the carrying amount of the asset amounted to R72 882 536 (2017: R0).

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

6. Provisions (continued)

Clearing of alien vegetation

In terms of the Conservation of Agricultural Resources Act, 1983 (Act 43 of 1983) the provision for the clearing of alien vegetation was established to address the backlogs that exist.

The increase in the provision amounted to R6 239 686 (2017: R34 167 357 decrease). The increase in the cost of property, plant and equipment amounted to R6 239 686 (2017: R25 005 458 decrease). The amount recognised in profit and loss due to re-estimation where the adjustment exceed the carrying amount of the asset amounted to R0 (2017: R9 161 899).

Rehabilitation of quarries

In terms of the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002), section 52(2)(d), the group 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.

The decrease in the provision amounted to R1 602 566 (2017: R130 332 increase). The decrease in the cost of property, plant and equipment amounted to R1 602 566 (2017: R130 332 increase). The amount recognised in profit and loss due to re-estimation where the adjustment exceed the carrying amount of the asset amounted to R282 089 (2017: R0).

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.

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.

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.

7. Financial instruments disclosure

Categories of financial instruments

Group - 2018

Financial assets

	At fair value	At amortised cost	Total
Investments	-	2,356,562,644	2,356,562,644
Other receivables	-	1,136,709,634	1,136,709,634
Consumer receivables	-	1,801,135,308	1,801,135,308
Cash and bank	-	562,495,690	562,495,690
Interest rate swap asset	47,235,142	-	47,235,142
Long-term receivables	-	173,810,903	173,810,903
Sinking fund asset	728,931,058	-	728,931,058
	776,166,200	6,030,714,179	6,806,880,379

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

7. Financial instruments disclosure (continued)
Financial liabilities

	At fair value	At amortised cost	Total
Retention creditors	-	475,666,929	475,666,929
Payables from exchange transactions	-	4,960,686,114	4,960,686,114
Consumer deposits	-	516,053,782	516,053,782
Loans and bonds: term loans, bonds	-	5,280,095,562	5,280,095,562
Loans and bonds: interest rate swaps	-	5,575,078,615	5,575,078,615
Interest rate swap liability	183,928,141	-	183,928,141
Service concession arrangement	-	1,501,310,562	1,501,310,562
Sinking fund liability	147,547,144	-	147,547,144
Lease liability	-	581,773,975	581,773,975
	331,475,285	18,890,665,539	19,222,140,824

Group - 2017
Financial assets

	At fair value	At amortised cost	Total
Investments	-	1,713,247,490	1,713,247,490
Other receivables	-	1,341,192,206	1,341,192,206
Consumer receivables	-	1,988,449,094	1,988,449,094
Cash and bank	-	447,530,497	447,530,497
Long-term receivables	-	127,205,136	127,205,136
Interest rate swap asset	18,743,157	-	18,743,157
	18,743,157	5,617,624,423	5,636,367,580

Financial liabilities

	At fair value	At amortised cost	Total
Retention creditors	-	431,633,949	431,633,949
Payables from exchange transactions	-	5,231,281,193	5,231,281,193
Consumer deposits	-	411,345,192	411,345,192
Loans and bonds: term loans, bonds	-	5,816,726,431	5,816,726,431
Loans and bonds: interest rate swaps	-	5,575,078,615	5,575,078,615
Interest rate swap liability	142,995,983	-	142,995,983
Service concession arrangement	-	1,261,206,898	1,261,206,898
Lease liabilities	-	480,104,667	480,104,667
	142,995,983	19,207,376,945	19,350,372,928

Municipality - 2018
Financial assets

	At fair value	At amortised cost	Total
Investments	-	2,356,110,483	2,356,110,483
Other receivables	-	1,136,438,055	1,136,438,055
Consumer receivables	-	1,801,135,308	1,801,135,308
Cash and bank	-	482,680,683	482,680,683
Interest rate swap asset	47,235,142	-	47,235,142
Long-term receivables	-	173,810,903	173,810,903
2356110483	728,931,058	-	728,931,058
	776,166,200	5,950,175,432	6,726,341,632

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

7. Financial instruments disclosure (continued)
Financial liabilities

	At fair value	At amortised cost	Total
Retention creditors	-	475,666,929	475,666,929
Payables from exchange transactions	-	4,911,271,323	4,911,271,323
Consumer deposits	-	516,053,782	516,053,782
Loans and bonds: term loans, bonds	-	5,278,552,458	5,278,552,458
Loans and bonds: interest rate swaps	-	5,575,078,615	5,575,078,615
Interest rate swap liability	183,928,141	-	183,928,141
Service concession arrangement	-	1,501,310,562	1,501,310,562
Sinking fund liability	147,547,144	-	147,547,144
Lease liabilities	-	581,773,975	581,773,975
	331,475,285	18,839,707,644	19,171,182,929

Municipality - 2017
Financial assets

	At fair value	At amortised cost	Total
Investments	-	1,712,819,449	1,712,819,449
Other receivables	-	1,067,659,513	1,067,659,513
Consumer receivables	-	1,965,604,789	1,965,604,789
Cash and bank	-	389,527,161	389,527,161
Long-term receivables	-	127,205,136	127,205,136
Interest rate swap asset	18,743,157	-	18,743,157
	18,743,157	5,262,816,048	5,281,559,205

Financial liabilities

	At fair value	At amortised cost	Total
Retention creditors	-	431,633,949	431,633,949
Payables from exchange transactions	-	4,909,299,117	4,909,299,117
Consumer deposits	-	407,336,926	407,336,926
Loans and bonds: term loans, bonds	-	5,814,867,927	5,814,867,927
Loans and bonds: interest rate swaps	-	5,575,078,615	5,575,078,615
Interest rate swap liability	142,995,983	-	142,995,983
Service concession arrangement	-	1,261,206,898	1,261,206,898
Lease liabilities	-	480,104,667	480,104,667
	142,995,983	18,879,528,099	19,022,524,082

8. Financial instruments: Risks involved
Risks

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 risk and how they arise since the previous financial year. There was further not change in the objectives, policies and processes for managing the risk and the methods used to measure the risk since the previous financial year.

Interest rate risk

Interest rate risk arises from the fluctuations in the economic market due to the economic climate. The Group manages its interest rate risk by maintaining an appropriate mix between fixed and floating interest rate borrowings and investments, as well as by entering into interest rate swap contracts on outstanding borrowings. The Group's exposure to interest rate risk and the effective interest rates on financial instruments at statement of financial position date are as follows:

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk. Group 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.

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

8. Financial instruments: Risks involved (continued)

There was no change in the exposure to risk and how they arise since the previous financial year. There was further no change in the objectives, policies and processes for managing the risk and the methods used to measure the risk.

Period ended June 2018 - Group

Description	Floating rate		Fixed rate		Non-interest bearing		Total
	Amount	Amount	Weighted average effective interest rate	Weighted average period for which rate is fixed	Amount	Weighted average period until maturity	
	R	R	%	Years	R	Years	
Assets							
Investments	2,356,562,644	-	16.45	24.75			2,356,562,644
Long-term receivables:							
Housing loans		10,623,822	13.87	30.00			10,623,822
Sport club loans		1,027,120	11.99	10.00			1,027,120
Sale of Land		70,642,315	11.09	5.00			70,642,315
Arrangement debtors		456,146	10.50		164,784,178		165,240,324
Trade receivables:							
Consumer		6,268,456,354	10.50	1.00	1,881,580,377		8,150,036,731
Other					1,534,161,629		1,534,161,629
Cash and bank		562,495,690					562,495,690
Interest rate swap asset	47,235,142						47,235,142
Sinking fund asset	728,931,058						728,931,058
Total financial assets	3,132,728,844	6,913,701,447			3,580,526,184		13,626,956,475
Liabilities							
Interest bearing borrowings	637,860,408	4,642,235,154	10.37	5.70			5,280,095,562
Interest rate swaps (notional amounts)	890,312,448	4,684,766,167	9.75	11.80			5,575,078,615
Lease liabilities		581,773,975					581,773,975
Trade payables:							
Creditors					4,960,686,114	0.08	4,960,686,114
Retention					475,666,929	1.00	475,666,929
Consumer deposits					516,053,782	0.08	516,053,782
Service concession arrangements					1,501,310,562		1,501,310,562
Interest rate swap liability		183,928,141					183,928,141
Sinking fund liability	147,547,144						
Total financial liabilities	1,675,720,000	10,092,703,437			7,453,717,387		19,074,593,680

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

8. Financial instruments: Risks involved (continued)
Year ended June 2017 - Group

Description	Floating rate		Fixed rate		Non-interest bearing		Total
	Amount	Amount	Weighted average effective interest rate	Weighted average period for which rate is fixed	Amount	Weighted average period until maturity	
	R	R	%	Years	R	Years	R
Assets							
Investments	1,712,536,970	710,520	16.45	24.75			1,713,247,490
Long-term receivables:							
Housing loans		10,156,272	13.87	30.00			10,156,272
Loans to sport clubs		1,041,030	11.99	10.00			1,041,030
Sale of Land		69,397,504	11.09	5.00			69,397,504
Arrangement debtors		860,267	10.50		116,135,356		116,995,623
Trade receivables:							
Consumer		5,929,951,905	10.50	1.00	1,537,460,390		7,467,412,295
Other					1,690,757,234		1,690,757,234
Cash and bank		447,530,497					447,530,497
Interest rate swap asset	18,743,157						18,743,157
Total financial assets	1,731,280,127	6,459,647,995			3,344,352,980		11,535,281,102
Liabilities							
Interest bearing borrowings	1,884,628,176	3,932,098,255	10.37	5.70			5,816,726,431
Interest rate swaps (notional amounts)	890,312,448	4,684,766,167	9.75	11.80			5,575,078,615
Lease liabilities		480,104,667					480,104,667
Trade payables:							
Creditors					5,231,281,193	0.08	5,231,281,193
Retention					431,633,949	1.00	431,633,949
Consumer deposits					411,345,192	0.08	411,345,192
Service concession arrangements					1,261,206,898		1,261,206,898
Interest rate swap liability	142,995,983						142,995,983
Total financial liabilities	2,917,936,607	9,096,969,089			7,335,467,232		19,350,372,928

* See Note 46

Notes to the Consolidated Annual Financial Statements

Group		Municipality	
2018	2017 Restated* R	2018	2017 Restated*

8. Financial instruments: Risks involved (continued)
Interest rate swaps

The Group has entered into interest rate swap contracts that entitle it to receive interest at fixed rates/floating rates on notional principal amounts and that oblige it to pay interest at variable rates/fixed rates on the same amounts. The interest rate swaps allow the Group to raise long-term borrowings at fixed rates/floating rates and effectively swap them into variable rates/fixed rates in terms of the structured finance contractual requirements.

The estimated fair value gain/(loss) indicated below was determined by comparing the interest rate swap contracted values (fixed rate) with the variable rate paid.

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

	Fair value R	Estimated fair value gain/(loss) R
30 June 2018		
Non-current assets: interest rate swap asset	47,235,142	28,491,985
Non-current liability: interest rate swap liability	(183,928,141)	(40,972,158)
	(136,692,999)	(12,480,173)
	Fair value R	Estimated fair value gain/(loss) R
30 June 2017		
Non-current assets: interest rate swap asset	18,743,157	(25,193,795)
Non-current liability: interest rate swap liability	(142,995,983)	4,123,744
	(124,252,826)	(21,070,051)

Sinking fund

The sinking fund is a financial solution to assist the City of Tshwane to meet its financial obligations to repay previously issued bonds. City of Tshwane pays contributions into the fund, which is managed by a 3rd party fund manager, so as to enable the Municipality to receive contributions plus growth to repay redemptions of the bonds when they fall due. This is part of the risk management framework adopted by City of Tshwane. The financial liabilities of the fund are disclosed in note 73 .

	Fair value R	Estimated fair value gain/loss R
30 June 2018		
Assets: other financial assets - sinking fund	728,931,058	22,607,267
Liability: other financial assets - sinking fund	(147,547,144)	(108,834,654)
	581,383,914	(86,227,387)

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

8. Financial instruments: Risks involved (continued)

Currency risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations might arise. The Group, however, manages this risk by entering into contracts where the risk is carried by the service provider.

Credit risk

Financial assets, which potentially subject the Municipality to the risk of non-performance by counter-parties and thereby subject the Group 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 Group 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 Group limits its treasury counter-party exposure arising from money market by only dealing with well established financial institutions confirmed by the rating agency appointed by the Group Chief Financial Officer. The Group 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 Group'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 Group's customer base and their dispersion across different industries and geographical areas. The Group does not have any significant exposure to any individual customer or counter-party. Accordingly, the Group does not consider there to be any significant concentration of credit risk, which had not been adequately provided for. Trade receivables are presented net of the allowance for impairment.

The consumer receivables as presented does 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 of 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 Group's receivables in relation to customer classification are as follows:

	30 June 2018	30 June 2017
Consumer receivables:		
Household	51	51
Industrial/Commercial	18	20
National and Provincial Government	2	7
Other consumer receivables	2	2
Long-term receivables	9	2
Sundry receivables	18	18
	100	100

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

8. Financial instruments: Risks involved (continued)

Liquidity risk

The Group manages liquidity risk through proper management of working capital, capital expenditure and 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. With regards to the sinking fund and in managing liquidity risk effectively, the fund managers have adopted a policy that provides for assurance that at all times, the fund will have in place liquid financial assets (cash and near-cash assets) in adequate quantity for deployment in meeting financial obligations when they are due. In successfully meeting these financial obligations, assurance must be that the overall investment portfolio that makes up the sinking fund, does not suffer any losses emanating from execution or either as a result of inadequate management or poor planning.

The Group's risk to liquidity is a result of the funds available to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

	30 June 2019 R	30 June 2020 R	30 June 2021 R
External funding (borrowing): capital expenditure	1,500,000,000	1,300,000,000	1,300,000,000
Grant funding: capital expenditure	2,206,735,060	2,233,164,480	2,404,501,580

Market risk

The Group is exposed to fluctuating market prices inherent in the purchasing of electricity, water and coal used in the delivery of electricity and water services. The 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.

Interest rate risk management: The Group's interest rate profile consists of fixed and floating rate loans and bank balances which exposes the group to fair value interest rate risk and cash flow interest rate risk and can be summarised as follows:

Financial assets/liabilities:

Trade and other receivables/payables: At a fixed rate of interest.

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

Fair values

The Group's financial instruments consist mainly of cash and cash equivalents, trade receivables, investments, consumer payables, long-term debt and derivative instruments (interest rate swaps).

No financial asset was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial assets that are available-for-sale or held-for-trading. The following methods and assumptions are used to determine the fair value of each class of financial instrument.

Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets and financial liabilities

Trade receivables (debtors)

The carrying amount of trade receivables, net of provision for impairment (provision for bad debt) approximates fair value due to the relatively short-term maturity of these financial assets.

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

8. Financial instruments: Risks involved (continued)

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 remeasured to fair value at subsequent reporting dates.

Year ended	Fair value R	Carrying amount R
30 June 2018		
Liabilities		
Interest rate swaps	183,928,141	183,928,141
30 June 2017		
Liabilities		
Interest rate swaps	142,995,983	142,995,983

Hedging

Hedging is not applicable in the environment of the Group except with regard to interest rate risk.

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 group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 4, 5 and cash and cash equivalents disclosed in note 24, and equity as disclosed in the statement of financial position.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio.

There are no externally imposed capital requirements.

There have been no changes to what the group manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

* See Note 46

Notes to the Consolidated Annual Financial Statements

		Group		Municipality	
		2018	2017 Restated* R	2018	2017 Restated*

8. Financial instruments: Risks involved (continued)

The gearing ratio at 30 June 2018 and 30 June 2017 respectively were as follows:

Total borrowings					
Finance lease obligation	5	581,773,975	480,104,667	581,773,975	480,104,667
Loans and bonds	4	10,855,174,177	11,391,805,046	10,853,631,072	11,389,946,542
		11,436,948,152	11,871,909,713	11,435,405,047	11,870,051,209
Less: Cash and cash equivalents	24	562,495,690	447,530,497	482,680,683	2,110,884,426
Net debt		10,874,452,462	11,424,379,216	10,952,724,364	9,759,166,783
Total equity		25,116,961,149	22,654,627,279	24,960,363,857	22,631,972,745
Total capital		35,991,413,611	34,079,006,495	35,913,088,221	32,391,139,528

9. Consumer deposits

Electricity and water		516,053,782	411,345,192	516,053,782	407,336,926
Guarantees held:					
Electricity and water consumers (who do not have deposits)		153,166,265	153,166,265	153,166,265	153,166,265
Township development guarantees		274,481,886	343,714,427	274,481,886	343,714,427
		427,648,151	496,880,692	427,648,151	496,880,692

10. Payables from exchange transactions

Trade payables	3,247,458,330	3,618,951,813	3,204,162,164	3,299,626,400
Payments received in advance - various services	585,807,421	561,837,729	585,807,421	561,582,969
Accrued leave pay	816,092,781	830,059,567	814,102,684	818,635,325
Deposits received	41,307,437	35,924,806	40,699,961	35,372,282
Debtors with credit balances - reclassification	960,092,408	948,717,849	960,092,408	948,717,849
Other creditors	846,559,230	747,995,943	841,048,081	745,891,802
Retention creditors	475,666,929	431,633,949	475,666,929	431,633,949
Accrual 13th cheque	207,571,083	213,090,734	207,571,083	211,055,640
	7,180,555,619	7,388,212,390	7,129,150,731	7,052,516,216

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
11. Unspent grants and receipts				
Unspent grants and receipts comprise:				
Unspent conditional grants and receipts				
Human Settlement Development Grant (HSDG)	253,589,420	179,322,667	253,589,420	179,322,667
DoRA: Urban Settlement Development Grant (USDG)	97,146,820	2,889,029	97,146,820	2,889,029
DoRA: PTIS	61,313,225	67,967,329	61,313,225	67,967,329
Delft grant	-	2,293,422	-	2,293,422
Neighbourhood Development Programme	3,107,814	-	3,107,814	-
Research and Technology	74,688	74,688	74,688	74,688
Arts and Culture Grant (Libraries)	5,557,910	2,309,705	5,557,910	2,309,705
Gautrans job creation	11,961,294	11,961,294	11,961,294	11,961,294
Broadband (Wi-fi)	-	1,086,882	-	1,086,882
Municipal Disaster Recovery Grant	1,447,864	1,447,864	1,447,864	1,447,864
Social Infrastructure Grant	708,601	-	708,601	-
LG SETA Discretionary grant	3,358,086	-	3,358,086	-
Integrated City Development	32,664,650	36,506,515	32,664,650	36,506,515
	470,930,372	305,859,395	470,930,372	305,859,395

Movement during the year

Balance at the beginning of the year	305,859,396	130,291,177	305,859,396	130,291,177
Receipts during the year	6,660,524,642	6,359,514,764	6,660,524,641	6,359,514,764
Transfers between grants (returned to NT deducted from current year)	5,397,677	-	5,397,677	-
Returned to National Treasury	(62,428,000)	(60,350,068)	(62,428,000)	(60,350,068)
Income recognition during the year	(6,438,423,343)	(6,123,596,478)	(6,438,423,342)	(6,123,596,478)
	470,930,372	305,859,395	470,930,372	305,859,395

The figures above shows:

- The nature and extent of all government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the Municipality has directly benefited; and
- Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised. Note must be taken that the unspent portion mostly relates to amounts received in advance and which relate to allocations of the following financial year.

See Note 27 for reconciliation of grants from national/provincial government. These amounts are invested in a ring-fenced investment until utilised.

12. VAT

VAT refundable	2,385,807	4,363,938	-	-
VAT payable	(2,219,564,782)	(1,437,135,346)	(2,219,564,782)	(1,426,786,838)
	(2,217,178,975)	(1,432,771,408)	(2,219,564,782)	(1,426,786,838)

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.

* See Note 46

Notes to the Consolidated Annual Financial Statements

Figures in Rand

13. Property, plant and equipment

Group

	2018			2017		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	988,667,037	(601,094,412)	387,572,625	1,034,458,608	(592,357,456)	442,101,152
Land	233,841,240	-	233,841,240	274,473,349	-	274,473,349
Buildings: Asset under construction	119,313,639	-	119,313,639	46,354,946	-	46,354,946
Tshwane House: service concession (refer to Note 60)	1,129,911,631	(43,941,008)	1,085,970,623	1,129,911,631	(6,277,287)	1,123,634,344
Denneboom: service concession (refer to Note 60)	380,329,129	-	380,329,129	194,406,210	-	194,406,210
Biological assets (game)	24,815,042	-	24,815,042	19,007,270	-	19,007,270
Infrastructure: capitalised	28,018,855,640	(8,953,496,481)	19,065,359,159	27,092,922,766	(7,968,330,848)	19,124,591,918
Infrastructure: Asset under construction	8,679,437,329	(123,216,101)	8,556,221,228	7,711,641,130	(123,216,100)	7,588,425,030
Community	4,078,901,210	(1,387,234,163)	2,691,667,047	3,975,892,282	(1,220,957,089)	2,754,935,193
Community: Asset under construction	255,351,440	-	255,351,440	191,739,384	-	191,739,384
Other: Capitalised	3,168,891,810	(2,059,921,831)	1,108,969,979	2,950,783,254	(1,828,740,895)	1,122,042,359
Other: Asset under construction	405,014,877	(46,287,448)	358,727,429	371,592,236	-	371,592,236
Housing	1,073,915,766	(149,401,130)	924,514,636	933,835,917	(120,735,723)	813,100,194
Housing: Asset under construction	1,066,126,830	-	1,066,126,830	290,844,913	-	290,844,913
Total	49,623,372,620	(13,364,592,574)	36,258,780,046	46,217,863,896	(11,860,615,398)	34,357,248,498

Notes to the Consolidated Annual Financial Statements

Figures in Rand

13. Property, plant and equipment (continued)

Municipality

	2018			2017		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	985,552,643	(600,921,390)	384,631,253	1,023,787,946	(588,476,029)	435,311,917
Land	231,541,240	-	231,541,240	272,173,349	-	272,173,349
Tshwane House: service concession (refer to Note 60)	1,129,911,631	(43,941,008)	1,085,970,623	1,129,911,631	(6,277,287)	1,123,634,344
Denneboom: service concession (refer to Note 60)	380,329,129	-	380,329,129	194,406,210	-	194,406,210
Biological assets (game)	24,815,042	-	24,815,042	19,007,270	-	19,007,270
Infrastructure: Capitalised	28,018,855,640	(8,953,496,481)	19,065,359,159	27,080,210,808	(7,955,940,005)	19,124,270,803
Infrastructure: Asset under construction	8,679,437,329	(123,216,101)	8,556,221,228	7,711,641,130	(123,216,100)	7,588,425,030
Community: Capitalised	4,078,901,210	(1,387,234,163)	2,691,667,047	3,975,892,282	(1,220,957,089)	2,754,935,193
Community: Asset under construction	255,351,440	-	255,351,440	191,739,384	-	191,739,384
Other: Capitalised	3,158,677,646	(2,054,935,794)	1,103,741,852	2,929,845,328	(1,817,871,924)	1,111,973,404
Other: Asset under construction	405,014,877	(46,287,448)	358,727,429	371,592,236	-	371,592,236
Housing: Capitalised	1,073,915,766	(149,401,130)	924,514,636	933,835,917	(120,735,723)	813,100,194
Housing: Asset under construction	1,066,126,830	-	1,066,126,830	290,844,913	-	290,844,913
Total	49,488,430,423	(13,359,433,515)	36,128,996,908	46,124,888,404	(11,833,474,157)	34,291,414,247

Notes to the Consolidated Annual Financial Statements

Figures in Rand

13. Property, plant and equipment (continued)
Reconciliation of property, plant and equipment - Group - 2018

	Opening balance	Acquisitions	Retirements	Transfers: Capitalisation	Transfers/Purification	Gains/(losses) arising from changes in fair value	Additions (non- cash) and other movements	Depreciation	Impairment loss	Total
Land	274,473,349	-	(26,798)	-	(40,605,311)	-	-	-	-	233,841,240
Buildings	442,101,152	3,192,342	(937,294)	-	(28,428,422)	-	489,074	(28,844,227)	-	387,572,625
Buildings: Asset under construction	46,354,946	72,958,693	-	-	-	-	-	-	-	119,313,639
Tshwane House: service concession (refer to Note 60)	1,123,634,344	-	-	-	-	-	-	(37,663,721)	-	1,085,970,623
Denneboom: service concession (refer to Note 60)	194,406,210	-	-	-	54,770	-	185,868,149	-	-	380,329,129
Biological assets (game)	19,007,270	-	-	-	-	5,807,772	-	-	-	24,815,042
Infrastructure: capitalised	19,124,591,918	395,842,824	(68,197,002)	619,001,311	14,601,403	-	2,652,879	(1,015,097,555)	(8,036,619)	19,065,359,159
Infrastructure: Asset under construction	7,588,425,030	1,586,072,666	-	(618,276,468)	-	-	-	-	-	8,556,221,228
Community: Capitalised	2,754,935,193	18,589,971	(676,857)	55,300,652	10,959,329	-	21,589,746	(154,490,700)	(14,540,287)	2,691,667,047
Community: Asset under construction	191,739,384	117,489,121	-	(53,349,647)	-	-	-	-	(527,418)	255,351,440
Other: Capitalised	1,122,042,359	101,428,722	(12,345,564)	41,298,913	218,072,112	-	3,902,386	(364,687,338)	(741,611)	1,108,969,979
Other: Asset under construction	371,592,236	77,848,754	-	(44,426,113)	-	-	-	-	(46,287,448)	358,727,429
Housing	813,100,194	-	(873,121)	83,029,535	43,418,232	-	-	(14,160,204)	-	924,514,636
Housing: Asset under construction	290,844,913	858,311,452	-	(83,029,535)	-	-	-	-	-	1,066,126,830
	34,357,248,498	3,231,734,545	(83,056,636)	(451,352)	218,072,113	5,807,772	214,502,234	(1,614,943,745)	(70,133,383)	36,258,780,046

Notes to the Consolidated Annual Financial Statements

Figures in Rand

13. Property, plant and equipment (continued)
Reconciliation of property, plant and equipment - Group - 2017

	Opening balance	Acquisitions	Retirements	Transfers: Capitalisation	Transfers/Purification	Gains/(losses) arising from changes in fair value	Additions (non- cash) & other movements	Depreciation	Impairment loss	Total
Land	271,292,316	3,675,176	(654,089)	-	(6,762,554)	-	6,922,500	-	-	274,473,349
Buildings	420,054,068	23,111,214	(293,243)	26,875,173	4,403,498	-	-	(32,049,558)	-	442,101,152
Buildings: Asset under construction	748,027,265	31,692,911	-	-	(733,365,230)	-	-	-	-	46,354,946
Tshwane House: service concession (refer to Note 60)	-	-	-	34,563,051	733,365,230	-	361,983,350	(6,277,287)	-	1,123,634,344
Denneboom: service concession (refer to Note 60)	1,800,000	-	-	-	-	-	192,606,210	-	-	194,406,210
Biological assets (game)	16,792,560	-	-	-	-	2,214,710	-	-	-	19,007,270
Infrastructure: Capitalised	18,471,570,817	340,429,505	(61,562,194)	1,266,523,766	8,440,546	-	66,266,676	(967,077,198)	-	19,124,591,918
Infrastructure: Asset under construction	6,364,118,821	2,492,614,785	(2,503)	(1,269,911,329)	1,605,256	-	-	-	-	7,588,425,030
Community: Capitalised	2,763,811,270	35,638,876	(2,460,841)	83,100,400	(281,808)	-	38,803,712	(163,592,863)	(83,553)	2,754,935,193
Community: Asset under construction	206,548,124	94,005,673	(2,434,166)	(107,534,843)	1,154,596	-	-	-	-	191,739,384
Other: Capitalised	1,104,340,362	135,050,882	(3,216,449)	45,945,191	4,738,290	-	120,232,056	(282,417,340)	(2,630,633)	1,122,042,359
Other: Asset under construction	261,685,031	227,858,711	(236,895)	(117,714,611)	-	-	-	-	-	371,592,236
Housing	587,100,969	-	(2,322,345)	251,885,600	(10,528,891)	-	601,500	(13,636,639)	-	813,100,194
Housing: Asset under construction	511,760,512	30,970,001	-	(251,885,600)	-	-	-	-	-	290,844,913
Total	31,728,902,115	3,415,047,734	(73,182,725)	(38,153,202)	2,768,933	2,214,710	787,416,004	(1,465,050,885)	(2,714,186)	34,357,248,498

Notes to the Consolidated Annual Financial Statements

Figures in Rand

13. Property, plant and equipment (continued)
Reconciliation of property, plant and equipment - Municipality - 2018

	Opening balance	Acquisitions	Retirements	Transfers: Capitalisation	Transfers/Purification	Gains/(losses) arising from changes in fair value	Additions (non- cash)	Depreciation	Impairment loss	Total
Land	272,173,349	-	(26,798)	-	(40,605,311)	-	-	-	-	231,541,240
Buildings	435,311,917	6,867,182	(937,294)	-	(28,428,421)	-	489,074	(28,671,205)	-	384,631,253
Tshwane House: service concession (refer to Note 60)	1,123,634,344	-	-	-	-	-	-	(37,663,721)	-	1,085,970,623
Denneboom: Service concession (refer to Note 60)	194,406,210	-	-	-	54,770	-	185,868,149	-	-	380,329,129
Biological assets (game)	19,007,270	-	-	-	-	5,807,772	-	-	-	24,815,042
Infrastructure:	19,124,270,803	396,163,939	(68,197,002)	619,001,311	14,601,403	-	2,652,879	(1,015,097,555)	(8,036,619)	19,065,359,159
Capitalised										
Infrastructure: Asset under construction	7,588,425,030	1,586,072,666	-	(618,276,468)	-	-	-	-	-	8,556,221,228
Community: Capitalised	2,754,935,193	18,589,971	(676,858)	55,300,653	10,959,329	-	21,589,746	(154,490,700)	(14,540,287)	2,691,667,047
Community: Asset under construction	191,739,384	117,489,121	-	(53,349,647)	-	-	-	-	(527,418)	255,351,440
Other: Capitalised	1,111,973,404	104,715,257	(12,279,173)	41,298,913	218,072,113	-	3,902,386	(363,199,437)	(741,611)	1,103,741,852
Other: Asset under construction	371,592,236	77,848,754	-	(44,426,113)	-	-	-	-	(46,287,448)	358,727,429
Housing: Capitalised	813,100,194	-	(873,121)	83,029,535	43,418,232	-	-	(14,160,204)	-	924,514,636
Housing: Asset under construction	290,844,913	858,311,452	-	(83,029,535)	-	-	-	-	-	1,066,126,830
	34,291,414,247	3,166,058,342	(82,990,246)	(451,351)	218,072,115	5,807,772	214,502,234	(1,613,282,822)	(70,133,383)	36,128,996,908

Notes to the Consolidated Annual Financial Statements

Figures in Rand

13. Property, plant and equipment (continued)
Reconciliation of property, plant and equipment - Municipality - 2017

	Opening balance	Acquisitions	Retirements	Transfers: Capitalisation	Transfers/Purification	Gains/(losses) arising from changes in fair values	Additions (non- cash)	Depreciation	Impairment loss	Total
Land	268,992,316	3,675,176	(654,089)	-	(6,762,554)	-	6,922,500	-	-	272,173,349
Buildings	412,746,268	23,111,214	(293,243)	26,875,173	4,403,498	-	-	(31,530,993)	-	435,311,917
Buildings: Asset under construction	733,365,230	-	-	-	(733,365,230)	-	-	-	-	-
Tshwane House: service concession (refer to Note 60)	-	-	-	34,563,051	733,365,230	-	361,983,350	(6,277,287)	-	1,123,634,344
Denneboom: service concession (refer to Note 60)	1,800,000	-	-	-	-	-	192,606,210	-	-	194,406,210
Biological assets	16,792,560	-	-	-	-	2,214,710	-	-	-	19,007,270
Infrastructure: Capitalised	18,470,030,924	340,429,505	(61,562,194)	1,266,523,766	8,440,546	-	66,571,750	(966,163,494)	-	19,124,270,803
Infrastructure: Asset under construction	6,364,118,821	2,492,614,785	(2,503)	(1,269,911,329)	1,605,256	-	-	-	-	7,588,425,030
Community: Capitalised	2,763,811,270	35,638,876	(2,460,841)	83,100,400	(281,808)	-	38,803,712	(163,592,863)	(83,553)	2,754,935,193
Community: Asset under construction	206,548,124	94,005,673	(2,434,166)	(107,534,843)	1,154,596	-	-	-	-	191,739,384
Other: Capitalised (refer to accounting policy 1.6)	1,093,697,743	135,050,882	(3,216,449)	45,945,190	4,738,290	-	117,840,237	(279,451,856)	(2,630,633)	1,111,973,404
Other: Asset under construction	261,685,031	227,858,711	(236,895)	(117,714,611)	-	-	-	-	-	371,592,236
Housing: Capitalised	587,100,969	-	(2,322,345)	251,885,600	(10,528,891)	-	601,500	(13,636,639)	-	813,100,194
Housing: Asset under construction	511,760,512	30,970,001	-	(251,885,600)	-	-	-	-	-	290,844,913
	31,692,449,768	3,383,354,823	(73,182,725)	(38,153,203)	2,768,933	2,214,710	785,329,259	(1,460,653,132)	(2,714,186)	34,291,414,247

Pledged as security

No property, plant and equipment are pledged as security, except for leased assets (refer to Note 5 and 17).

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
13. Property, plant and equipment (continued)				
Other information				
Depreciation on property, plant and equipment (refer to Note 32)				
Property, plant and equipment	1,459,542,064	1,380,805,543	1,457,881,140	1,376,407,790
Rehabilitation assets	155,401,682	84,245,342	155,401,682	84,245,342
	1,614,943,746	1,465,050,885	1,613,282,822	1,460,653,132
Property, plant and equipment in the process of being constructed or developed				
Cumulative expenditure recognised in the carrying value of property, plant and equipment				
Buildings: Housing Company Tshwane	119,313,639	46,354,946	-	-
Infrastructure	8,787,709,371	7,611,413,998	8,556,221,228	7,588,425,029
Community	288,100,329	222,806,259	255,351,440	191,739,384
Other property, plant and equipment	408,870,626	371,657,544	358,727,429	371,657,544
Housing	983,030,055	290,844,913	1,066,126,830	290,844,913
	10,587,024,020	8,543,077,660	10,236,426,927	8,442,666,870
Included in the amount of AUC: Other property, plant and equipment is an amount of R33 710 399.46 relating to vehicles the City acquired. These vehicles were only registered and licenced in the 2018/19 financial year, and therefore not capitalised on 30 June 2018.				
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	98,750,320	408,527,136	98,750,320	408,527,136
Budget constraints and poor performance	594,135,866	-	594,135,866	-
Project still at commissioning stage	48,241,979	46,104,114	48,241,979	46,104,114
Contractor to be appointed	126,658,621	163,187	126,658,621	163,187
Project still in planning stage	23,176,185	17,921,464	23,176,185	17,921,464
Project dependent on relocation of residents	-	1,572,250	-	1,572,250
Project dependent on registration of servitudes	-	2,488,206	-	2,488,206
Project still under construction	2,357,952,832	300,225,239	2,357,952,832	300,225,239
Project dependent on obtaining water licenses	15,246,746	5,091,399	15,246,746	5,091,399
Tender stage	680,000	-	680,000	-
Eskom connection	24,624,314	-	24,624,314	-
	3,289,466,863	782,092,995	3,289,466,863	782,092,995
Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)				
Project halted due to legal dispute	125,837,022	210,429,909	125,837,022	210,429,909
Project halted due to discontinued smart meter project	17,220,137	38,830,656	17,220,137	38,830,656
Project halted due to insurance claims	-	69,840,839	-	69,840,839
Project halted due to funding constraints and reprioritisation of projects	-	267,292,255	-	267,292,255
Project dependent on expiry of current system	3,260,278	-	3,260,278	-
	146,317,437	586,393,659	146,317,437	586,393,659

2017/18: An impairment loss of R123 216 100 has been recognised in prior years on the above assets.

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
13. Property, plant and equipment (continued)				
Expenditure incurred to repair and maintain property, plant and equipment				
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance				
Contracted services	484,175,859	562,878,921	484,175,859	562,878,921
General expenses	503,776,358	432,889,432	503,755,566	429,664,853
Other materials	8,257,539	5,385,479	8,257,539	5,385,479
	996,209,756	1,001,153,832	996,188,964	997,929,253

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 and the relevant municipal entities.

Useful lives:

In terms of GRAP 17 paragraph 56 -

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 change/(s) 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 2017/18 financial year are disclosed in the financial statements as a change in estimate in accordance with GRAP 3 (refer to note 55). 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 2017. The following were the reasons for the review of useful life adjustments:

Water and sanitation assets:

- the assessed condition based on physical inspections

Consumer meters:

For all consumer meters having a remaining useful life (RUL) of less than equal to 24 months, the RUL as at 1 July 2017, was increased with an additional 60 months.

All other assets:

The following condition grading scale was used in 2017/18 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

Consideration was given to the assessment of the asset. Where the conditions of assets are indicated as either very good, good or fair, 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 those of the prior year and therefore no adjustment was made.

In instances where the condition of an asset was indicated as very poor or scrap, 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 2017/18 financial year was extended to 13 months, preventing the asset to depreciate to R0 during the year. Ideally during the 2018/19 financial year these assets must be disposed of in terms the SCM Policy.

In instances where the condition of an 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 2017, 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.

* See Note 46

Notes to the Consolidated Annual Financial Statements

Group		Municipality	
2018	2017 Restated* R	2018	2017 Restated*

13. Property, plant and equipment (continued)

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 zero or less than 24 months, consideration was given to the change in expectation as at 1 July 2017 and a decision was taken by management to amend the RUL as follows:

- For movable assets, the RUL was adjusted to 25 months in order to allow for departments to consider the future use of the assets vs the replacement of these assets.
- For immovable assets, the RUL was adjusted with a further 37 months, seeing that these assets are used in the ordinary delivery of services to the community. The same as for movable assets, the responsible departments will also have to consider the future use of the assets vs the replacement/upgrading thereof.

A total of 968 498 assets were affected. The change in annual depreciation is a decrease of R61 289 092 (Refer to Note 55).

TEDA:

During 2017/18 TEDA reviewed the useful lives of its assets, namely IT equipment and computer software. The change in annual depreciation is a decrease of R143 841.

Impairment:

The City of Tshwane has implemented the Standards of GRAP 21 and GRAP 26 on impairment of assets based on a position paper adopted on these standards. Based on the position paper all assets tested during this financial year were treated according to GRAP 21: Impairment of non-cash-generating assets.

Although the City of Tshwane holds material amounts of infrastructure assets such as water and electricity networks where a cost plus return is billed for services rendered, the majority of these assets are non-cash generating as the primary objective of such services is not to generate a commercial return that reflects the risk involved in holding the asset, but rather to provide a basic service in terms of the Municipality's constitutional mandate. According to GRAP 21.11 there is a number of circumstances in which entities may hold some assets with the primary objective of generating a commercial return. None of the assets that were impaired in the 2017/18 financial year are held for the purpose of generating a commercial return.

In 2017/18 the Asset Compliance and Control Division forwarded a questionnaire to all departments regarding the assets under their control. According to the questionnaire, departments had to indicate whether any assets under their control need to be impaired. Based on the results of these questionnaires and available information, impairment tests were performed and assets were impaired where necessary.

Impairment indicators:

- Assets were impaired according to specific indicators, including vandalism, physical damage, discontinued assets and assets that became idle.

Transfers/purifications:

Transfers are the transfer of assets between cost centres, whereas transfer purifications is the transfer of assets to correct components in terms of the data dictionary or sub-classifications.

* See Note 46

Notes to the Consolidated Annual Financial Statements

Figures in Rand

14. Investment property

Group

2018			2017		
Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
1,022,318,959	(193,429,880)	828,889,079	1,022,313,859	(188,619,312)	833,694,547

Investment property: Capitalised

Municipality

2018			2017		
Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
1,022,318,959	(193,429,880)	828,889,079	1,022,313,859	(188,619,312)	833,694,547

Investment property: Capitalised

Reconciliation of investment property - Group - 2018

	Opening balance	Additions	Retirements	Transfers: capitalisation	Additions: non-cash	Depreciation	Total
Investment property: Capitalised	833,694,547	-	-	-	5,100	(4,810,568)	828,889,079

Notes to the Consolidated Annual Financial Statements

Figures in Rand

14. Investment property (continued)

Reconciliation of investment property - Group - 2017

	Opening balance	Additions	Retirements	Transfers: capitalisation	Transfers: purification	Additions: non- cash	Depreciation	Total
Investment property: Capitalised	834,440,503	-	(625,403)	397,900	-	3,100,001	(3,618,454)	833,694,547
Investment property: Asset under construction	397,900	1,154,596	-	(397,900)	(1,154,596)	-	-	-
	834,838,403	1,154,596	(625,403)	-	(1,154,596)	3,100,001	(3,618,454)	833,694,547

Reconciliation of investment property - Municipality - 2018

	Opening balance	Additions	Retirements	Transfers: capitalisation	Additions: Non- cash	Depreciation	Total
Investment property: Capitalised	833,694,547	-	-	-	5,100	(4,810,568)	828,889,079

Reconciliation of investment property - Municipality - 2017

	Opening balance	Additions	Retirements	Transfers: capitalisation	Transfers: purification	Additions: non- cash	Depreciation	Total
Investment property: Capitalised	834,440,503	-	(625,403)	397,900	-	3,100,001	(3,618,454)	833,694,547
Investment property: Asset under construction	397,900	1,154,596	-	(397,900)	(1,154,596)	-	-	-
	834,838,403	1,154,596	(625,403)	-	(1,154,596)	3,100,001	(3,618,454)	833,694,547

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
14. Investment property (continued)				
Pledged as security				
No investment property is pledged as security.				
Investment property in the process of being constructed or developed				
Cumulative expenditure recognised in the carrying value of Investment property				
Investment property - Cost	-	1,154,596	-	1,154,596
No projects under investment property took a significantly longer period of time than expected or were halted.				
Carrying value of Investment property that is taking a significantly longer period of time to complete than expected				
Investment property	83,570	273,177	83,570	273,177

* See Note 46

Notes to the Consolidated Annual Financial Statements

Figures in Rand

15. Intangible assets

Group

	2018			2017		
	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	448,693,653	(260,614,351)	188,079,302	416,901,703	(200,661,070)	216,240,633
Servitudes	202,058,504	-	202,058,504	199,964,885	-	199,964,885
Total	650,752,157	(260,614,351)	390,137,806	616,866,588	(200,661,070)	416,205,518

Municipality

	2018			2017		
	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	448,518,069	(260,491,607)	188,026,462	416,489,548	(200,446,691)	216,042,857
Servitudes	202,058,504	-	202,058,504	199,964,885	-	199,964,885
Total	650,576,573	(260,491,607)	390,084,966	616,454,433	(200,446,691)	416,007,742

Reconciliation of intangible assets - Group - 2018

	Opening balance	Acquisitions	Transfers: Capitalisation	Transfers: Purification	Additions: non-cash	Amortisation	Total
Computer software, other	216,240,633	33,516,311	86,857	-	240,004	(62,004,503)	188,079,302
Servitudes	199,964,885	1,727,124	364,495	-	2,000	-	202,058,504
	416,205,518	35,243,435	451,352	-	242,004	(62,004,503)	390,137,806

Notes to the Consolidated Annual Financial Statements

Figures in Rand

15. Intangible assets (continued)

Reconciliation of intangible assets - Group - 2017

	Opening balance	Acquisitions	Retirements	Transfers: Capitalisation	Transfers: Purification	Additions: non- cash	Amortisation	Impairment loss	Total
Computer software, other	222,893,874	21,498,414	-	36,538,727	-	(4,034,927)	(60,642,791)	(12,664)	216,240,633
Servitudes	199,152,947	811,938	-	1,614,477	(1,614,477)	-	-	-	199,964,885
	422,046,821	22,310,352	-	38,153,204	(1,614,477)	(4,034,927)	(60,642,791)	(12,664)	416,205,518

Reconciliation of intangible assets - Municipality - 2018

	Opening balance	Acquisitions	Transfers: Capitalisation	Transfers: Purification	Additions: non- cash	Amortisation	Impairment loss	Total
Computer software	216,042,857	33,563,086	86,857	-	293,854	(61,960,192)	-	188,026,462
Servitudes	199,964,885	1,727,124	364,495	-	2,000	-	-	202,058,504
	416,007,742	35,290,210	451,352	-	295,854	(61,960,192)	-	390,084,966

Reconciliation of intangible assets - Municipality - 2017

	Opening balance	Acquisitions	Retirements	Transfers: Capitalisation	Transfers: Purification	Additions: non- cash	Amortisation	Impairment loss	Total
Computer software	220,554,756	21,498,414	-	36,538,727	-	(4,034,927)	(58,501,449)	(12,664)	216,042,857
Servitudes	199,152,947	811,938	-	1,614,477	(1,614,477)	-	-	-	199,964,885
	419,707,703	22,310,352	-	38,153,204	(1,614,477)	(4,034,927)	(58,501,449)	(12,664)	416,007,742

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

15. Intangible assets (continued)
Pledged as security

No intangible assets are pledged as security.

Expenditure incurred to repair and maintain intangible assets

Computer software, other	71,432,644	77,431,130	71,432,644	77,431,130
--------------------------	------------	------------	------------	------------

Intangible assets in the process of being constructed or developed

Currently there is no intangible assets in the process of being constructed or developed.

Currently there is no projects under intangible assets that is taking a significantly longer period of time to complete than expected.

16. Heritage assets

Group	2018			2017		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	459,337,480	-	459,337,480	455,909,833	-	455,909,833
Collections of rare books, manuscripts and records	826,050	-	826,050	826,050	-	826,050
Historical monuments	2,400,000	-	2,400,000	2,400,000	-	2,400,000
Historical buildings	3,157,787,330	(144,898,100)	3,012,889,230	3,157,787,330	-	3,157,787,330
Stamp collections, military insignia, medals, coin	8,798,850	-	8,798,850	11,853,750	-	11,853,750
Assets under construction	19,718,699	(19,718,699)	-	19,718,699	-	19,718,699
Total	3,648,868,409	(164,616,799)	3,484,251,610	3,648,495,662	-	3,648,495,662

Municipality	2018			2017		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	459,337,480	-	459,337,480	455,909,833	-	455,909,833
Collections of rare books, manuscripts and records	826,050	-	826,050	826,050	-	826,050
Historical monuments	2,400,000	-	2,400,000	2,400,000	-	2,400,000
Historical buildings	3,157,787,330	(144,898,100)	3,012,889,230	3,157,787,330	-	3,157,787,330
Stamp collections, military insignia, medals, coin	8,798,850	-	8,798,850	11,853,750	-	11,853,750
Assets under construction	19,718,699	(19,718,699)	-	19,718,699	-	19,718,699
Total	3,648,868,409	(164,616,799)	3,484,251,610	3,648,495,662	-	3,648,495,662

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

16. Heritage assets (continued)

Reconciliation of heritage assets Group - 2018

	Opening balance	Transfers: purification	Additions: non- cash	Impairment losses recognised	Total
Art Collections, antiquities and exhibits	455,909,833	3,054,900	372,747	-	459,337,480
Collections of rare books, manuscripts and records	826,050	-	-	-	826,050
Historical monuments	2,400,000	-	-	-	2,400,000
Historical buildings	3,157,787,330	-	-	(144,898,100)	3,012,889,230
Stamp collections, military insignia, medals, coin	11,853,750	(3,054,900)	-	-	8,798,850
Assets under construction	19,718,699	-	-	(19,718,699)	-
	3,648,495,662	-	372,747	(164,616,799)	3,484,251,610

Reconciliation of heritage assets Group - 2017

	Opening balance	Disposals	Additions: non- cash	Impairment losses recognised	Total
Art Collections, antiquities and exhibits	448,572,118	(1,967,850)	9,305,565	-	455,909,833
Collections of rare books, manuscripts and records	826,050	-	-	-	826,050
Historical monuments	2,400,000	-	-	-	2,400,000
Historical buildings	3,157,787,330	-	-	-	3,157,787,330
Stamp collections, military insignia, medals, coin	577,500	1,967,850	9,308,400	-	11,853,750
Assets under construction	19,718,699	-	-	-	19,718,699
	3,629,881,697	-	18,613,965	-	3,648,495,662

Reconciliation of heritage assets - Municipality 2018

	Opening balance	Transfers: purification	Additions: non- cash	Impairment losses recognised	Impairment losses reversed	Total
Art Collections, antiquities and exhibits	455,909,833	3,054,900	372,747	-	-	459,337,480
Collections of rare books, manuscripts and records	826,050	-	-	-	-	826,050
Historical monuments	2,400,000	-	-	-	-	2,400,000
Historical buildings	3,157,787,330	-	-	(144,898,100)	-	3,012,889,230
Stamp collections, military insignia, medals, coin	11,853,750	(3,054,900)	-	-	-	8,798,850
Assets under construction	19,718,699	-	-	(19,718,699)	-	-
	3,648,495,662	-	372,747	(164,616,799)	-	3,484,251,610

Reconciliation of heritage assets Municipality - 2017

	Opening balance	Disposals	Additions: non- cash	Impairment losses recognised	Total
Art Collections, antiquities and exhibits	448,572,118	(1,967,850)	9,305,565	-	455,909,833
Collections of rare books, manuscripts and records	826,050	-	-	-	826,050
Historical monuments	2,400,000	-	-	-	2,400,000
Historical buildings	3,157,787,330	-	-	-	3,157,787,330
Stamp collections, military insignia, medals, coin	577,500	1,967,850	9,308,400	-	11,853,750
Assets under construction	19,718,699	-	-	-	19,718,699
	3,629,881,697	-	18,613,965	-	3,648,495,662

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

16. Heritage assets (continued)
Pledged as security

No heritage assets are pledged as security. Further there are no existence and amounts of restrictions on the title and disposal of heritage assets.

Heritage assets in the process of being constructed or developed
Cumulative expenditure recognised in the carrying value of Heritage assets

Patents, trademarks and other rights

-	19,718,699	-	19,718,699
---	------------	---	------------

Expenditure incurred to repair and maintain heritage assets

Currently no expenditure has been incurred to repair and maintain heritage assets.

17. Leased assets

Group	2018			2017		
	Cost/Valuation	Accumulated depreciation	Carrying value	Cost/Valuation	Accumulated depreciation	Carrying value
Vehicles	718,949,058	(165,427,498)	553,521,560	751,261,990	(85,200,965)	666,061,025

Municipality	2018			2017		
	Cost/Valuation	Accumulated depreciation	Carrying value	Cost/Valuation	Accumulated depreciation	Carrying value
Vehicles	718,949,058	(165,427,498)	553,521,560	751,261,990	(85,200,965)	666,061,025

Reconciliation of leased assets - Group - 2018

	Opening balance	Acquisitions/(Rec-emption)	Additions (non-cash)	Expired term	Depreciation	Total
Vehicles	666,061,025	(900,299)	233,425,068	(218,072,110)	(126,992,124)	553,521,560

Reconciliation of leased assets - Group - 2017

	Opening balance	Retirements	Additions (non-cash)	Depreciation	Total
Vehicles	240,088,367	(2,424,164)	487,181,038	(58,784,216)	666,061,025

Reconciliation of leased assets - Municipality 2018

	Opening balance	Acquisitions/(Rec-emption)	Additions (non-cash)	Expired term	Depreciation	Total
Vehicles	666,061,025	(900,299)	233,425,068	(218,072,110)	(126,992,124)	553,521,560

Reconciliation of leased assets - Municipality - 2017

	Opening balance	Retirements	Additions (non-cash)	Depreciation	Total
Vehicles	240,088,367	(2,424,164)	487,181,038	(58,784,216)	666,061,025

Pledged as security:

The assets above are pledged as security for the lease liabilities (refer to Note 5).

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

18. 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 minor infrastructure items have been marked for disposal and were in the auction yard at year end.

Carrying values

Assets in the auction yard (auction still to be held)	327,508	49,337	327,508	49,337
Sale of properties completed	290,617	125,560	290,617	125,560
Disposal of assets	-	1,944,697	-	1,944,697

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 group.

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 2017/18 financial year the Mayoral house was sold for R5 100 000.

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

None.

19. Investments

Designated at fair value

Short-term investments (highly liquid)	1,830,217,073	634,031,209	1,829,764,912	633,603,168
Short-term investments	526,345,571	1,078,505,761	526,345,571	1,078,505,761
	2,356,562,644	1,712,536,970	2,356,110,483	1,712,108,929

At amortised cost

Municipal stock	-	710,520	-	710,520
Total investments	2,356,562,644	1,713,247,490	2,356,110,483	1,712,819,449

Non-current assets

Long-term investments (at amortised cost)	-	710,520	-	710,520
---	---	---------	---	---------

Current assets

Short-term investments (at amortised cost)	526,345,571	1,078,505,761	526,345,571	1,078,505,761
Short-term investments (highly liquid) (at amortised cost - refer note 24)	1,830,217,073	634,031,209	1,829,764,912	633,603,168
	2,356,562,644	1,712,536,970	2,356,110,483	1,712,108,929

No financial assets were disposed of during the year under review.

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

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

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
19. Investments (continued)				
Market value of listed investments and management's valuation of unlisted investments:				
Knysna Municipality - local registered stock (interest payable semi-annually)	710,520	710,520	710,520	710,520
Capital Alliance no 28 (Insurance policy) (unceded) (highly liquid)	695,879	695,879	695,879	695,879
Capital Alliance no 29 (Insurance policy) (unceded) (highly liquid)	2,181,297	2,181,297	2,181,297	2,181,297
ABSA Money Market investment no 32 (interest capitalised monthly) (unceded) (highly liquid)	34,007,192	31,667,477	34,007,192	31,667,477
ABSA Money Market investment no 33 (interest capitalised monthly) (unceded) (highly liquid)	11,917,344	11,097,423	11,917,344	11,097,423
ABSA Money Market investment no 34 (interest capitalised monthly) (unceded) (highly liquid)	8,925,869	8,311,764	8,925,869	8,311,764
ABSA Money Market investment no 35 (interest capitalised monthly) (unceded) (highly liquid)	196,512	182,992	196,512	182,992
Investec Money Market investment no 37 (interest capitalised monthly) (ceded to DBSA long-term loan payable at 30 September 2018 and 3 October 2019)	29,703,149	27,793,917	29,703,149	27,793,917
Investec Money Market investment no 38 (interest capitalised monthly) (unceded) (highly liquid)	9,493,705	8,883,477	9,493,705	8,883,477
Investec Money Market investment no 39 (interest capitalised monthly) (unceded) (highly liquid)	1,271,945	1,190,067	1,271,945	1,190,067
Standard Bank Money Market investment no 40 (interest capitalised monthly) (ceded to DBSA long-term loan payable at 30 September 2018 and 31 October 2019)	107,897,812	100,711,845	107,897,812	100,711,845
Standard Bank Money Market investment no 41 (interest capitalised monthly) (unceded) (highly liquid)	3,346,981	3,125,968	3,346,981	3,125,968
Investec Money Market investment no 108 (interest capitalised monthly) (unceded) (highly liquid)	34,213,338	31,884,566	34,213,338	31,884,566
Standard Bank Money Market investment no 260 (interest capitalised monthly) (unceded) (highly liquid)	78,010,849	73,043,244	78,010,849	73,043,244
Standard Bank call investment - short term investment (highly liquid)	237,276,293	459,048,777	237,276,293	459,048,777
Sinking fund investment - call investment at Standard bank at an interest rate of 5.1% #	-	950,000,000	-	950,000,000
Standard Bank call investment - short term investment (highly liquid)	213,604,384	-	213,604,384	-
Nedbank call investment no 412 - short term investment (highly liquid)	637,545,744	1,026,760	637,545,744	1,026,760
Nedbank call investment - short term investment (highly liquid)	285,746,849	-	285,746,849	-
ABSA call investment no 416 - short term investment (highly liquid)	419,991,083	1,016,413	419,991,083	1,016,413
ABSA call investment no 416 - short term investment (highly liquid)	239,111,644	-	239,111,644	-
Stanlib Contingency fund investment - short term investment (highly liquid)	262,094	247,063	262,094	247,063
TEDA: Short-term deposit Investec Bank	452,161	428,041	-	-
	2,356,562,644	1,713,247,490	2,356,110,483	1,712,819,449
Average rate of return				
On long-term investments	16.45 %	16.45 %	16.45 %	16.45 %
On short-term investments	6.92 %	6.91 %	6.92 %	6.91 %

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

19. Investments (continued)

No investments were past due. No impairment occurred during the financial year under review.

2016/17:

Provision was made for the payment of the Advanced Metering and Vending Infrastructure in terms of the Interim Services Agreement. On 12 October 2017 the High Court ruled that all monies that have been accumulated in the dedicated account must be released to the City. This amount was then invested in various other investments.

Financial assets pledged as collateral

Secured and unsecured investments

Secured investments against long-term loans (refer to Note 4)	137,600,960	128,505,761	137,600,960	128,505,761
Unsecured investments	2,218,961,684	1,585,169,770	2,218,509,523	1,584,313,688
	2,356,562,644	1,713,675,531	2,356,110,483	1,712,819,449

Investments pledged (secured investments) against long-term liabilities

Fair value of any collateral sold or re-pledged	137,600,960	128,505,761	137,600,960	128,505,761
---	-------------	-------------	-------------	-------------

The City of Tshwane assigns, transfers and makes over unto and in favour of the Cessionary all the cedent's rights, title and interest in and to the ceded subject matter

The investments are ceded together with all dividends, interest, distributions, accruals, rights, income and other benefits of a capital or revenue nature, arising there from or accruing to the holder thereof.

Terms and conditions associated with the use of the collateral: In the event of the cedent failing to effect payment, on due date, of any amount due in terms of either one of the loan agreements, or committing any other breach of the terms and conditions thereof, and the cedent failing to make that payment or remedy the breach with the notice period provided in the loan agreements, then in such event, the cessionary shall be entitled, in addition to its common law rights as cessionary, to the following rights and powers:

- to realise the ceded subject matter, or any portion thereof, in such a manner in order to procure the discharge of the indebtedness then outstanding
- to apply the proceeds of realisation in reduction of the indebtedness due to the cessionary and to account within 14 days to the cedent for any excess.

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
20. Long-term receivables				
Consumer: Arrangement debtors (refer to note 22)	165,240,324	116,995,623	165,240,324	116,995,623
Housing loans	10,623,822	10,156,272	10,623,822	10,156,272
Loans to sport clubs	1,027,120	1,041,030	1,027,120	1,041,030
Sale of land	70,642,315	69,397,504	70,642,315	69,397,504
	<u>247,533,581</u>	<u>197,590,429</u>	<u>247,533,581</u>	<u>197,590,429</u>
Current portion of long-term receivables	(132,771,634)	(91,005,216)	(132,771,634)	(91,005,216)
	<u>114,761,947</u>	<u>106,585,213</u>	<u>114,761,947</u>	<u>106,585,213</u>
Impairment allowance	(73,722,678)	(70,385,293)	(73,722,678)	(70,385,293)
	<u>41,039,269</u>	<u>36,199,920</u>	<u>41,039,269</u>	<u>36,199,920</u>
Reconciliation of impairment allowance				
Balance at the beginning of the year	(70,385,293)	(70,095,133)	(70,385,293)	(70,095,133)
Contribution to provision during the year	(3,337,385)	(1,440,924)	(3,337,385)	(1,440,924)
Write-back of impairment (over provision)	-	1,150,764	-	1,150,764
	<u>(73,722,678)</u>	<u>(70,385,293)</u>	<u>(73,722,678)</u>	<u>(70,385,293)</u>

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

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.

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%), is issued. The contract stipulates as from when interest is payable (immediately after signing the contract or after 12 months). The interest rate used is the Municipality's mortgage bond rate which currently is 9%. Interest is calculated monthly on the outstanding balance of the property.

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

AGEING
Consumer : Arrangement debtors

121 - 365 days	131,270,192	89,483,738	131,270,192	89,483,738
> 365 days	33,970,132	27,511,885	33,970,132	27,511,885
	<u>165,240,324</u>	<u>116,995,623</u>	<u>165,240,324</u>	<u>116,995,623</u>

Housing loans

121 - 365 days	423,270	430,572	423,270	430,572
> 365 days	10,200,552	9,725,700	10,200,552	9,725,700
	<u>10,623,822</u>	<u>10,156,272</u>	<u>10,623,822</u>	<u>10,156,272</u>

Loans to sport clubs

121 - 365 days	579,149	579,149	579,149	579,149
> 365 days	447,971	461,881	447,971	461,881
	<u>1,027,120</u>	<u>1,041,030</u>	<u>1,027,120</u>	<u>1,041,030</u>

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
Sale of land				
121 - 365 days	499,023	511,757	499,023	511,757
> 365 days	70,143,292	68,885,747	70,143,292	68,885,747
	70,642,315	69,397,504	70,642,315	69,397,504

21. Inventories

Raw materials, components	476,754,350	530,995,717	476,754,350	528,277,096
Water	6,742,107	10,116,774	6,742,107	9,370,584
Fuel (diesel, petrol)	626,664	1,223,394	626,664	1,223,394
Bus tickets	3,100,835	3,241,377	3,100,835	3,241,377
Plants (nursery)	98,840	135,257	98,840	135,257
Quarries	2,595,282	1,852,570	2,595,282	1,852,570
Coal (power stations)	145,647,115	144,794,307	145,647,115	144,794,307
	635,565,193	692,359,396	635,565,193	688,894,585

Inventory pledged as security

No inventory is pledged as security.

2017/18 financial year:

According to the Utilities department and the measurement of the coal at the power stations, the coal deteriorated and therefore the amount below have 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.

2016/17 financial year:

During July 2016 the inventory of the TLMA restaurant to the value of R1 896 was written down as the items were damaged. 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)	434,912	195,989	434,912	195,989
Shortages	(563,794)	(88,987)	(563,794)	(88,987)
Theft	(5,383,514)	(2,727,121)	(5,383,514)	(2,727,121)
Revaluation of inventory	(3,388,968)	(435,674)	(3,388,968)	(435,674)
Damaged inventory	(82,632)	(336,316)	(82,632)	(336,316)
Obsolete inventory	(1,683,635)	(779,950)	(1,683,635)	(779,950)
Coal inventory (power stations) write-down	(852,808)	-	(852,808)	-
Rounding differences	(65)	366	(65)	366
	(11,520,504)	(4,171,693)	(11,520,504)	(4,171,693)

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
22. Consumer receivables				
The City of Tshwane has a consolidated account billing system. The split of debtors per service category is done on a pro rata basis based on the levies. The interest and other fees and levies indicated below cannot be split between exchange and non-exchange transactions. They are included in the total age analysis.				
Service receivables				
Rates	2,735,758,789	2,207,233,301	2,735,758,789	2,207,233,301
Electricity	1,861,448,787	1,404,431,397	1,861,448,787	1,404,431,397
Water	2,678,136,943	3,530,917,565	2,678,136,943	2,645,603,303
Other fees and levies	1,403,924,055	1,309,353,136	1,403,924,055	1,309,353,136
Sewerage	483,542,517	369,313,940	483,542,517	369,313,940
Refuse	910,015,673	608,012,800	910,015,673	608,012,800
Interest	2,382,133,136	1,671,732,216	2,382,133,136	1,671,732,216
Arrangement debtors	(165,240,323)	(116,995,623)	(165,240,323)	(116,995,623)
	12,289,719,577	10,983,998,732	12,289,719,577	10,098,684,470
Less: Allowance for impairment				
Rates	(1,823,439,493)	(1,517,429,172)	(1,823,439,493)	(1,517,429,172)
Electricity	(895,156,464)	(722,942,033)	(895,156,464)	(722,942,033)
Water	(1,801,266,308)	(2,455,632,918)	(1,801,266,308)	(1,593,162,961)
Sewerage	(314,628,591)	(226,865,478)	(314,628,591)	(226,865,478)
Refuse	(595,738,964)	(404,155,454)	(595,738,964)	(404,155,454)
General: Other	(2,742,111,098)	(1,669,367,318)	(2,742,111,098)	(1,669,367,318)
	(8,172,340,918)	(6,996,392,373)	(8,172,340,918)	(6,133,922,416)
Net balance				
Rates	912,319,296	689,804,129	912,319,296	689,804,129
Electricity	966,292,323	681,489,364	966,292,323	681,489,364
Water	876,870,635	1,075,284,647	876,870,635	1,052,440,342
Other fees and levies	1,403,924,055	1,309,353,136	1,403,924,055	1,309,353,136
Sewerage	168,913,926	142,448,462	168,913,926	142,448,462
Refuse	314,276,709	203,857,346	314,276,709	203,857,346
Interest	2,382,133,136	1,671,732,216	2,382,133,136	1,671,732,216
Arrangement debtors	(165,240,323)	(116,995,623)	(165,240,323)	(116,995,623)
Less: Allowance for impairment	(2,742,111,098)	(1,669,367,318)	(2,742,111,098)	(1,669,367,318)
	4,117,378,659	3,987,606,359	4,117,378,659	3,964,762,054
Receivables from exchange transactions				
Electricity	1,861,448,787	1,404,431,397	1,861,448,787	1,404,431,397
Water	2,678,136,943	3,530,917,565	2,678,136,943	2,645,603,303
Other fees and levies	1,403,924,055	1,309,353,136	1,403,924,055	1,309,353,136
Sewerage	483,542,517	369,313,940	483,542,517	369,313,940
Refuse	910,015,672	608,012,800	910,015,672	608,012,800
Interest	2,382,133,136	1,671,732,216	2,382,133,136	1,671,732,216
	9,719,201,110	8,893,761,054	9,719,201,110	8,008,446,792
Receivables from non-exchange transactions (taxes and transfers)				
Rates	2,735,758,789	2,207,233,301	2,735,758,789	2,207,233,301
Gross balance	12,454,959,899	11,100,994,355	12,454,959,899	10,215,680,093

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

22. Consumer receivables (continued)

2017/18:

For the municipality an amount of R363 490 961 exclusive of VAT, was written off for the period 1 July 2017 to 30 June 2018 (R414 379 695 including VAT) in terms of Council Resolutions dated 29 August 2002 and 25 March 2010. The Chief Financial Officer have delegated powers to write off amounts lower than R3 000 and inactive accounts. A Council resolution dated 31 March 2005 gives approval whereby the debt of indigent households is written off. For the group an amount of R363 490 961 exclusive of VAT, was written off for the financial year ending 30 June 2018.

2016/17:

For the municipality an amount of R343 324 012 exclusive of VAT, was written off for the period 1 July 2016 to 30 June 2017 (R391 389 374, including VAT) in terms of Council Resolutions dated 29 August 2002 and 25 March 2010, the Group Chief Financial Officer have delegated powers to write off amounts lower than R3 000 and inactive accounts. A Council resolution dated 31 March 2005 gives approval whereby the debt of indigent households is written off. For the group an amount of R343 324 012 exclusive of VAT, was written off for the financial year ending 30 June 2017.

Ageing (of gross debtors):

Rates

Current (0 - 30 days)	697,190,252	177,865,849	697,190,252	177,865,849
31 - 60 days	71,009,503	102,638,859	71,009,503	102,638,859
61 - 90 days	63,703,559	78,675,480	63,703,559	78,675,480
91 - 120 days	71,659,375	58,743,491	71,659,375	58,743,491
121 - 150 days	50,806,946	52,088,498	50,806,946	52,088,498
151 - 180 days	34,770,935	58,101,688	34,770,935	58,101,688
181 - 365 days	284,114,021	297,007,639	284,114,021	297,007,639
365 + days	1,462,504,198	1,382,111,797	1,462,504,198	1,382,111,797
	2,735,758,789	2,207,233,301	2,735,758,789	2,207,233,301

Electricity

Current (0 - 30 days)	760,621,383	408,210,821	760,621,383	408,210,821
31 - 60 days	41,021,183	35,092,244	41,021,183	35,092,244
61 - 90 days	33,865,423	45,555,585	33,865,423	45,555,585
91 - 120 days	31,027,553	25,930,011	31,027,553	25,930,011
121 - 150 days	21,853,509	17,626,466	21,853,509	17,626,466
151 - 180 days	20,851,857	23,926,510	20,851,857	23,926,510
181 - 365 days	189,006,616	143,390,725	189,006,616	143,390,725
365 + days	763,201,263	704,699,035	763,201,263	704,699,035
	1,861,448,787	1,404,431,397	1,861,448,787	1,404,431,397

Water

Current (0 - 30 days)	447,559,275	631,064,889	447,559,275	618,798,703
31 - 60 days	74,748,086	122,949,576	74,748,086	103,845,666
61 - 90 days	75,805,931	129,708,880	75,805,931	112,308,826
91 - 120 days	83,140,895	86,760,336	83,140,895	69,633,620
121 - 150 days	62,699,281	60,142,003	62,699,281	44,467,301
151 - 180 days	46,992,785	80,138,767	46,992,785	64,584,885
181 - 365 days	658,746,176	1,100,546,400	658,746,176	320,798,107
365 + days	1,228,444,514	1,319,606,714	1,228,444,514	1,311,166,195
	2,678,136,943	3,530,917,565	2,678,136,943	2,645,603,303

Other fees and levies

Current (0 - 30 days)	117,117,557	295,314,211	117,117,557	295,314,211
31 - 60 days	65,598,274	38,090,346	65,598,274	38,090,346
61 - 90 days	35,269,139	48,832,402	35,269,139	48,832,402
91 - 120 days	9,658,244	33,904,841	9,658,244	33,904,841
121 - 150 days	5,228,865	17,543,971	5,228,865	17,543,971
151 - 180 days	9,161,129	32,751,911	9,161,129	32,751,911
181 - 365 days	531,791,939	146,906,199	531,791,939	146,906,199
365 + days	630,098,908	696,009,255	630,098,908	696,009,255
	1,403,924,055	1,309,353,136	1,403,924,055	1,309,353,136

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
22. Consumer receivables (continued)				
Sanitation				
Current (0 - 30 days)	101,743,473	74,223,605	101,743,473	74,223,605
31 - 60 days	15,046,240	9,337,903	15,046,240	9,337,903
61 - 90 days	14,020,131	13,694,713	14,020,131	13,694,713
91 - 120 days	15,998,528	10,688,731	15,998,528	10,688,731
121 - 150 days	14,970,013	6,239,772	14,970,013	6,239,772
151 - 180 days	9,320,802	9,315,807	9,320,802	9,315,807
181 - 365 days	77,600,820	43,401,434	77,600,820	43,401,434
65 + days	234,842,510	202,411,975	234,842,510	202,411,975
	483,542,517	369,313,940	483,542,517	369,313,940
Solid waste				
Current (0 - 30 days)	154,486,893	43,494,393	154,486,893	43,494,393
31 - 60 days	28,544,749	16,775,600	28,544,749	16,775,600
61 - 90 days	25,226,410	22,220,155	25,226,410	22,220,155
91 - 120 days	21,779,441	17,144,324	21,779,441	17,144,324
121 - 150 days	23,168,213	14,911,359	23,168,213	14,911,359
151 - 180 days	11,956,465	17,979,323	11,956,465	17,979,323
181 - 365 days	146,357,627	86,754,661	146,357,627	86,754,661
365 + days	498,495,874	388,732,985	498,495,874	388,732,985
	910,015,672	608,012,800	910,015,672	608,012,800
Interest				
Current (0 - 30 days)	206,764,922	154,950,011	206,764,922	154,950,011
31 - 60 days	51,044,173	41,361,348	51,044,173	41,361,348
61 - 90 days	53,866,250	51,850,518	53,866,250	51,850,518
91 - 120 days	53,804,632	48,653,412	53,804,632	48,653,412
121 - 150 days	57,765,874	39,705,222	57,765,874	39,705,222
151 - 180 days	42,360,151	46,576,377	42,360,151	46,576,377
181 - 365 days	491,655,273	222,091,005	491,655,273	222,091,005
365 + days	1,424,871,861	1,066,544,323	1,424,871,861	1,066,544,323
	2,382,133,136	1,671,732,216	2,382,133,136	1,671,732,216
Ageing: Total gross debtors				
Current (0 - 30 days)	2,485,483,755	1,785,123,779	2,485,483,755	1,772,857,593
31 - 60 days	347,012,208	366,245,875	347,012,208	347,141,965
61 - 90 days	301,756,843	390,537,734	301,756,843	373,137,680
91 - 120 days	287,068,669	281,825,147	287,068,669	264,698,431
121 - 150 days	236,492,702	208,257,290	236,492,702	192,582,588
151 - 180 days	175,414,122	268,790,383	175,414,122	253,236,501
181 - 365 days	2,379,272,472	2,040,098,063	2,379,272,472	1,260,349,770
365 + days	6,242,459,128	5,760,116,084	6,242,459,128	5,751,675,565
	12,454,959,899	11,100,994,355	12,454,959,899	10,215,680,093
Consumer debtors - past due and impaired				
60 days and beyond	8,172,340,918	6,996,392,373	8,172,340,918	6,133,922,416
Consumer debtors - past due and not impaired				
31 - 60 days	1,797,135,226	2,319,478,203	1,797,135,226	2,308,900,084

Note must be taken that the amounts indicated as past due and impaired and past due and not impaired will not balance back to the total age analysis as the Municipality only impairs from 60 days onward.

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
22. Consumer receivables (continued)				
Summary of debtors by customer classification				
Consumers				
Household	8,624,784,738	7,110,828,140	8,624,784,738	6,259,076,431
Industrial/commercial	3,129,102,280	2,553,638,251	3,129,102,280	2,544,257,244
National and provincial government	328,436,447	1,001,584,574	328,436,447	977,403,028
Other	372,636,434	434,943,390	372,636,434	434,943,390
	12,454,959,899	11,100,994,355	12,454,959,899	10,215,680,093
Households				
Current (0 - 30 days)	1,951,870,926	1,451,744,120	1,951,870,926	1,440,462,826
31 - 60 days	208,721,974	208,271,358	208,721,974	192,428,244
61 - 90 days	202,427,377	201,713,687	202,427,377	185,258,365
91 - 120 days	188,520,435	167,215,818	188,520,435	151,213,622
121 - 150 days	163,700,612	122,905,081	163,700,612	108,136,125
151 - 180 days	117,704,909	151,296,872	117,704,909	136,643,787
181 - 365 days	1,755,656,918	1,474,107,691	1,755,656,918	711,359,949
365 + days	4,036,181,587	3,333,573,513	4,036,181,587	3,333,573,513
	8,624,784,738	7,110,828,140	8,624,784,738	6,259,076,431
Industrial/ commercial				
Current (0 - 30 days)	1,065,087,615	737,026,041	1,065,087,615	736,411,577
31 - 60 days	98,766,747	91,588,419	98,766,747	90,097,936
61 - 90 days	71,634,331	93,200,882	71,634,331	92,662,200
91 - 120 days	79,381,558	59,463,651	79,381,558	58,962,447
121 - 150 days	58,579,813	42,601,910	58,579,813	42,089,351
151 - 180 days	38,387,998	59,523,464	38,387,998	59,210,233
181 - 365 days	387,790,850	261,516,300	387,790,850	256,105,916
365 + days	1,329,473,368	1,208,717,584	1,329,473,368	1,208,717,584
	3,129,102,280	2,553,638,251	3,129,102,280	2,544,257,244
National and provincial government				
Current (0 - 30 days)	194,035,858	247,138,881	194,035,858	246,768,453
31 - 60 days	12,113,764	35,332,732	12,113,764	33,562,419
61 - 90 days	5,105,045	61,047,222	5,105,045	60,641,172
91 - 120 days	3,928,491	29,403,227	3,928,491	28,779,911
121 - 150 days	10,604,155	23,370,466	10,604,155	22,977,279
151 - 180 days	6,441,489	31,940,064	6,441,489	31,352,498
181 - 365 days	31,744,942	166,295,548	31,744,942	154,705,381
365 + days	64,462,703	407,056,434	64,462,703	398,615,915
	328,436,447	1,001,584,574	328,436,447	977,403,028
Other				
Current (0 - 30 days)	24,833,158	25,179,222	24,833,158	25,179,222
31 - 60 days	1,582,734	4,354,064	1,582,734	4,354,064
61 - 90 days	(387,732)	8,405,336	(387,732)	8,405,336
91 - 120 days	(6,128,720)	5,059,560	(6,128,720)	5,059,560
121 - 150 days	(14,251,200)	4,384,536	(14,251,200)	4,384,536
151 - 180 days	(206,114)	5,357,458	(206,114)	5,357,458
181 - 365 days	27,184,939	36,940,049	27,184,939	36,940,049
365 + days	340,009,369	345,263,165	340,009,369	345,263,165
	372,636,434	434,943,390	372,636,434	434,943,390

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
22. Consumer receivables (continued)				
Reconciliation of allowance for impairment				
Balance at beginning of the year	(6,996,392,373)	(5,715,325,904)	(6,133,922,416)	(4,991,570,078)
Restatement of opening balance	-	(2,008,785,616)	-	(2,008,785,616)
Contributions to allowance	(957,081,071)	(488,820,082)	(957,081,071)	(350,105,951)
Adjustments to provision (year end)	-	(104,967,412)	-	(104,967,412)
Contribution to allowance: corrections	-	34,876,896	-	34,876,896
VAT on additional contribution to allowance	-	(423,075,975)	-	(423,075,975)
Debt impairment written off against allowance	363,490,961	343,324,012	363,490,961	343,324,012
Write back/corrections against allowance	69,582,387	-	69,582,387	-
Sandspruit: Impairment allowance take-on balance	8,440,518	-	(854,029,439)	-
Correction of calculation method of provision in current year	(660,381,340)	1,366,381,708	(660,381,340)	1,366,381,708
	(8,172,340,918)	(6,996,392,373)	(8,172,340,918)	(6,133,922,416)
23. Other Receivables				
AARTO fine debtor	802,767,988	645,506,780	802,767,988	645,506,780
RTMC: AARTO debtor	1,256,293	1,256,293	1,256,293	1,256,293
Creditors with debit balances reclassification	4,380,983	38,440,242	4,380,983	38,440,242
Housing debtors	70,306,406	59,328,604	70,306,406	59,328,604
Pre-payment: Sanral	174,449,852	174,449,852	174,449,852	174,449,852
Lease revenue	36,049,907	34,531,227	36,049,907	34,531,227
Waste management	3,875,225	3,122,543	3,875,225	3,122,543
Sundry rentals	134,855,768	115,108,508	134,855,768	115,108,508
Sundry Persons	262,047,020	292,050,687	262,047,020	292,050,687
Public contributions	249,347,722	340,077,657	249,347,722	340,077,657
Sandspruit Works Association	-	-	-	34,298,530
Miscellaneous	667,962,506	715,784,512	666,500,405	407,157,594
Year End Grant debtor	31,230,522	4,393,468	31,230,522	4,393,468
	2,438,530,192	2,424,050,373	2,437,068,091	2,149,721,985
Less: Impairment allowance (AARTO)	(629,070,817)	(576,683,615)	(629,070,817)	(576,683,615)
Less: Impairment allowance (other receivables)	(397,451,995)	(349,564,328)	(396,261,473)	(348,769,333)
	1,412,007,380	1,497,802,430	1,411,735,801	1,224,269,037
Included in above is receivables from exchange transactions				
Various debtors	1,603,275,389	1,772,893,832	1,601,813,288	1,498,565,444
Less: Impairment allowance	(397,451,995)	(349,564,328)	(396,261,473)	(348,769,333)
	1,205,823,394	1,423,329,504	1,205,551,815	1,149,796,111
Included in above is receivables from non-exchange transactions				
AARTO fines	802,767,988	645,506,780	802,767,988	645,506,780
RTMC: AARTO debtor	1,256,293	1,256,293	1,256,293	1,256,293
Grant debtor	31,230,522	4,393,468	31,230,522	4,393,468
Less: Impairment allowance	(629,070,817)	(576,683,615)	(629,070,817)	(576,683,615)
	206,183,986	74,472,926	206,183,986	74,472,926

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
23. Other Receivables (continued)				
AGEING				
Pre-payment Sanral				
> 365 days	174,449,852	174,449,852	174,449,852	174,449,852
Housing debtors				
31 - 60 days	17,123,725	6,145,923	17,123,725	6,145,923
121 - 365 days	53,182,681	53,182,681	53,182,681	53,182,681
	70,306,406	59,328,604	70,306,406	59,328,604
Creditors with debit balances reclassification				
31 - 60 days	4,380,983	38,440,242	4,380,983	38,440,242
Miscellaneous				
31 - 60 days	449,743,907	196,774,344	448,281,806	188,938,995
61 - 90 days	-	300,791,569	-	-
121 - 365 days	218,218,599	218,218,599	218,218,599	218,218,599
	667,962,506	715,784,512	666,500,405	407,157,594
Lease revenue				
31 - 60 days	36,049,907	34,531,227	36,049,907	34,531,227
AARTO fine debtor				
Current (0 - 30 days)	58,558,433	-	58,558,433	-
31 - 60 days	102,962,850	9,337,300	102,962,850	9,337,300
61 - 90 days	5,077,225	133,747,564	5,077,225	133,747,564
91 - 120 days	133,747,564	-	133,747,564	-
121 - 365 days	247,762,566	247,762,566	247,762,566	247,762,566
> 365 days	254,659,350	254,659,350	254,659,350	254,659,350
	802,767,988	645,506,780	802,767,988	645,506,780
Based on historic information, it is determined that the probability of the collection of fines within 32 days is 20.69% which will result in 79.31% possible collection rate post the 32 day period.				
Waste Management				
31 - 60 days	752,682	685,738	752,682	685,738
61 - 90 days	685,738	2,436,805	685,738	2,436,805
91 - 120 days	2,436,805	-	2,436,805	-
	3,875,225	3,122,543	3,875,225	3,122,543
Sundry rentals				
31 - 60 days	19,747,260	22,081,849	19,747,260	22,081,849
61 - 90 days	22,081,849	93,026,659	22,081,849	93,026,659
91 - 120 days	93,026,659	-	93,026,659	-
	134,855,768	115,108,508	134,855,768	115,108,508
Sundry Persons				
61 - 90 days	-	53,130,231	-	53,130,231
91 - 120 days	23,126,564	238,920,456	23,126,564	238,920,456
121 - 365 days	238,920,456	-	238,920,456	-
	262,047,020	292,050,687	262,047,020	292,050,687
Public contributions				
121 - 365 days	90,729,935	28,904,018	90,729,935	28,904,018
> 365 days	158,617,787	311,173,639	158,617,787	311,173,639
	249,347,722	340,077,657	249,347,722	340,077,657

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
23. Other Receivables (continued)				
Sandspruit Works Association				
> 365 days	-	-	-	34,298,530
RTMC: AARTO debtor				
> 365 days	1,256,293	1,256,293	1,256,293	1,256,293
Year end grant debtors				
31 - 60 days	31,230,522	4,393,468	31,230,522	4,393,468
Reconciliation of allowance for impairment				
Opening balance	(926,247,943)	(790,677,657)	(925,452,948)	(790,109,349)
Restatement of opening balance	-	(143,906,966)	-	(143,906,966)
Contributions to provision	(87,905,585)	(287,047,747)	(87,510,058)	(286,269,472)
Write-off against the provision	3,938,009	4,834,581	3,794,316	4,328,492
Correction of allowance due to change in methodology	(28,772,189)	290,431,596	(28,772,189)	290,431,596
Sandspruit Works Association take-on balance	(8,440,517)	-	(8,440,517)	-
Corrections of write-offs against allowance	21,049,106	72,751	21,049,106	72,751
Amounts recovered (Housing Company)	-	45,499	-	-
	(1,026,379,119)	(926,247,943)	(1,025,332,290)	(925,452,948)

Other receivables from exchange and non-exchange transactions past due but not impaired

Trade and other receivables which are less than 2 months past due are not considered to be impaired. At 30 June 2018, R 1,412,007,380 (2017: R 1,497,802,430) were past due but not impaired.

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

2 months past due	1,412,007,380	1,497,802,430	1,411,735,801	1,224,269,037
-------------------	---------------	---------------	---------------	---------------

Other receivables from exchange and non-exchange transactions past due and impaired

As of 30 June 2018, trade and other receivables of R2,438,530,192 (2017: R 2,424,050,373) were impaired and provided for.

The amount of the impairment was R1,026,522,812 as of 30 June 2018 (2017: R 926,247,943).

The ageing of these receivables is as follows:

Over 2 months	1,026,522,812	926,247,943	1,025,332,290	925,452,948
---------------	---------------	-------------	---------------	-------------

Up to June 2017 an amount of R4 328 492 has been written off with regard to Sundry/Other debtors against the allowance for the municipality (Group = R4 834 581).

Up to 30 June 2018 an amount of R3 794 316 has been written off with regard to Sundry/Other debtors against the allowance for the municipality (Group = R3 794 316).

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

24. Cash and bank

Cash and cash equivalents consist of:

Cash and bank

Cash on hand	662,724	524,128	653,279	501,975
Cash book (bank account) balances	561,832,966	447,006,369	482,027,404	389,025,186
Bank overdraft	-	-	-	-
	562,495,690	447,530,497	482,680,683	389,527,161

Cash and cash equivalents for cash flow purposes:

Cash and cash equivalents for the purpose of the cash flow statement consist of:

Cash and cash equivalents

Cash and bank	562,495,690	447,530,497	482,680,683	389,527,161
Short-term investments (highly liquid) (refer to Note 19)	1,830,217,073	634,031,209	1,829,764,912	633,603,168
	2,392,712,763	1,081,561,706	2,312,445,595	1,023,130,329

Cash and cash equivalents held by Housing Company Tshwane that are not available for use by the Group	932,217	808,818	-	-
---	---------	---------	---	---

The Municipality and Municipal Entities have the following bank accounts

Account number/description	Bank statement balances			Cash book balances		
	30 June 2018	30 June 2017	30 June 2016	30 June 2018	30 June 2017	30 June 2016
Absa - 4060738263	395,698,161	42,119,748	40,441,784	405,480,146	40,964,322	(32,618,750)
FNB - 51420107207	18,575,358	45,170,960	29,858,205	18,580,558	40,928,039	(213,512)
Standard - 410801453	3,610,255	257,292,116	131,981,676	2,879,645	265,430,359	74,198,061
Insurance Contingency - Absa - 4062593950	-	-	2,784	-	-	2,784
Tshwane Market - Absa - 4068829119	44,999,356	38,133,509	41,169,203	43,202,868	34,058,668	37,383,039
Nedbank - 1454121963	10,243,582	7,759,241	5,543,238	11,884,187	7,643,798	(4,544,143)
Municipality	473,126,712	390,475,574	248,996,890	482,027,404	389,025,186	74,207,479
Housing Company Tshwane: Absa - 4065722829	3,615,713	2,147,369	12,700,366	3,615,713	2,147,369	12,700,366
Housing Company Tshwane: Absa - 4057481879	43,891,948	36,430,358	773,361	43,891,948	36,430,358	773,361
Housing Company Tshwane: Absa - 911408066	932,217	808,818	690,500	932,217	808,818	690,500
Housing Company Tshwane: Townlands - 4091569887	13,911,167	(203)	-	13,911,167	(203)	-
Sandspruit: Standard - 32250738	-	15,272,865	1,973,429	-	11,208,607	1,938,218
Sandspruit: ODI Standard - 31906842	-	335,059	294,635	-	335,059	258,788
Sandspruit: ODI Standard - 738717959	-	72,494	34,261	-	72,494	34,261
TEDA: ABSA - 4093241083	17,454,517	-	-	17,454,517	-	-
TEDA: Standard - 410791830 (Closed 28 February 2018)	-	6,973,374	2,909,873	-	6,973,374	2,909,873
TEDA: Standard - 011057491 (Closed 28 February 2018)	-	5,307	6,059	-	5,307	6,059
Entities	79,805,562	62,045,441	19,382,484	79,805,562	57,981,183	19,311,426
Group total	552,932,274	452,521,015	268,379,374	561,832,966	447,006,369	93,518,905

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
25. Property rates				
Rates received				
Property rates	6,761,346,762	5,912,583,707	6,761,720,009	5,912,860,893
Valuations				
Residential	339,560,530,339	289,278,507,839	339,560,530,339	289,278,507,839
Other	153,549,383,056	128,794,446,921	153,549,383,056	128,794,446,921
	493,109,913,395	418,072,954,760	493,109,913,395	418,072,954,760

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 who are 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.

26. Service charges

Sale of electricity	10,955,885,210	10,846,939,279	10,956,508,511	10,847,754,154
Sale of water	3,214,364,151	2,971,786,033	3,214,364,151	3,208,059,724
Solid waste	1,433,788,540	1,251,916,033	1,433,788,540	1,251,916,033
Sewerage and sanitation charges	910,304,013	779,985,056	910,304,013	779,985,056
Other service charges	406,703,977	335,866,717	406,703,977	335,866,717
Net service charges per statement of financial performance	16,921,045,891	16,186,493,118	16,921,669,192	16,423,581,684

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
27. Government grants, subsidies, awards and donations				
Operating grants				
Equitable share	2,132,788,000	1,864,839,007	2,132,788,000	1,864,839,007
Emergency Management Services subsidy	95,993,000	62,850,000	95,993,000	62,850,000
Fuel levy	1,444,413,000	1,440,100,000	1,444,413,000	1,440,100,000
Finance Management Grant (FMG)	2,650,000	2,875,000	2,650,000	2,875,000
Public Transport Network Operating Grant (PTNOG)	359,169,547	200,266,208	359,169,547	200,266,208
LG SETA discretionary grant	1,099,229	-	1,099,229	-
Broadband (Wi-fi)	1,086,882	-	1,086,882	-
Research and development grant	1,467,250	3,899,747	1,467,250	3,899,747
Health subsidy	46,541,000	44,325,000	46,541,000	44,325,000
HIV/AIDS subsidy	12,720,000	12,649,000	12,720,000	12,649,000
Community libraries	6,471,780	6,103,292	6,471,780	6,103,292
Expanded Public Works Programme (EPWP)	20,451,000	50,247,000	20,451,000	50,247,000
Gautrans	-	109,814	-	109,814
TRT subsidy	44,204,453	-	44,204,453	-
USDG operational	48,492,450	46,180,020	48,492,450	46,180,020
Integrated City Development	5,764,350	6,145,485	5,764,350	6,145,485
Human Settlement Development: Topstructures	109,845,243	72,555,231	109,845,243	72,555,231
HCT: Social Housing Regulatory Authority (SHRA)	20,857,018	-	-	-
HCT: Gauteng Department of Human Settlement (GDHS)	8,287,908	-	-	-
	4,333,157,184	3,813,144,804	4,333,157,184	3,813,144,804
Capital grants				
INEP	30,000,000	40,000,000	30,000,000	40,000,000
PTIS roads and storm water	524,691,102	684,776,952	524,691,102	684,776,952
Neighbourhood Development (NDPG)	16,892,186	48,500,000	16,892,186	48,500,000
Libraries	1,042,015	5,709,772	1,042,015	5,709,772
USDG capital	1,470,775,730	1,490,264,951	1,470,775,730	1,490,264,951
Social Infrastructure Grant	58,631,341	41,000,000	58,631,341	41,000,000
DPSA: Smart connect	-	200,000	-	200,000
LG SETA discretionary grant	940,363	-	940,363	-
Delft grant	2,293,422	-	2,293,422	-
	2,105,266,159	2,310,451,675	2,105,266,159	2,310,451,675
	6,467,568,269	6,123,596,479	6,438,423,343	6,123,596,479
Conditional and unconditional				
Included above are the following categories of grants and subsidies recognised as revenue:				
Conditional grants received	2,890,367,269	3,304,939,007	2,861,222,343	3,304,939,007
Unconditional grants received (equitable share and fuel levy)	3,577,201,000	2,818,657,472	3,577,201,000	2,818,657,472
	6,467,568,269	6,123,596,479	6,438,423,343	6,123,596,479

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

27. Government grants, subsidies, awards and donations (continued)
Equitable Share (DoRA)

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

All registered indigents receive a monthly subsidy of R510.69 (2017 = R561.81), which is funded from the grant.

Current year receipts	2,132,788,000	1,864,839,007	2,132,788,000	1,864,839,007
Conditions met - transferred to revenue	(2,132,788,000)	(1,864,839,007)	(2,132,788,000)	(1,864,839,007)
	-	-	-	-

Fuel levy (DoRA)

Current year receipts	1,444,413,000	1,440,100,000	1,444,413,000	1,440,100,000
Conditions met - transferred to revenue	(1,444,413,000)	(1,440,100,000)	(1,444,413,000)	(1,440,100,000)
	-	-	-	-

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

Primary Healthcare Subsidy (Provincial)

Current-year receipts	46,541,000	44,325,000	46,541,000	44,325,000
Conditions met - transferred to revenue	(46,541,000)	(44,325,000)	(46,541,000)	(44,325,000)
	-	-	-	-

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

Emergency Management Services Subsidy (Provincial)

Current-year receipts	95,993,000	62,850,000	95,993,000	62,850,000
Conditions met - transferred to revenue	(95,993,000)	(62,850,000)	(95,993,000)	(62,850,000)
	-	-	-	-

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.

Research and Development grant (DoRA)

Current-year receipts	1,467,250	3,899,747	1,467,250	3,899,747
Conditions met - transferred to revenue	(1,467,250)	(3,899,747)	(1,467,250)	(3,899,747)
	-	-	-	-

Only R1 467 250 of the budgeted grant of R5 750 911 for 2017/18 was received. Expenditure to the value of R1 467 250 was incurred in 2017/18

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

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

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

Electricity for All (INEP) (DoRA)

Balance unspent at beginning of year	-	199,351	-	199,351
Current-year receipts	30,000,000	40,000,000	30,000,000	40,000,000
Conditions met - transferred to revenue	(30,000,000)	(40,000,000)	(30,000,000)	(40,000,000)
Returned to National Treasury	-	(199,351)	-	(199,351)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The purpose of the grant is to implement the Integrated National Electrification Programme (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 the quality of supply.

Finance Management Grant (FMG) (DoRA)

Balance unspent at beginning of year	-	93,292	-	93,292
Current-year receipts	2,650,000	2,875,000	2,650,000	2,875,000
Conditions met - transferred to revenue	(2,650,000)	(2,875,000)	(2,650,000)	(2,875,000)
Returned to the National Treasury	-	(93,292)	-	(93,292)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The request for the roll forward of the balance of R93 292 was not approved by National Treasury and was set off against the next transfer of the equitable share.

The purpose of this grant is to promote support reforms in financial management by building capacity in municipalities to implement the Local Government: Municipal Finance Management Act (MFMA).

Human Settlement Development Grant (HSDG)(Provincial)

Balance unspent at beginning of year	179,322,667	68,644,888	179,322,667	68,644,888
Current-year receipts	184,111,996	203,033,010	184,111,996	203,033,010
Conditions met - transferred to revenue	(109,845,243)	(72,555,231)	(109,845,243)	(72,555,231)
Returned to National Treasury	-	(19,800,000)	-	(19,800,000)
	<u>253,589,420</u>	<u>179,322,667</u>	<u>253,589,420</u>	<u>179,322,667</u>

Conditions still to be met - remain liabilities (see Note 11)

A request was submitted to National Treasury for the roll forward of the balance of 2017/18.

The government approved a comprehensive housing strategy to speed up housing delivery and develop sustainable human settlements. The Gauteng Department of Housing approves housing subsidies and projects and provides support to municipalities for housing development. Municipalities are responsible for the provision and ongoing operation of associated bulk and distribution infrastructure and services, such as water, sanitation, roads, and in many cases, electricity.

Urban Settlement Development Grant (USDG) (DoRA)

Balance unspent at beginning of year	2,889,029	-	2,889,029	-
Current year receipts	1,616,415,000	1,539,334,000	1,616,415,000	1,539,334,000
Conditions met - transferred to revenue	(1,519,268,180)	(1,536,444,971)	(1,519,268,180)	(1,536,444,971)
Returned to National Treasury	(2,889,029)	-	(2,889,029)	-
	<u>97,146,820</u>	<u>2,889,029</u>	<u>97,146,820</u>	<u>2,889,029</u>

Conditions still to be met - remain liabilities (see Note 11)

A request for the roll over of the balance of R97 146 820 at the end of 2017/18 will be submitted to National Treasury.

The request for roll over of the balance of R2 889 029 at the end of 2016/17 was not approved by National Treasury and was deducted from the transfer of the equitable share of 2017/18.

The grant is intended to supplement the capital revenue of metropolitan municipalities in order to support the National Human Settlements Development programme, focusing on poor households.

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

27. Government grants, subsidies, awards and donations (continued)
Public Transport Grant (PTIS) (DoRA)

Balance unspent at beginning of year	67,967,329	2,999,489	67,967,329	2,999,489
Current-year receipts	900,238,999	950,011,000	900,238,999	950,011,000
Conditions met - transferred to revenue	(883,860,647)	(885,043,160)	(883,860,647)	(885,043,160)
Returned to the National Treasury	(23,032,456)	-	(23,032,456)	-
	61,313,225	67,967,329	61,313,225	67,967,329

Conditions still to be met - remain liabilities (see Note 11).

A request for the roll over of the balance at the end of 2017/18 was submitted to National Treasury.

The request for the roll over of part of the 2016/17 balance to the value of R23 032 456 was not approved by National Treasury and was deducted from the transfer of the equitable share in 2017/18.

The purpose of this grant is to provide for accelerated planning, construction and improvement of public and non-motorised transport networks.

HIV and AIDS (Provincial Health Department)

Current-year receipts	12,720,000	12,649,000	12,720,000	12,649,000
Conditions met - transferred to revenue	(12,720,000)	(12,649,000)	(12,720,000)	(12,649,000)
	-	-	-	-

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 wards structures to address AIDS in the local community.

Gautrans (operational and capital)

Balance unspent at beginning of year	11,961,294	12,071,107	11,961,294	12,071,107
Conditions met - transferred to revenue	-	(109,813)	-	(109,813)
	11,961,294	11,961,294	11,961,294	11,961,294

Conditions still to be met - remain liabilities (see Note 11)

The purpose of this grant is to reconstruct and update the Garstfontein Road (K50) to a dual carriageway between Loristo and Anton van Wouw Street.

Neighbourhood Development Programme (DoRA)

Current-year receipts	20,000,000	48,500,000	20,000,000	48,500,000
Conditions met - transferred to revenue	(16,892,186)	(48,500,000)	(16,892,186)	(48,500,000)
	3,107,814	-	3,107,814	-

Conditions still to be met - remain liabilities (see Note 11).

A request for the roll over of the balance of 2017/18 was submitted to National Treasury.

The purpose of this grant is to support neighbourhood development projects that provide community infrastructure and create a platform for other public and private sector developments to improve the quality of life of residents in targeted under-served neighbourhoods (townships generally).

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

27. Government grants, subsidies, awards and donations (continued)
Research and Technology Grant

Balance unspent at beginning of year	74,688	74,688	74,688	74,688
--------------------------------------	--------	--------	--------	--------

Conditions still to be met - remain liabilities (see Note 11).

The purpose of this grant is to transfer funds to the Municipality for the purposes of maintenance and operationalising mechanisation assets, namely tractors and implements (including trailers). The project life is 12 months.

Community library services (Provincial Department of Sport, Arts, Culture and Recreation)

Balance unspent at beginning of year	2,309,705	3,867,830	2,309,705	3,867,830
Current-year receipts	10,762,000	13,000,000	10,762,000	13,000,000
Conditions met - transferred to revenue	(7,513,795)	(11,813,064)	(7,513,795)	(11,813,064)
Returned to National Treasury	-	(2,745,061)	-	(2,745,061)
	5,557,910	2,309,705	5,557,910	2,309,705

Conditions still to be met - remain liabilities (see Note 11).

A request for roll over of the balance of 2017/18 was submitted to National Treasury.

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

Municipal Human Settlement Capacity Grant

Balance unspent at beginning of year	-	1,035,104	-	1,035,104
Returned to National Treasury	-	(1,035,104)	-	(1,035,104)
	-	-	-	-

The purpose of this grant is to build capacity in municipalities to deliver and subsidise the operational costs of administering human settlements programmes, and to ensure effective management of human settlements programmes at the local government level, in line with the accreditation framework.

Expanded Public Works Programme (EPWP) (DoRA)

Current-year receipts	20,451,000	50,247,000	20,451,000	50,247,000
Conditions met - transferred to revenue	(20,451,000)	(50,247,000)	(20,451,000)	(50,247,000)
	-	-	-	-

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

Broadband (Wi-fi)

Balance unspent at beginning of year	1,086,882	1,086,882	1,086,882	1,086,882
Conditions met - transferred to revenue	(1,086,882)	-	(1,086,882)	-
	-	1,086,882	-	1,086,882

Funding was received from the Department of Telecommunication and Postal Services for the implementation of free wi-fi in Tshwane.

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

27. Government grants, subsidies, awards and donations (continued)
Delft housing grant

Balance unspent at beginning of year	2,293,422	2,293,422	2,293,422	2,293,422
Conditions met - transferred to revenue	(2,293,422)	-	(2,293,422)	-
	<u>-</u>	<u>2,293,422</u>	<u>-</u>	<u>2,293,422</u>

On 5 November 2005 the mayors of the sister cities of Tshwane and Delft (Netherlands) agreed that the City of Delft will give financial support for the building of the multi-purpose community centre as part of the integrated community-building project in Mamelodi Extension 5.

The City of Delft decided to co-fund a multi purpose community centre because of its importance for the neighbouring communities.

Municipal disaster recovery grant

Balance unspent at beginning of year	<u>1,447,864</u>	<u>1,447,864</u>	<u>1,447,864</u>	<u>1,447,864</u>
--------------------------------------	------------------	------------------	------------------	------------------

Conditions still to be met - remain liabilities (see note 11).

During November 2013, severe damage to infrastructure was caused by hail in Gauteng. Because of this a state of disaster was declared in 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 through the Gauteng Provincial Disaster Management Centre in May 2014.

Social Infrastructure Grant

Current-year receipts	59,339,941	36,606,532	59,339,941	36,606,532
Conditions met - transferred to revenue	(58,631,340)	(41,000,000)	(58,631,340)	(41,000,000)
Debtor at year end for last tranche	-	4,393,468	-	4,393,468
	<u>708,601</u>	<u>-</u>	<u>708,601</u>	<u>-</u>

Conditions still to be met - remain liabilities (see Note 11).

The request for roll over of the 2017/18 balance was submitted to National Treasury.

The last tranche of 2016/17 was not yet paid over upon year-end closure and a debtor was created for the amount of R4 393 468 as the municipality already incurred the expenditure. The receipt of the amount will be offset against the debtor in the 2017/18 financial year.

20 Priority Township project Hammanskraal - the purpose of this grant is to plan and design the Hammanskraal Early Childhood Development Centre and to plan and design the Hammanskraal Aged Care Centre.

LG SETA Discretionary grant

Current-year receipts	5,397,678	-	5,397,678	-
Conditions met - transferred to revenue	(2,039,592)	-	(2,039,592)	-
	<u>3,358,086</u>	<u>-</u>	<u>3,358,086</u>	<u>-</u>

Conditions still to be met - remain liabilities (see Note 11).

A request for the roll over of the 2017/18 balance was submitted to National Treasury.

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.

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

27. Government grants, subsidies, awards and donations (continued)
DPSA Smart Connect Grant

Current-year receipts	628,250	200,000	628,250	200,000
Conditions met - transferred to revenue	(628,250)	(200,000)	(628,250)	(200,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The grant was received for the Smart Connect project. This project envisages a system where citizens and local government communicate effectively to maximise service delivery. It aims to increase the efficiency of service delivery by facilitating improved communication between stakeholders, such as the public and the service departments. By providing an integrated communication framework between departments, service requests that involve more than one department can be coordinated efficiently.

TRT Subsidy

Current-year receipts	44,204,453	-	44,204,453	-
Conditions met - transferred to revenue	(44,204,453)	-	(44,204,453)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The full budgeted subsidy of R72 000 000 was not received during 2017/18 as only R44 204 453 was received. Expenditure to the value of R59 700 839 was however incurred during 2017/18.

The 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

Current-year receipts	-	7,000,000	-	7,000,000
Returned to the National Treasury	-	(7,000,000)	-	(7,000,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see Note 11).

The request for the roll over of the balance of 2015/16 was not approved by National Treasury and was set off against the transfer of the equitable share in 2016/17.

The purpose of this grant is to provide subsidies to municipalities to implement electricity demand side management (EDSM) in the municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.

Housing Company Tshwane: Gauteng Department of Human Settlement

Current-year receipts	8,287,908	-	-	-
Conditions met - transferred to revenue	(8,287,908)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see Note 11).

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

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

27. Government grants, subsidies, awards and donations (continued)
Housing Company Tshwane: Social Housing Regulatory Authority

Current-year receipts	20,857,018	-	-	-
Conditions met - transferred to revenue	(20,857,018)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The grant was received from the Social Housing Regulatory Authority (SHRA) towards the development of the Townlands project.

Integrated City Development (DoRA)

Balance unspent at beginning of year	36,506,515	29,477,260	36,506,515	29,477,260
Current year receipts	38,429,000	42,652,000	38,429,000	42,652,000
Conditions met - transferred to revenue	(5,764,350)	(6,145,485)	(5,764,350)	(6,145,485)
Returned to National Treasury	(36,506,515)	(29,477,260)	(36,506,515)	(29,477,260)
	<u>32,664,650</u>	<u>36,506,515</u>	<u>32,664,650</u>	<u>36,506,515</u>

Conditions still to be met - remain liabilities (see Note 11).

A request for the roll over of the 2017/18 balance was submitted to National Treasury.

The request for the roll over of the 2016/17 balance was not approved by National Treasury and was set off against the next transfer of the equitable share. The repayment to National Treasury consist of R36 254 200 (capex) and R252 315 (opex).

The purpose of this grant from the 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 three financial years.

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
28. Other income				
Market fees	167,964,547	161,497,701	167,964,547	161,497,701
Land sales	-	130,227	-	130,227
VAT audit refund	54,509,620	4,424,719	54,509,620	4,424,719
Fire services	7,146,527	5,750,536	7,146,527	5,750,536
Sale of unusable stock	273,640	4,730,287	273,640	4,730,287
Drain cleaning fees	439,254	192,843	439,254	192,843
Admission fees	18,813,953	17,894,461	18,813,953	17,894,461
Interest on property sales	209,467	272,148	209,467	272,148
Donated: Assets	63,284	3,737,563	63,284	3,737,563
Building fees	46,056,473	59,814,248	46,056,473	59,814,248
Income from grave services	6,034,683	6,178,466	6,034,683	6,178,466
Motor vehicle licences (refund - province)	108,445,199	96,225,091	108,445,199	96,225,091
Training fees recovered	12,588,830	14,114,930	12,588,830	14,114,930
Newly identified assets	22,831,155	252,453,665	22,831,155	252,453,665
Insurance claims	48,636,623	52,184,351	48,636,623	52,184,351
A Re Yeng revenue	16,541,715	5,952,293	16,541,715	5,952,293
Sundry fees	9,490,406	6,504,131	9,422,716	6,267,277
Airside income	5,071,588	6,771,465	5,071,588	6,771,465
Ambulance fees	2,185,919	1,943,470	2,185,919	1,943,470
Reminder fees	58,559,306	57,228,716	58,559,306	57,228,716
Discount on prompt payments	534,204	1,100,766	534,204	1,100,766
Approval fees: advertisements	42,366,469	35,866,057	42,366,469	35,866,057
LG Seta discretionary allocation	-	6,729,821	-	6,729,821
Cemetery fees	4,630,432	6,178,059	4,630,432	6,178,059
Application fees	7,029,812	6,652,545	7,029,812	6,652,545
Income from bulk containers	880,432	1,066,686	880,432	1,066,686
Sales: Aeroplane fuel	5,452,075	7,438,641	5,452,075	7,438,641
Transport fees	23,695,003	19,452,378	23,695,003	19,452,378
Miscellaneous	124,993,356	53,001,049	124,954,476	53,002,468
	795,443,972	895,487,313	795,337,402	895,251,878
29. Employee-related costs				
Salaries and wages	5,397,489,982	5,060,660,186	5,365,192,827	4,950,954,887
Bonus	-	84,615	-	-
Medical aid contributions	555,983,681	539,653,840	553,819,553	521,287,206
UIF	36,000,687	37,478,792	36,000,687	37,478,792
Leave pay provision charge	167,198,787	341,857,532	167,137,756	338,376,615
Pension fund contributions	1,024,820,527	955,069,469	1,024,820,527	950,677,507
Post employee benefits	(138,002,876)	(1,113,673)	(138,002,876)	(1,113,673)
Travel, motor car, subsistence and other allowances	311,146,367	305,328,415	311,146,367	305,328,415
Overtime payments	356,694,811	385,690,490	356,694,811	385,690,490
Long-service awards	4,526,948	4,983,808	4,526,948	4,983,808
Incentive bonuses	197,735	265,963	197,735	265,963
Other allowances	371,146,378	323,412,485	370,326,782	320,956,457
Housing benefits and allowances	45,691,954	40,071,030	45,691,954	39,231,372
Compensation commissioner (Coid)	50,077,105	47,136,042	50,077,105	47,136,042
	8,182,972,086	8,040,578,994	8,147,630,176	7,901,253,881

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

29. Employee-related costs (continued)
Remuneration of City Manager (E M Mosola)

Annual remuneration (Jason Ngobeni)	-	443,032	-	443,032
Cell phone allowance (Jason Ngobeni)	-	3,304	-	3,304
Annual remuneration (M Mosola)	2,614,406	822,917	2,614,406	822,917
Cell phone allowance (M Mosola)	24,000	-	24,000	-
	2,638,406	1,269,253	2,638,406	1,269,253

Mr Ngobeni was only employed until 19 August 2016. Lindiwe Kwele was acting as City Manager until 31 January 2017 and Mayur Maganlal for February 2017.

The new City Manager (Dr Moeketsi Mosola) was appointed from 1 March 2017.

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

Remuneration of Chief Financial Officer - municipal entities

Annual remuneration	2,423,628	2,135,660	-	-
Cell phone allowance	36,763	22,000	-	-
Other allowance	127,755	211,975	-	-
	2,588,146	2,369,635	-	-

Remuneration of Chief Executive Officer - municipal entities

Annual remuneration	1,958,641	2,526,135	-	-
Performance bonuses	-	84,615	-	-
Other allowances	-	198,721	-	-
Pension and medical aid contributions	92,220	83,580	-	-
Cell phone allowance	36,000	36,000	-	-
Leave provision	-	67,894	-	-
	2,086,861	2,996,945	-	-

Remuneration of other managers - municipal entities

Annual remuneration	6,730,802	13,792,197	-	-
Vehicle allowance	248,000	2,037,846	-	-
Performance bonuses	-	368,703	-	-
Cell phone allowance	134,026	154,000	-	-
Pension and medical aid contributions	448,913	1,863,036	-	-
Leave provision	116,788	-	-	-
Other allowances	263,770	2,672,382	-	-
	7,942,299	20,888,164	-	-

Housing Company Tshwane:

Officials from City of Tshwane were seconded to Housing Company Tshwane to act as CEO for the full financial year after the termination of the employment contract of the CEO.

TEDA:

- * Executive Manager: Corporate Services resigned on 9 March.
- * Executive Manager: Marketing and Communications resigned on 31 July 2017.
- * Executive Manager: Strategy and Performance Monitoring resigned on 30 November 2017.

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

29. Employee-related costs (continued)
Directors - municipal entities

Non-executive directors: board fees	1,630,581	3,672,304	-	-
-------------------------------------	-----------	-----------	---	---

Remuneration: Executive Mayor (Solly Msimanga)

Annual remuneration (Kgosientso D Ramokgopa)	-	101,283	-	101,283
Travel allowance (Kgosientso D Ramokgopa)	-	33,761	-	33,761
Annual remuneration (Solly T Msimanga)	1,233,044	1,040,952	1,233,044	1,040,952
Travel allowance (Solly T Msimanga)	-	18,006	-	18,006
Cell phone allowance (Solly T Msimanga)	40,800	-	40,800	-
Other allowances (Solly T Msimanga)	65,273	-	65,273	-
	1,339,117	1,194,002	1,339,117	1,194,002

Kgosientso Ramokgopa was executive mayor until 19 August 2016 when the municipal elections took place and Solly Msimanga was appointed as executive mayor.

Remuneration: Speaker (Rachel Kedibone Mathebe)

Annual remuneration (Audrey W M K Mosupye)	-	75,120	-	75,120
Travel allowance (Audrey W M K Mosupye)	-	27,296	-	27,296
Annual remuneration (Rachel K Mathebe)	1,019,197	719,764	1,019,197	719,764
Travel allowance (Rachel K Mathebe)	-	133,604	-	133,604
Cell phone allowance (Rachel K Mathebe)	40,800	-	40,800	-
Other allowances (Rachel K Mathebe)	31,714	-	31,714	-
	1,091,711	955,784	1,091,711	955,784

Audrey W M K Mosupye was speaker until 19 August 2016 when the municipal elections took place and Rachel Kedibone Mathebe was appointed as speaker.

Remuneration: Chief Whip (Christiaan M van den Heever)

Annual remuneration (Mabona, Swartland J)	-	55,784	-	55,784
Travel allowance (Mabona, Swartland J)	-	22,153	-	22,153
Cell phone allowance (Mabona, Swartland J)	-	1,966	-	1,966
Other allowances (Mabona, Swartland J)	-	12,205	-	12,205
Annual remuneration (Van den Heever, Christiaan M)	990,079	858,921	990,079	858,921
Travel allowance (Van den Heever, Christiaan M)	-	14,782	-	14,782
Cell phone allowance (Van den Heever, Christiaan M)	24,168	20,868	24,168	20,868
Other allowances (Van den Heever, Christiaan M)	-	8,812	-	8,812
	1,014,247	995,491	1,014,247	995,491

Swartland J Mabona was chief whip until 19 August 2016 when the municipal elections took place and Christiaan M van den Heever was appointed as chief whip.

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
29. Employee-related costs (continued)				
Remuneration: Members of the Mayoral Committee				
Annual remuneration	9,485,776	8,373,406	9,485,776	8,373,406
Travel allowance	235,170	493,713	235,170	493,713
Cell phone allowance	240,231	-	240,231	-
Other allowance	175,462	-	175,462	-
	10,136,639	8,867,119	10,136,639	8,867,119

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

The municipal elections took place on 19 August 2016 and then the members of the mayoral committee were replaced.

Members of the Mayoral Committee (individual)

Subesh Pillay	-	89,387	-	89,387
Thembekile Elizabeth Mmoko	-	89,624	-	89,624
Petunia Faith Mashaba	-	102,248	-	102,248
Rasello Terence Mashego	-	103,959	-	103,959
Maidi Dorothy Mabiletsa	-	97,660	-	97,660
Theresa-Eulanda Mabusela	-	88,081	-	88,081
Nozipho Paulina Tyobeke-Makeke	-	92,204	-	92,204
Joshua John Ngonyama	-	102,248	-	102,248
Jacob Mlandu Masango	-	103,959	-	103,959
Maupe George Matjila	-	93,789	-	93,789
Anniruth Kissoonduth	1,014,130	708,326	1,014,130	708,326
Cilliers Brink	1,016,827	814,574	1,016,827	814,574
Darryl Moss	1,014,247	747,372	1,014,247	747,372
Nontsikelelo Lucia Mokhotho	1,014,247	814,574	1,014,247	814,574
Michael Mkhari	1,014,503	815,776	1,014,503	815,776
Isak Petrus du Plooy	1,014,247	814,574	1,014,247	814,574
Mare-Lise Fourie	1,014,247	814,574	1,014,247	814,574
Randall Mervyn Williams	1,011,399	814,574	1,011,399	814,574
Sheila Lynn Senkubuge	1,011,399	767,834	1,011,399	767,834
Thomas Mandla Nkomo	1,011,393	791,782	1,011,393	791,782
	10,136,639	8,867,119	10,136,639	8,867,119

30. Remuneration of Top Management

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

In terms of a council resolution dated 23 February 2017 the proposed section 56 positions were determined to be as follows:

- * Governance and Support Officer
- * Chief Financial Officer
- * Chief of Police
- * Head: Emergency Management Services
- * Chief Operations Officer
- * Chief Audit Executive
- * Head: Office of the Executive Mayor
- * Head: Group Communications and Marketing
- * Group Head: City Strategies and Organisational Performance.

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

Notes to the Consolidated Annual Financial Statements

		Group		Municipality		
		2018	2017 Restated* R	2018	2017 Restated*	
30. Remuneration of Top Management (continued)						
Reporting directly to City Manager						
July 2017 to June 2018						
Name	Designation	Remuneration	Travel allowance	Cell phone allowance	Travel & subsistence and Acting allowance	Total
Banda, Umar	Chief Financial Officer	2,091,524	-	21,600	18,430	2,131,554
Tredoux, Lorette	Governance and Support Officer	1,734,637	-	17,914	-	1,752,551
Murphy, James P	Chief Operations Officer	1,851,326	-	19,800	83,484	1,954,610
Ntsimane, Phillip M	Chief Audit Executive	1,600,808	-	18,000	-	1,618,808
Malan, Jienie C (acting)	Chief of Police	699,129	98,019	6,000	277,477	1,080,625
Govendor, Previn D	Chief of Emergency Services	1,467,406	-	19,800	-	1,487,206
Matthews, Hilgard	Group Head: Communication and Marketing	1,467,406	-	19,800	32,196	1,519,402
Hlatshwayo, Nosipho P	Group Head: City Strategy and Organisational Performance	1,600,807	-	21,600	572	1,622,979
Aucamp, Marietha (resigned 31 May 2018)	Chief of Staff	821,749	-	-	354,752	1,176,501
Nkomo, Johannah (appointed 12/2/2018)	Chief of Police	709,691	-	8,370	30,588	748,649
		14,044,483	98,019	152,884	797,499	15,092,885

2016/17: February 2017 to June 2017

Name	Designation	Remuneration	Travel allowance	Cell phone allowance	Travel & subsistence and acting allowance	Total
Banda, Umar (acting)	Chief Financial Officer	604,167	-	7,500	29,223	640,890
Manganlal, Mayur (acting)	Governance and Support Services	760,558	42,500	9,000	93,194	905,252
Pillay, Navaneethan (acting)	Office of the Chief Operations Officer	1,637,217	116,754	18,000	70,941	1,842,912
Ngobeni, Khazamula (resigned 30 April 2017)	Chief of Police	480,406	-	5,400	11,520	497,326
De Beer, Joan K	Chief of Emergency Services	815,679	30,000	9,000	-	854,679
Mhlongo, Jafta E (acting)	Chief Audit Executive	1,226,769	84,000	18,000	91,066	1,419,835
Aucamp, Marietha	Chief of Staff	508,193	-	-	-	508,193
Ndlovu, Nomasonto (acting)	Group Head: Communication and Marketing	809,994	50,000	9,000	-	868,994
Dharumraj, Anisha (acting)	Group Head: City Strategy and Organisational Performance	1,633,133	-	18,000	34,559	1,685,692
		8,476,116	323,254	93,900	330,503	9,223,773

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

30. Remuneration of Top Management (continued)
2016/17: July 2016 to January 2017

Name	Designation	Remuneration	Travel allowance	Cell phone allowance	Travel & subsistence and acting allowance	Total
Banda, Umar (acting)	Group Chief Financial Officer	845,833	-	10,500	91,568	947,901
Kwele, Lindiwe (resigned 31 January 2017)	Deputy City Manager	1,597,566	175,000	12,600	19,352	1,804,518
Mangcu, Lisa N (resigned 30 November 2016)	Deputy City Manager	966,417	25,000	9,000	-	1,000,417
Boshielo, Mokholela, K F (resigned 30 November 2016)	Deputy City Manager	966,417	75,000	9,000	-	1,050,417
Lukhwareni, Ndvihoniswani (resigned 30 November 2016)	Deputy City Manager	911,713	45,000	9,000	-	965,713
Seabela, Bruno S	SED: Group Legislative Services	1,254,292	105,000	12,600	-	1,371,892
Otumile, Dudlana (resigned 28 February 2017)	SED: Group ICT	2,426,030	105,000	12,600	-	2,543,630
Manganye, Mahlomola (resigned 30 September 2016)	SED: Community Safety and Shared Business	418,316	45,000	5,400	-	468,716
Ramulifho, Khathushelo C	SED: Corporate and Shared Services	1,042,757	50,400	12,600	-	1,105,757
De Beer, Joan K	Chief of Emergency Services	1,141,950	42,000	12,600	-	1,196,550
Ngobeni, Khazamula S	Chief of Police	1,120,948	-	12,600	11,520	1,145,068
Thenga, Obed (resigned 15 September 2016)	Chief Audit Executive	346,094	12,500	4,500	-	363,094
		13,038,333	679,900	123,000	122,440	13,963,673

The remuneration indicated below which relate to top management reporting directly to the deputy City Managers (up to January 2017) and GSO or COO (from February 2017) is only reflected for the 2016/17 financial year. According to Human Resources the group heads does not form part of the definition of senior managers accountable directly to the City Manager according to the Act and therefore it is no longer required to disclose these managers that report to the GSO or COO.

* See Note 46

Notes to the Consolidated Annual Financial Statements

		Group		Municipality		
		2018	2017 Restated* R	2018	2017 Restated*	
30. Remuneration of Top Management (continued)						
Reporting to the GSO or COO						
July 2017 to June 2018						
Name	Designation	Remuneration	Travel allowance	Cell phone allowance	Travel & subsistence and acting allowance	Total
Babane, Tiyyiselani J	Group Head: Office of the Speaker	896,453	-	21,600	385,910	1,303,963
Moya, Hazel N	Group Head: Office of the Chief Whip	896,453	60,000	21,600	330,549	1,308,602
Shingange, Gerald M	Group Head: Human Capital Management	1,333,900	129,802	18,000	490,048	1,971,750
Khumalo, Musawakhe H O	Group Head: Shared Services	672,339	65,346	9,000	223,657	970,342
Kock, Margaretha J	Group Head: Group Legal and Secretarial Services	448,226	10,891	9,000	176,854	644,971
Makgata, Makgorometje A	Group Head: Economic Development and Spatial Planning	1,365,716	125,019	18,900	492,607	2,002,242
Morgan, Verusha	Group Head: Group Property	1,008,509	-	13,500	438,459	1,460,468
Ntsikeni, Zukiswa	Group Head: Customer Relations Management	1,213,134	117,907	16,239	429,417	1,776,697
Nkoko, Koena J	Group Head: Health	1,008,509	98,019	13,500	342,035	1,462,063
Notoane, Stephens R	Group Head: Utility Services	1,331,605	125,802	18,300	491,497	1,967,204
Letlonkane, Pheko I	Group Head: Roads and Transport	1,447,814	120,000	21,600	519,420	2,108,834
Kolisa, Mthobeli S	Group Head: Environmental and Agriculture Management	1,336,746	134,802	18,300	451,636	1,941,484
Mekhoe, Sebatatso S	Group Head: Community and Social Development Services	1,320,271	126,802	18,000	448,844	1,913,917
Memela, Nontobeko	Group Head: Housing and Human Settlement	1,337,591	130,802	18,000	465,533	1,951,926
Phanyane, Namadzavho C	Group Head: Regional Operations and Coordination	747,043	87,128	12,000	238,400	1,084,571
		16,364,309	1,332,320	247,539	5,924,866	23,869,034

* See Note 46

Notes to the Consolidated Annual Financial Statements

		Group		Municipality	
		2018	2017 Restated* R	2018	2017 Restated*

30. Remuneration of Top Management (continued)
February 2017 to June 2017 (reporting to GSO or COO)

Name	Designation	Remuneration	Travel allowance	Cell phone allowance	Travel & subsistence and acting allowance	Total
Babane, Tiyiselani	Group Head: Office of the Speaker	508,193	-	-	-	508,193
Moya, Hazel	Group Head: Office of the Chief Whip	508,193	25,000	9,000	-	542,193
Shingange, Gerald (acting)	MGroup Head: Group Human Capital Management	1,653,516	120,000	18,000	144,960	1,936,476
Seabelo, Bruno S (resigned 21 May 2017)	Group Head: Shared Services	716,738	60,000	7,200	-	783,938
Mantsena, Tintswalo (resigned 30 June 2017)	PGroup Head: Legal and Secretariat Services	1,431,000	-	18,000	62,486	1,511,486
Makgata, Makgorometje (acting)	AGroup Head: Economic Development and Spatial Planning	809,994	45,000	9,000	1,430	865,424
Mmutlana, Pule M (acting)	Group Head: Group Property	1,229,841	-	18,000	107,818	1,355,659
Pillay, Dayalan (acting)	Group Head: Customer Relations Management	1,629,169	120,000	18,000	47,061	1,814,230
Kekana, Seoketsa E (acting)	Group Head: Health	767,450	20,000	9,000	-	796,450
Notoane, Stephens (acting)	RGroup Head: Utility Services	673,356	30,000	9,000	-	712,356
Letlonkane, Pheko I (acting)	Group Head: Roads and Transport	849,914	50,000	9,000	-	908,914
Kolisa, Mthobeli S (acting)	Group Head: Environmental and Agriculture Management	708,249	75,000	9,000	-	792,249
Tshwale, Ngwako D (acting)	Group Head: Community and Social Development Services	646,263	-	9,000	-	655,263
Memela, Nontobeko (acting)	Group Head: Housing and Human Settlement	1,713,775	132,000	18,000	-	1,863,775
Manganye, Matshwenyego (acting)	FGroup Head: Regional Operations and Coordination	744,480	130,693	7,200	70,018	952,391
		14,590,131	807,693	167,400	433,773	15,998,997

* See Note 46

Notes to the Consolidated Annual Financial Statements

		Group		Municipality	
		2018	2017 Restated* R	2018	2017 Restated*

30. Remuneration of Top Management (continued)
July 2016 to January 2017

Name	Designation	Remuneration	Travel allowance	Cell phone allowance	Travel & subsistence and acting allowance	Total
Letlonkane, Pheko I	SED: Transport	1,189,880	70,000	12,600	-	1,272,480
Mhleka, Thembeke S	SED: Economic Development	1,133,992	-	12,600	-	1,146,592
Makgata, Makgorometje A	SED: City Planning	1,133,992	63,000	12,600	1,430	1,211,022
Ndlovu, Nomasontho C	SED: Communication Marketing and Events	1,133,992	70,000	12,600	-	1,216,592
Mothoagae, Amolemo G	SED: Housing and Human Settlements	1,075,218	140,000	12,600	-	1,227,818
Kekana, Seoketsa E	SED: Health and Social	1,074,429	28,000	12,600	-	1,115,029
Matsena, Mapiti D (resigned 9 August 2016)	SEH: Office of the Speaker	174,785	25,494	2,348	-	202,627
Maganlal, Mayur	SED: City Strategies and Performance Management	1,064,781	59,500	12,600	-	1,136,881
Babane, Tiyiselani J	SEH: Office of the Speaker	304,916	-	-	-	304,916
Mkhwebane, Kgaugelo (resigned 30 September 2016)	WSEH: Office of the Chief Whip	443,415	22,500	5,400	-	471,315
Moya, Hazel	SEH: Office of the Chief Whip	304,916	15,000	5,400	-	325,316
Nteo, Lemoa D (resigned 31 January 2017)	Chief Sustainability Specialist	991,654	49,000	12,600	-	1,053,254
Kolisa, Mthobeli S	SED: Environmental Management	991,548	105,000	12,600	-	1,109,148
Tshwale, Ngwako D	SED: Sport and Recreational Services	904,769	-	12,600	-	917,369
Aucamp, Magrietha	Chief of Staff	508,193	-	-	19,656	527,849
Notoane, Stephens R	SED: Water and Sanitation	942,698	42,000	12,600	-	997,298
Ncunyana, Zukiswa (resigned 30 April 2017)	SED: Strategy Research and Innovation	1,133,992	42,000	12,600	-	1,188,592
		14,507,170	731,494	164,348	21,086	15,424,098

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
31. Remuneration of councillors				
Councillors' allowance	123,785,928	115,513,604	123,785,928	115,513,604
Other (Caucus management)	2,821,049	2,489,596	2,821,049	2,489,596
	126,606,977	118,003,200	126,606,977	118,003,200
In-kind benefits				
The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee members are full-time employees. Each is provided with an office and secretarial support at the cost of the Municipality.				
According to the organisational structure of the Municipality, the sub section, Executive Mayor Protection, has seven staff members, of which five are VIP protection officers.				
The Executive Mayor has use of a municipal vehicle 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.				
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 29.				
32. Depreciation and amortisation				
Depreciation: Investment property (Note 14)	4,810,569	3,618,454	4,810,569	3,618,454
Amortisation: Intangible assets (Note 15)	62,004,503	58,569,451	61,960,192	58,501,449
Depreciation: Property, plant and equipment (Note 13)	1,459,542,064	1,380,805,543	1,457,881,140	1,376,407,790
Depreciation: Leased assets (Note 17)	126,992,124	58,784,216	126,992,124	58,784,216
Depreciation: Rehabilitation assets (Note 13)	155,401,682	84,245,342	155,401,682	84,245,342
	1,808,750,942	1,586,023,006	1,807,045,707	1,581,557,251
33. Finance costs (interest paid)				
Long-term liabilities (external loans)	1,155,437,735	1,124,070,551	1,155,196,608	1,123,785,524
Interest rate swaps	43,276,471	29,714,722	43,276,471	29,714,722
Finance leases	66,892,466	40,916,380	66,892,466	40,916,380
Bank overdraft	104,228	644,645	34,745	58,326
Other finance costs (bank charges, transit banking, etc)	10,539,416	15,638,758	10,539,416	15,638,758
Tshwane House finance cost	344,684,087	30,551,426	344,684,087	30,551,426
Amortisation: provisions	75,628,361	75,963,758	75,628,361	75,963,758
	1,696,562,764	1,317,500,240	1,696,252,154	1,316,628,894
34. Investment revenue				
Interest revenue (interest received)				
Bank	26,664,502	58,965,222	25,980,955	58,590,616
Short-term investments	163,118,665	46,512,822	163,101,119	46,120,874
Long-term investments	21,150,395	116,881	21,150,395	116,881
Contingency insurance	15,404	90,864	15,404	90,864
Interest received - Conveyancing	26,820	191,573	26,820	191,573
Policies	-	116,486	-	116,486
	210,975,786	105,993,848	210,274,693	105,227,294

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

35. Debt impairment

Contributions to impairment allowance (refer to Note 20, 22, 23)	1,714,178,382	1,417,202,205	1,712,997,942	1,270,227,002
--	---------------	---------------	---------------	---------------

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

For the 2017/18 financial year the total amount written off was R414 379 965 for consumer receivables and R3 794 316 for other receivables which was written off against the allowance with regard to the Municipality. For the Group an amount of R414 379 965 was written off against the allowance for consumer receivables and R3 794 316 for other receivables.

For the 2016/17 financial year the total amount written off was R343 324 012 for consumer receivables and R4 328 491 for other receivables which was written off against the allowance with regard to the Municipality. For the Group an amount of R343 324 012 was written off against the allowance for consumer receivables and R4 834 581 for other receivables.

For amounts written off refer to Note 20, 22 and 23.

36. Bulk purchases

Electricity	7,504,093,451	7,596,457,975	7,504,592,081	7,597,154,111
Water	2,330,910,652	1,805,498,562	2,330,910,652	1,985,221,704
	9,835,004,103	9,401,956,537	9,835,502,733	9,582,375,815

37. Transfers and subsidies
Grants paid to municipal entities

Transfers to Sandspruit, TEDA and Housing Company Tshwane	-	-	122,425,090	382,142,676
---	---	---	-------------	-------------

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
38. General expenses (refer to the statement of financial performance)				
SMME initiatives	3,515,935	13,489,926	3,515,935	13,489,926
Auditors' remuneration	27,707,615	24,642,644	26,388,878	21,879,318
Consumables	11,892,523	9,393,771	11,892,523	9,393,771
Commission paid	14,197,474	23,412,175	14,197,474	23,412,175
Wi-Fi	53,385,887	24,738,861	53,385,887	24,738,861
Compensation commissioner	7,091,933	8,889,003	7,091,933	8,889,003
Contribution: Legal proceedings provision	(6,959,041)	57,079,018	(6,959,041)	57,079,018
Protective clothing and uniforms	45,739,810	34,229,407	45,703,570	34,160,350
Chemicals	40,285,506	32,024,173	40,285,506	32,024,173
Gratuities	9,086,834	10,941,189	9,086,834	10,941,189
Ward committee: Administration	3,531,571	124,500	3,531,571	124,500
Greendesk	3,230,665	13,157,647	3,230,665	13,157,647
Rental of plant and equipment	309,921,677	303,026,292	309,921,677	303,026,292
HIV and AIDS grant	4,486,314	5,456,283	4,486,314	5,456,283
Insurance	97,800,847	109,224,477	97,646,861	109,103,862
LED initiatives	15,347,197	20,580,733	15,347,197	20,580,733
Imbizo	6,359,280	5,926,806	6,359,280	5,926,806
Implementation: OITPS	126,514,515	76,933,196	126,514,515	76,933,196
Postage	39,554,213	32,039,231	39,554,213	32,039,231
Drug and substance abuse	30,507,313	30,881,845	30,507,313	30,881,845
Membership fees	13,395,000	18,865,448	13,395,000	18,865,448
Communications	8,640,232	6,779,148	8,640,232	6,779,148
Leasing of property	295,028,312	285,894,749	295,028,312	287,054,217
Advertising and marketing	8,249,938	11,592,576	8,249,938	11,573,072
Telecommunication	56,823,470	63,471,191	56,823,470	62,041,087
Inventory write-down	9,814,888	4,171,693	9,814,888	4,171,693
Tshwane Open (golf day)	31,905,000	35,048,825	31,905,000	35,048,825
Lease expenses	108,522,856	135,139,674	107,842,714	127,976,394
Executive Mayor: donations	4,060,580	13,125,581	4,060,580	13,125,581
A re Yeng operations	102,261,417	83,907,638	102,261,417	83,907,638
Management information system	35,082,250	38,996,942	35,082,250	38,996,942
Subsistence and travelling	7,120,856	5,251,538	6,424,024	4,920,094
EPWP initiatives	79,586,303	88,058,436	79,586,303	88,058,436
Tshepo 10 000 Council	-	954,164	-	954,164
Locomotion allowance	18,528,642	25,309,243	18,528,642	25,309,243
Court orders	138,162,705	-	138,162,705	-
Rental vehicles	181,995,237	23,204,590	181,995,237	23,204,590
Petrol and diesel fuel	137,010,622	125,668,311	137,010,622	125,668,311
Licences	85,099,972	89,108,132	85,099,972	89,108,132
Stationery	24,619,923	24,463,487	23,952,958	23,601,888
PTIS grant expenditure	359,169,547	200,266,208	359,169,547	200,266,208
Internet fees	19,846,340	20,458,683	19,846,340	20,458,683
Training board fees	69,710,097	66,042,124	69,710,097	66,042,124
Events management	10,790,269	12,161,671	10,790,269	12,161,671
Other expenses	400,988,355	278,210,513	390,272,479	263,083,911
Commission paid on prepaid electrical sales	599,915,968	701,971,496	599,915,968	701,971,496
	3,649,526,847	3,194,313,238	3,635,258,069	3,167,587,175

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
39. Cash generated from operations				
Surplus	2,438,477,465	2,428,576,960	2,359,308,986	2,396,909,676
Adjustments for:				
Depreciation and amortisation	1,808,750,942	1,586,023,006	1,807,045,707	1,581,557,251
(Loss)/gain on sale of assets and liabilities	79,939,912	74,837,639	79,778,670	75,140,946
Fair value adjustments	92,859,788	18,855,341	92,859,788	18,855,341
Finance costs - Finance leases	66,892,466	40,916,379	66,892,466	40,916,379
Finance cost: service concession (Tshwane House)	239,983,159	30,551,426	239,983,159	30,551,426
Newly identified assets	(22,831,155)	(252,453,665)	(22,831,155)	(252,453,665)
Inventory write-down	9,814,888	4,171,693	9,814,888	4,171,693
Impairment deficit	234,750,180	2,726,850	234,750,180	2,726,850
Debt impairment	1,714,178,382	1,417,202,205	1,712,997,942	1,270,227,002
Movements in operating lease assets and accruals	58,115	(38,348)	-	-
Movements in retirement benefit assets and liabilities	(138,002,876)	(1,113,673)	(138,002,876)	(1,113,673)
Movements in provisions	(25,001,367)	162,384,087	(25,001,367)	162,394,025
Movement in tax receivable and payable	3,901,820	317,815	-	-
Retirement of intangible assets: non-cash	2,066,924	4,034,927	2,013,070	4,034,927
Annual charge for deferred tax	(74,275)	(51,532)	-	-
Amortisation on loans (non-cash)	60,084,251	(2,549,054)	60,084,251	(2,549,054)
Service cost - service concession	2,421,943	3,809,621	2,421,943	3,809,621
Gain on transfer of function	3,739,485	-	3,739,485	-
Changes in working capital:				
Inventories	46,979,315	(119,613,199)	43,514,505	(119,276,446)
Other Receivables	85,795,050	(331,104,057)	(187,466,764)	(160,220,300)
Consumer receivables	(1,843,950,682)	(1,933,368,828)	(1,865,614,547)	(1,772,497,756)
Taxation	-	810,915	-	-
Payables from exchange transactions	(207,656,772)	(226,154,883)	76,634,515	(434,697,224)
VAT	784,407,567	1,045,349,659	792,777,944	1,035,368,713
Unspent grants and receipts	165,070,977	175,568,218	165,070,977	175,568,218
Consumer deposits	104,708,590	31,429,554	108,716,856	31,387,379
	5,707,364,092	4,161,119,056	5,619,488,623	4,090,811,329

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

Contributions to organised local government

Current year subscription/fee	3,926,885	3,617,313	3,926,885	3,617,313
Amount paid - current year	(3,926,885)	(3,617,313)	(3,926,885)	(3,617,313)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Audit fees

Current year audit fee	27,707,615	24,642,644	26,388,878	21,879,318
Amount paid - current year	(27,707,615)	(24,642,644)	(26,388,878)	(21,879,318)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

PAYE and UIF

Opening balance	102,873,720	98,501,832	102,744,379	97,311,193
Current year payroll deductions	1,324,577,547	1,222,695,597	1,315,034,397	1,196,956,479
Amount paid - current year	(1,206,902,374)	(1,119,951,218)	(1,197,358,579)	(1,094,212,100)
Amount paid - previous years	(102,744,379)	(98,372,491)	(102,744,379)	(97,311,193)
	117,804,514	102,873,720	117,675,818	102,744,379

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

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

Pension and Medical Aid Deductions

Current year payroll deductions and Council contributions	2,196,126,236	2,129,515,113	2,193,983,717	2,098,788,280
Amount paid - current year	(2,196,126,236)	(2,129,515,113)	(2,193,983,717)	(2,098,788,280)
	-	-	-	-

Councillors' arrear consumer accounts

The following councillors had accounts outstanding as at 30 June 2018:

These councillors made arrangements to pay off their debt.

30 June 2018	Less than 90 days	More than 90 days	Total
Chauke, S R	4,409	42,518	46,927
Ditabo, D D	1,645	2,463	4,108
Lehobye, M J	3,288	21,920	25,208
Mahwayi, M J & M M	13,291	88,451	101,742
Makgaleng, K G #	430	242	672
Makgatho & Bofu, A L & J T	2,953	1,596	4,549
Maluleka, A M	3,581	10,254	13,835
Masemola, N	5,664	11,301	16,965
Masemola, A T	4,324	26,176	30,500
Mashola, M S	11,619	9,959	21,578
Mathafa, O M	1,045	271	1,316
Matjila, M G	7,275	4,757	12,032
Mazwi, K C	7,259	15,578	22,837
Maboa, P P & T C	5,428	14,266	19,694
Mojela, D L	580	308	888
Monchusi, D J & R G M	3,892	7,216	11,108
Montlha, S P	1,777	3,977	5,754
Mosupyoe, R R	8,728	16,941	25,669
Mupumane, E	1,451	11,457	12,908
Rammushi, J P	809	899	1,708
Silaule, G V (Heir)	4,643	17,150	21,793
Strijdom, C E	9,135	23,659	32,794
Tshabane, S B	2,974	2,357	5,331
	106,200	333,716	439,916

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

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

30 June 2017	Less than 90 days	More than 90 days	Total
Visser, G P	563	229	792
Mashola, M S	17,117	452	17,569
Rammushi, J P	289	191	480
Disoloane, K B	11,877	3,482	15,359
Ditabo, D D	2,000	4,171	6,171
Magaseng, K G M	283	86	369
Boshomane, M J	4,293	493	4,786
Tau, A M	929	564	1,493
Mazwi, K C #	-	35,014	35,014
Strijdom, C E #	6,223	15,203	21,426
Marishane, M S #	(359)	13,830	13,471
Chauke, S R	558	53,782	54,340
Manaka, P N	141	13,668	13,809
Kgatle, T F (Sandspruit)	1,394	3,143	4,537
Dhlamini, S F (Sandspruit)	134	8,101	8,235
Lehobye, D (Sandspruit)	1,648	13,882	15,530
Thema F (Sandspruit)	517	67	584
Rammushi, J P (Sandspruit)	524	1,864	2,388
Mutumane E D (Sandspruit)	1,098	8,656	9,754
Sindane, J M (Sandspruit)	2,347	25,300	27,647
Motaung (Sandspruit)	5,911	70,553	76,464
	57,487	272,731	330,218

These councillors made arrangements to pay off their debt

41. Commitments

Authorised capital expenditure

Approved and contracted for

• Infrastructure	2,277,215,366	651,523,236	2,277,215,366	651,523,236
• Community	89,000,585	86,707,893	89,000,585	86,707,893
• Other	1,556,026	8,061,894	1,556,026	8,061,894
• Intangible assets	61,457,900	1,798,503,058	61,457,900	1,798,503,058
• Various	1,554,847,746	9,857,671	1,554,847,743	9,857,671
• Tangible	11,640,352	126,311,540	11,640,352	126,311,540
• Housing Company Tshwane	108,368,607	431,206,779	-	-
	4,104,086,582	3,112,172,071	3,995,717,972	2,680,965,292

Approved but not yet contracted for

• Infrastructure	233,195,071	165,065,241	233,195,071	165,065,241
• Community	12,540,000	-	12,540,000	-
• Intangible	26,703,339	7,385,000	26,703,339	7,385,000
• Other	-	1,645,042	-	1,645,042
• Various	-	10,178,766	-	10,178,766
• Tangible	30,000,000	-	30,000,000	-
	302,438,410	184,274,049	302,438,410	184,274,049
	4,406,524,992	3,296,446,120	4,298,156,382	2,865,239,341

Total capital commitments

Approved and contracted for	4,104,086,582	3,112,172,071	3,995,717,972	2,680,965,292
Approved but not yet contracted for	302,438,410	184,274,049	302,438,410	184,274,049
	4,406,524,992	3,296,446,120	4,298,156,382	2,865,239,341

Total commitments

Authorised capital expenditure	4,406,524,992	3,296,446,120	4,298,156,382	2,865,239,341
--------------------------------	---------------	---------------	---------------	---------------

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

41. Commitments (continued)
Restatement of 2016/17:

The prior year figure for the total commitments (operational and capital expenditure) was R29 439 221 990 before the 2017/18 prior period restatement. R6 690 304 682 related to total capital commitments and R22 748 917 308 related to total operational commitments. A review was performed of the accounting policy being utilised for the disclosure of commitments and it was further tested against the GRAP standard. It was identified that it is not a requirement within the GRAP standards for the city to disclose Operational commitments, hence there existed an error in the manner the accounting policy was applied. The error has been adjusted retrospectively hence operational commitments will no longer be disclosed by the City. The operational commitments of the municipal entities was also removed (a total of R10 081 672).

The restated prior year balance for capital commitments has now been disclosed as R2 865 239 341 which is a decline of R3 825 065 341. The reduction in the capital commitments was due to Operational commitments which were erroneously disclosed as capital commitments, duplications in the register and further the removal of ad hoc contracts within the register as they do not meet the definition of capital commitment.

42. Accumulated surplus
Ring-fenced internal funds and reserves within accumulated surplus - Group - 2018

	Insurance reserve	COVID reserve	Housing development fund	Accumulated surplus	Total
Opening balance	245,733	74,114,583	156,442,652	22,423,824,312	22,654,627,280
Net surplus for the year	-	-	-	2,438,477,465	2,438,477,465
Gain on transfer of functions	-	-	-	23,856,394	23,856,394
Transfer to/(from) reserves	16,360	8,570,268	-	(8,586,628)	-
	262,093	82,684,851	156,442,652	24,877,571,543	25,116,961,139

Ring-fenced internal funds and reserves within accumulated surplus - Group - 2017

	Insurance reserve	COVID reserve	Housing development fund	Accumulated surplus	Total
Opening balance (as previously reported)	28,199,547	72,366,413	156,442,652	19,406,023,720	19,663,032,332
Surplus for the year (as previously reported)	-	-	-	3,039,761,503	3,039,761,503
Restatement of 2016/17 financial year - Municipality	-	-	-	(617,792,262)	(617,792,262)
Restatement of 2015/16 financial year - Municipality	-	-	-	452,257,623	452,257,623
Restatement of 2014/15 financial year - Municipality	-	-	-	110,760,362	110,760,362
Restatement: Sandspruit 2016/17	-	-	-	(682,130)	(682,130)
Restatement: Housing Company 2016/17	-	-	-	7,286,710	7,286,710
Restatement: TEDA 2016/17	-	-	-	3,139	3,139
Transfer to/(from) reserves	(27,953,814)	1,748,170	-	26,205,644	-
Rounding	-	-	-	3	3
	245,733	74,114,583	156,442,652	22,423,824,312	22,654,627,280

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

42. Accumulated surplus (continued)
Ring-fenced internal funds and reserves within accumulated surplus - Municipality - 2018

	Insurance reserve	COVID reserve	Housing development fund	Accumulated surplus	Total
Opening balance	245,733	74,114,583	156,442,652	22,346,395,499	22,577,198,467
Net surplus for the year	-	-	-	2,359,308,986	2,359,308,986
Transfers to/(from) reserves	16,360	8,570,268	-	(8,586,628)	-
Gain on transfer of functions	-	-	-	23,856,394	23,856,394
	262,093	82,684,851	156,442,652	24,720,974,251	24,960,363,847

Ring-fenced internal funds and reserves within accumulated surplus - Municipality - 2017

	Insurance reserve	COVID reserve	Housing development fund	Other	Total
Opening balance (as previously reported)	28,199,547	72,366,413	156,442,652	19,360,262,191	19,617,270,803
Net surplus for the year (as previously reported)	-	-	-	3,014,701,940	3,014,701,940
Transfers to/(from) reserves	(27,953,814)	1,748,170	-	26,205,644	-
Restatement of 2016/17 financial year	-	-	-	(617,792,262)	(617,792,262)
Restatement of 2015/16 financial year	-	-	-	452,257,623	452,257,623
Restatement of 2014/15 financial year and earlier	-	-	-	110,760,362	110,760,362
Rounding	-	-	-	1	1
	245,733	74,114,583	156,442,652	22,346,395,499	22,577,198,467

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
43. Employee benefit obligations				
Pension funds				
The municipality and its employees contribute to various pension, provident and retirement funds and its councilors contribute to the Pension Fund for Municipal Councilors. 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 (e.g. 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 of 1956. The total contributions are included under Employee-related costs, Note 29.				
Tshwane Municipal Provident Fund/Tshwane Municipal Gratuity Fund				
5 877 (30.7638 %) of the Municipality's employees are members of this fund.	403,321,578	375,950,283	403,321,578	375,950,283
Pension Fund for Municipal Councillors				
The Councillors of the City of Tshwane Metropolitan Municipality are members of this fund. 75 (0.40%) of the Municipality's employees are members of this fund.	6,892,193	5,397,461	6,892,193	5,397,461
National Fund for Municipal Workers				
7 443 (38.96 %) of the Municipality's employees are members of this fund. The fund had a 100.21% funding level at 30 June 2016.	528,660,559	487,602,400	528,660,559	487,602,400
SALA Provident Fund/Gratuity Fund				
54 (0.28 %) of the Municipality's employees are members of this fund.	1,342,975	1,380,148	1,342,975	1,380,148
SAMWU National Pension Fund				
13 (0.07 %) of the Municipality's employees are members of this fund.	1,043,928	932,952	1,043,928	932,952
SAMWU National Provident Fund				
1 099 (5.75 %) of the Municipality's employees are members of this fund.	68,245,777	65,204,489	68,245,777	65,204,489
Germiston Municipal Retirement Fund				
A shortfall on investment yield in 2016/17 amounted to R13 233 117 of which the City of Tshwane is liable for R88 158. 4 (0.02 %) of the Municipality's employees are members of this fund.	604,722	538,636	604,722	538,636
Meshawu National Local Authorities Retirement Fund				
30 (0.16 %) of the Municipality's employees are members of this fund.	1,426,958	1,372,757	1,426,958	1,372,757
Sandspruit Alexander Forbes				
261 (1.37%) of the Municipality's employees are a member of this fund. These employees were taken over with the disestablishment of the municipal entity.	15,441,275	-	15,441,275	-
	1,026,979,965	938,379,126	1,026,979,965	938,379,126

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

43. 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.

205 (1.07%) of the Municipality's employees are members of this fund. The fund was in a sound financial position as at 31 December 2016 with a funding level of 100%.

The actuarial valuations of 2016/17 was restated due to the fact that certain assets were not included in the calculations, which are now corrected.

Included in general expenses

Current service cost	27,601,976	28,484,701	27,601,976	28,484,701
Interest cost	239,012,529	230,430,665	239,012,529	230,430,665
Expected return on assets	(228,003,296)	(225,398,398)	(228,003,296)	(225,398,398)
Actuarial (gain)/loss	(237,694,402)	45,509,272	(237,694,402)	45,509,272
Defined benefit expense	(199,083,193)	79,026,240	(199,083,193)	79,026,240

Post-employment benefit liability (funded status)

Present value of the obligation	(2,315,093,235)	(2,578,166,365)	(2,315,093,235)	(2,578,166,365)
Fair value of plan assets	2,410,412,771	2,459,412,616	2,410,412,771	2,459,412,616
Liability recognised in statement of financial position	95,319,536	(118,753,749)	95,319,536	(118,753,749)

Reconciliation of defined benefit obligation

Present value of obligation at beginning of year	2,578,166,365	2,532,205,108	2,578,166,365	2,532,205,108
Interest cost	239,012,529	230,430,665	239,012,529	230,430,665
Current service cost	27,601,976	28,484,701	27,601,976	28,484,701
Member contributions	5,987,977	6,221,123	5,987,977	6,221,123
Risk premiums	(1,945,575)	(1,839,296)	(1,945,575)	(1,839,296)
Benefits paid	(159,288,093)	(142,427,662)	(159,288,093)	(142,427,662)
Actuarial (gain)/loss on obligation	(374,441,944)	(74,908,274)	(374,441,944)	(74,908,274)
Present value of obligation at end of year	2,315,093,235	2,578,166,365	2,315,093,235	2,578,166,365

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
43. Employee benefit obligations (continued)				
Reconciliation of plan assets (none of the Municipality's own financial instruments or property are included in the fair value of plan assets)				
Fair value of plan assets at beginning of year	2,489,412,616	2,476,905,477	2,459,412,616	2,476,905,477
Expected return on plan assets	228,003,296	255,398,398	228,003,296	225,398,398
Contributions	20,978,069	21,793,245	20,978,069	21,793,245
Risk premiums	(1,945,575)	(1,839,296)	(1,945,575)	(1,839,296)
Benefits paid	(159,288,093)	(142,427,662)	(159,288,093)	(142,427,662)
Actuarial (gain)/loss on assets	(136,747,542)	(120,417,546)	(136,747,542)	(120,417,546)
Fair value of plan assets at end of year	2,440,412,771	2,489,412,616	2,410,412,771	2,459,412,616
Composition of plan assets				
Cash	18.17 %	18.17 %	18.17 %	18.17 %
Equity	40.68 %	40.68 %	40.68 %	40.68 %
Bonds	8.45 %	8.45 %	8.45 %	8.45 %
Property	4.65 %	4.65 %	4.65 %	4.65 %
Other	2.33 %	2.33 %	2.33 %	2.33 %
International	25.72 %	25.72 %	25.72 %	25.72 %
Total	100.00 %	100.00 %	100.00 %	100.00 %
Actual return on plan assets	228,003,296	225,398,398	228,003,296	225,398,398
Estimated contributions to be paid in the next financial period	20,978,069	21,793,245	20,978,069	21,793,245
Municipal Gratuity Fund				
1 453 (7.70%) of the Municipality's employees are members of this fund. No specific plan assets are set aside for the Gratuity Fund. The fund was financially sound on 30 June 2017.				
Included in general expenses				
Current service cost	4,705,127	5,122,585	4,705,127	5,122,585
Interest cost	5,142,074	5,204,799	5,142,074	5,204,799
Net actuarial (gain)/loss	(11,995,717)	(5,851,641)	(11,995,717)	(5,851,641)
Defined benefit expense	(2,148,516)	4,475,743	(2,148,516)	4,475,743
Post-employment benefit liability (wholly unfunded)				
Present value of the obligation	(55,504,092)	(60,512,849)	(55,504,092)	(60,512,849)
Net (expense)/income recognised in statement of financial performance	9,221,509	5,008,757	9,221,509	5,008,757
Liability recognised in statement of financial position	(46,282,583)	(55,504,092)	(46,282,583)	(55,504,092)
Reconciliation of defined benefit obligation				
Present value of obligation at beginning of year	55,504,092	60,512,849	55,504,092	60,512,849
Interest cost	5,142,074	5,204,799	5,142,074	5,204,799
Current service cost	4,705,127	5,122,585	4,705,127	5,122,585
Benefits paid	(7,072,993)	(9,484,500)	(7,072,993)	(9,484,500)
Actuarial (gain)/loss on obligation	(11,995,717)	(5,851,641)	(11,995,717)	(5,851,641)
Present value of obligation at end of year	46,282,583	55,504,092	46,282,583	55,504,092
Estimated benefit payments to be paid in the next financial period	17,981,073	7,072,993	17,981,073	7,072,993

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
43. Employee benefit obligations (continued)				
Multi-employer funds				
The Municipality contributes to the following defined benefit plans which are governed by the Pension Fund Act of 1956. 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, Note 29. The contributions made are as follows:				
SALA Pension Fund				
The actuarial valuation performed on 1 July 2015 showed a 100% funding level. 459 (2.40%) of the Municipality's employees are members of this fund.	31,982,001	32,160,782	31,982,001	32,160,782
The Government Employees Pension Fund				
Actuarial valuations are performed every three years. The actuarial valuation performed on 31 March 2008 reported the fund to be in a sound financial position with a funding level of 100%. 4 (0.02%) of the Municipality's employees are members of this fund.	404,332	500,342	404,332	500,342
Joint Municipal Pension Fund				
Actuarial valuations are performed every three years. The actuarial valuation performed on 30 September 2010 indicated a funding level of 104.9% and the fund was in a sound financial position at the valuation date. 33 (0.17 %) of the Municipality's employees are members of this fund.	4,109,193	3,876,707	4,109,193	3,876,707
Municipal Employees Pension Fund				
The actuarial valuation performed on 1 February 2010 reported the fund to be in a sound financial position with a funding level of 100%. 2 096 (10.97 %) of the Municipality's employees are members of this fund.	138,839,394	131,029,428	138,839,394	131,029,428
	175,334,920	167,567,259	175,334,920	167,567,259

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
43. Employee benefit obligations (continued)				
Medical aid funds				
The municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds associated with the municipality, a member who joined the organisation under the current conditions of service retires, is entitled to remain a continued 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 expected working lifetime. No plan assets exist and any actuarial gains and losses are recognised immediately.				
Included in general expenses				
Current service cost	8,135,817	10,208,543	8,135,817	10,208,543
Interest cost	100,898,588	106,086,082	100,898,588	106,086,082
Expected employer benefit payments	(44,389,729)	(54,308,220)	(44,389,729)	(54,308,220)
Unrecognised actuarial (gain)/loss	-	(135,123,325)	-	(135,123,325)
Defined benefit expense	64,644,676	(73,136,920)	64,644,676	(73,136,920)
Post-employment benefit liability (wholly unfunded)				
Present value of the unfunded obligation	(1,100,514,298)	(1,235,637,623)	(1,100,514,298)	(1,235,637,623)
Recognised actuarial gains	(2,831,063)	135,123,325	(2,831,063)	135,123,325
Liability recognised in statement of financial position	(1,103,345,361)	(1,100,514,298)	(1,103,345,361)	(1,100,514,298)
Reconciliation of defined benefit obligation				
Present value of unfunded obligation at beginning of year	1,100,514,298	1,173,651,218	1,100,514,298	1,173,651,218
Interest cost	100,898,588	106,086,082	100,898,588	106,086,082
Current service cost	8,135,817	10,208,543	8,135,817	10,208,543
Employer contributions	(61,813,613)	(54,308,220)	(61,813,613)	(54,308,220)
Actuarial (gains)/losses	(44,389,729)	(135,123,325)	(44,389,729)	(135,123,325)
Present value of obligation at end of year	1,103,345,361	1,100,514,298	1,103,345,361	1,100,514,298
Estimated employer benefit payments to be paid in the next financial period	63,280,957	61,813,613	63,280,957	61,813,613

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	1,103,345,361	1,100,514,298	1,103,345,361	1,100,514,298
Decrease of 1%	1,056,039,000	990,234,898	1,056,039,000	990,234,898
% change	(4.3)%	(10.0)%	(4.3)%	(10.0)%
Increase of 1%	1,131,086,000	1,220,416,198	1,131,086,000	1,220,416,198
% change	2.5 %	11.0 %	2.5 %	11.0 %

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
43. Employee benefit obligations (continued)				
Long service awards				
Included in general expenses				
Current service cost	62,440,145	63,740,054	62,440,145	63,740,054
Interest cost	56,980,028	45,644,619	56,980,028	45,644,619
Expected employer benefit payments	(77,083,382)	(77,279,110)	(77,083,382)	(77,279,110)
Recognised Net actuarial (gain)/loss	(55,195,472)	(18,527,676)	(55,195,472)	(18,527,676)
Defined benefit expense	(12,858,681)	13,577,887	(12,858,681)	13,577,887
Post-employment benefit liability (wholly unfunded)				
Present value of the unfunded obligation	(694,233,795)	(680,655,908)	(694,233,795)	(680,655,908)
Net (expense)/income recognised in statement of financial performance	12,858,681	(13,577,887)	12,858,681	(13,577,887)
Liability recognised in statement of financial position	(681,375,114)	(694,233,795)	(681,375,114)	(694,233,795)
Reconciliation of defined benefit obligation				
Present value of unfunded obligation at beginning of year	694,233,795	680,655,908	694,233,795	680,655,908
Interest cost	56,980,028	45,644,619	56,980,028	45,644,619
Current service cost	62,440,145	63,740,054	62,440,145	63,740,054
Employer contributions	(77,083,382)	(77,279,110)	(77,083,382)	(77,279,110)
Actuarial gains/losses	(55,195,472)	(18,527,676)	(55,195,472)	(18,527,676)
Present value of obligation at end of year	681,375,114	694,233,795	681,375,114	694,233,795
Estimated employer benefit payments to be paid in the next financial period	66,629,175	77,083,382	66,629,175	77,083,382
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	681,375,114	694,233,795	681,375,114	694,233,795
Decrease of 1%	631,161,000	637,742,000	631,161,000	637,742,000
% change	7.4 %	(8.0)%	7.4 %	(8.0)%
Increase of 1%	738,077,000	758,796,000	7,380,770,100	758,796,000
% change	8.3 %	9.0 %	8.3 %	9.0 %
Post-employment benefit liability: Statement of financial position				
Tshwane Pension fund	-	(118,753,749)	-	(118,753,749)
Municipal gratuity fund	(46,282,583)	(55,504,092)	(46,282,583)	(55,504,092)
Medical aid funds	(1,103,345,361)	(1,100,514,298)	(1,103,345,361)	(1,100,514,298)
Long service awards	(681,375,114)	(694,233,795)	(681,375,114)	(694,233,795)
	(1,831,003,058)	(1,969,005,934)	(1,831,003,058)	(1,969,005,934)
Post-employment benefit liability: Current portion				
Tshwane Pension fund	159,288,093	159,288,093	159,288,093	159,288,093
Municipal gratuity fund	17,981,073	7,072,993	17,981,073	7,072,993
Medical aid funds	63,280,957	61,813,613	63,280,957	61,813,613
Long service awards	66,629,175	77,083,382	66,629,175	77,083,382
	307,179,298	305,258,081	307,179,298	305,258,081

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
43. Employee benefit obligations (continued)				
Actuarial (gain)/losses recognised in other comprehensive income				
Tshwane Pension fund	(237,694,402)	45,509,272	(237,694,402)	45,509,272
Municipal gratuity fund	(11,995,717)	(5,851,641)	(11,995,717)	(5,851,641)
Medical aid funds	(44,389,729)	(135,123,325)	(44,389,729)	(135,123,325)
Long service awards	(55,195,472)	(18,527,676)	(55,195,472)	(18,527,676)
	(349,275,320)	(113,993,370)	(349,275,320)	(113,993,370)

Actuarial assumptions

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

Economic assumptions (pension fund and gratuities)

Discount rate	9.10 %	9.27 %	9.21 %	9.27 %
Inflation rate	5.60 %	6.07 %	5.60 %	6.07 %
Salary increase rate	6.60 %	7.07 %	6.60 %	7.07 %
Expected rate of return on assets	9.21 %	9.27 %	9.21 %	9.27 %
Pension increase allowance	4.11 %	3.76 %	4.11 %	3.76 %
Healthcare cost inflation	7.27 %	7.74 %	7.27 %	7.74 %

Discount rate (pension fund and gratuities)

The rate to discount post-employment benefit obligations should be determined by reference to market expectations at the valuation date for the period over which the liability obligations are to be settled. 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 9.21 % per annum has been used.

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 5.60% 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 (2.94%) and nominal bonds (9.21%), with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore determined as follows: $(9.21\% - 0.5\% - 2.94\%) / 1.0294$.

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

The accounting standard was recently amended and now requires the assumed rate of return on assets to equal the discount rate, namely 9.21%.

Pension rate increase

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 4.90% per annum will be awarded on average over the long-term. This implies a post-retirement interest rate of 4.11% (from $1.0921/1.049 - 1.0$).

Healthcare cost inflation

A health care cost inflation rate of 7.27% has been assumed. This is 1.50% in excess of expected CPI inflation over the expected term of the liability, namely 5.77%. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 1.99% which derives from $((1+9.41\%)/(1+7.27\%))-1$.

The expected inflation assumption of 5.77% was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the liabilities (2.97%) 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 therefore determined as follows: $((1+9.41\% - 0.50\%)/(1+2.97\%))-1$.

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality		
	2018	2017 Restated* R	2018	2017 Restated*	
43. Employee benefit obligations (continued)					
History of liabilities, assets and experience adjustments					
Amounts for the current and previous four years are as follows:					
	2018 R	2017 R	2016 R	2015 R	2014 R
History of liabilities and assets					
Accrued liability	1,831,003,058	1,969,005,934	1,970,119,607	2,136,304,715	1,955,900,647
Plan assets	-	-	-	-	-
Surplus/(deficit)	(1,831,003,058)	(1,969,005,934)	(1,970,119,607)	(2,136,304,715)	(1,955,900,647)
Experience adjustments on plan: (Gains) and losses					
Liabilities	(43,823,391)	20,316,258	(62,213,676)	(50,675,976)	14,429,384

44. Events after the reporting date

2017/18:

Non-adjusting event:

Unauthorised expenditure (Note 47):

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 in the amount of R704 224 563 be condoned by Council. It was further approved that the departments Group Human Capital Management and Shared Services submit reports with detailed explanations on overspending to the Mayoral Committee and to the Group Audit and Risk Department for further investigation of the R24 695 751 unauthorised expenditure. It was further approved that the unauthorised expenditure be referred to the Municipal Public Accounts Committee (MPAC) for further investigation and recommendation to the Council.

Non-current Assets:

Mamelodi Rondavels -

On 6 July 2018, the Mamelodi Rondavels, a heritage asset in the old eastern part of Mamelodi, was vandalised and set on fire. The facility consisted of:

- * 12 x Rondavels;
- * 1 Main building which comprises of:
 - a boardroom with a capacity to accommodate 20 people;
 - a tourism information office; and
 - a heritage resource center;
- * 1 Guard house;
- * 1 Cafeteria; and
- * 1 Ablution block.

Of the above, only the main building and 2 rondavels survived the arson but were stripped of their windows and doors. The matter was reported to the police and a case of arson was opened with a case number 207/8/2018. An insurance claim was lodged with reference number D 160 /TI/ 01928/0818 and the extent and value of the damage is under investigation. An estimate of the financial effect cannot be made due to the absence of the assessment report, investigation report, insurance claim and a replacement quote (as at the reporting date). No amendment was made to the figures disclosed in the financial statements relating to the heritage asset, known as Mamelodi Rondavels.

Intangible assets - retirement approved after year end:

As at 30 June 2018 there were assets that could not be located and met all requirements to be written off, however the approval process from the Council was pending as at 31 August 2018 when the annual financial statements were submitted for auditing. No adjustment were made to the annual financial statements submitted on 31 August 2018 as the assets had already been retired from the fixed asset register to ensure fair presentation while waiting council approval which was only finalised on 25 October 2018. The approval took place during the subsequent events period, which is the period between year-end and before the financial statements are authorised for issue.

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

44. Events after the reporting date (continued)

TEDA

The directors are not aware of any matter or circumstances arising since the end of the financial year that requires adjustment to or disclosure in the financial statements.

Housing Company Tshwane

The accounting officer of the municipal entity is not aware of any matter or circumstance arising after the reporting date.

* The turnaround strategy is been developed to re-visit the mandate of the entity and ensure its financial sustainability.

* The position of the CEO will be filled in August 2018 to improve the performance of the entity.

45. Related parties

Relationships

Name of entity

Housing Company Tshwane

Sandspruit Works Association (disestablished 30 June 2017)

Tshwane Economic Development Agency

Members of key management

% Equity interest

100 % owned by City of Tshwane

100% owned by City of Tshwane

100% owned by City of Tshwane

Refer to Note 29 for remuneration of City Manager

Refer to Note 30 for remuneration of Top Management

Refer to Note 29 and 31 for remuneration of Councillors

SANDSPRUIT WORKS ASSOCIATION:

Sandspruit Works Association was disestablished on 30 June 2017 and all functions were taken over on 1 July 2017. Refer to Note 70 for the transfer of functions/take on transactions for assets acquired by the CoT and the liabilities assumed by or relinquished to the CoT as at the date of transfer.

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 City of Tshwane
- * Use of network, telecommunication, desktop and server support
- * mSCOA implementation by City of Tshwane
- * SAP migration implementation by City of Tshwane
- * Occupational Health and Safety (OHS) services and records management
- * Insurance management and Joint Operational Committee (JOC) Services
- * QPR - Performance Management Solution:

Housing Company Tshwane:

Housing Company Tshwane benefited from the use of the following services provided by the City of Tshwane (related party) at no cost to Housing Company Tshwane:

- * Use of risk management and internal audit resources
- * Audit and Performance Committee from City of Tshwane
- * Use of network, telecommunication, desktop and server support
- * mSCOA implementation by City of Tshwane
- * Occupational Health and Safety (OHS) services and records management
- * Insurance management and Joint Operational Committee (JOC) Services
- * Telephone service provided by City of Tshwane
- * QPR - Performance Management Solution
- * The previous Head of Human Settlement and Director of Supply Chain Management have been seconded to Housing Company as the acting CEO from July 2017 to March 2018 and April 2018 to June 2018 respectively
- * The director of Human Settlement has been seconded to Housing Company as the acting COO and Property Development Manager from September 2017 to June 2018.

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
45. Related parties (continued)				
Related party balances				
Amounts included in trade payables/trade receivables and loans regarding related parties				
Sandspruit Works Association			-	34,298,530
Amounts included in trade payables regarding related parties				
Housing Company Tshwane: Rental received on behalf of City of Tshwane			(197,018)	(196,506)
Housing Company Tshwane: Service charges owed by City of Tshwane			-	16,881
Housing Company Tshwane: Deposit owed by City of Tshwane			23,400	22,640
Housing Company Tshwane: Unspent conditional grant			25,377,639	10,839,797
Sandspruit Works Association: Operating loss account			-	3,123,755
Sandspruit Works Association: Water treatment works			-	35,055,369
Sandspruit Works Association: Water accounts			-	10,492,381
TEDA: City of Tshwane - other income (access cards)			2,900	2,900
TEDA: City of Tshwane (Medical surveillance- OHS)			(4,200)	-
Related party transactions				
Sales to related parties				
Housing Company Tshwane: Rates			(373,247)	(277,186)
Housing Company Tshwane: Water and electricity			(623,301)	(85,559)
Sandspruit Works Association (water purchases from CoT)			-	226,329,388
Sandspruit Works Association (electricity purchases from CoT)			-	729,316
Purchases from related parties				
Sandspruit Works Association (water sales to CoT)			-	179,723,142
Expenses paid on behalf of related parties				
Housing Company Tshwane : Telephone expenses			-	83,221
Sandspruit: Salaries acting chief executive officer (seconded from City of Tshwane)			-	1,074,535
Sandspruit: Salaries acting chief financial officer (seconded from City of Tshwane)			-	688,860
TEDA: CoT for interns			-	60,000
TEDA			(1,400)	-
Grants to related parties				
Housing Company Tshwane: current year			84,486,675	31,482,685
Housing Company Tshwane: recognised revenue from prior years			-	24,408,228
Sandspruit Works Association: CoT Subsidy: Waste water			-	43,062,700
Sandspruit Works Association: CoT subsidy - water			-	253,447,291
TEDA grant			54,150,000	54,150,000
TEDA rental income			-	1,159,468
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:

City of Tshwane paid over R68 275 060 in the year under review and Housing Company recognised R84 486 675 in their individual financial statements. The unspent grants opening balance for Housing Company Tshwane amounted to R16 211 585.

TEDA:

City of Tshwane paid over R54 150 000 in the year under review and TEDA recognised R58 435 319 in their individual financial statements. The unspent grants opening balance for TEDA amounted to R4 285 320.

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

46. Prior period restatements

Change in accounting policy

No change in accounting policy occurred during the year under review.

Reclassification

The undermentioned reclassifications were done to prepare for alignment with mSCOA as well as to align the financial statements with categories of the budget. The reclassification on the cash flow statement was done in terms of a frequently asked question (FAQ) issued by the Accounting Standards Board on the correct composition of cash and cash equivalents.

Statement of financial performance

For the municipality a reclassification was done from collection cost (R98 993 624), contracted services (R28 133 747) to general expenses (R127 127 371) to align with the classification of the budget. For the group a reclassification was done from collection cost (R99 100 624), contracted services (R29 337 821) to general expenses (R128 438 445).

A reclassification was done from other income (R29 375 083) to service charges to align with the classification of the budget.

Statement of financial position

A reclassification was done between employee benefit obligation current liability and non-current liability to the value of R305 258 081.

For the municipality a reclassification was done between receivables from exchange and non-exchange transactions - Consumer receivables to the value of R689 804 129 and other receivables to the value of R74 472 926. This was done to reflect receivables from exchange and non-exchange transactions on the statement of financial position.

Cash flow statement

A reclassification between cash and cash equivalents and short-term investments of R1 078 920 990 to only include highly liquid investments in cash and cash equivalents.

Correction of errors

The correction of errors has been done in terms of GRAP 3, paragraph 44, and subject to paragraph 45, whereby material prior period errors have been corrected retrospectively in the first set of financial statements authorised for issue after the discovery of the errors, by restating the comparative amounts for the prior period(s) presented in which the error occurred, or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets for the earliest prior period presented.

The financial statements presented in 2017/18 were restated in detail as per GRAP 3, however to split the impact of the restatement on the 2015/16 financial year is impractical (GRAP 3 paragraph 51 (b)), as it will result in a duplication as the nature of the error has already been addressed in full in the 2015/16 period.

The following material restatements are discussed below:

Revenue

Fines (AARTO) were increased with an amount of R5 077 225 due to late capturing of fines relating to the 2016/17 financial year.

Other income was increased with an amount of R48 359 725 (Group = R348 539 725 due to errors picked up on the useful live review calculations.

Public contributions were decreased with an amount of R8 012 204 as a result of the errors picked up in the allocation of amounts received in the bank account.

Rental of facilities and equipment was decreased with an amount of R21 527 for the group as the municipal entities restated revenue due to errors picked up during the 2017/18 financial year.

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

46. Prior period restatements (continued)

Expense:

Remuneration was increased with a net amount of R5 426 859 due to correction of errors in the previous financial years on employee benefit obligation (pension fund) as calculated by the actuaries and an adjustment on the accumulated leave accrual.

Depreciation and amortisation were increased with an amount of R42 512 329 (Group = R42 519 230) as a result of the purification of the fixed asset register as well as formula errors picked up in the finance lease calculations.

Finance cost was decreased with an amount of R18 536 717 due to the correction of errors in the calculation of leases.

General expense was decreased with an amount of R49 508 673 (Group = R49 995 695) due to the purification of the fixed asset register.

Contracted services was increased with an amount of R48 437 856 (Group = R41 303 031) due to invoices not accrued to the 2016/17 financial year with regard to waste and rudimentary services.

Contribution to debt impairment was increased with an amount of R527 443 241. This restatement was necessary as an error was identified in the calculation method.

Loss on disposal of property, plant and equipment was increased with an amount of R8 604 769 due to purification of the fixed asset register.

Statement of financial position:

Cash and cash equivalents was decreased with an amount of R9 248 336 due to corrections of repayment in respect of bulk contributions.

Other receivables were increased with an amount of R5 077 225 as a result of late capturing of fines relating to the 2016/17 financial year and R151 646 385 (Group = R151 632 373) due to the change in the method of the calculation of debt impairment.

Consumer receivables were increased with an amount of R642 403 908 due to a correction in the provision for impairment.

Investment property increased with an amount of R60 594 060 due to retirement of properties that were transferred to a third party; newly identified assets that were brought into the asset register, and in general an attempt to correct entries in the asset register i.e. where land was accounted for as improvements and vice versa.

Property, plant and equipment increased with an amount of R230 698 356 (Group = R237 978 168) mainly due to operational cost paid out of a capital project which were expensed, capitalisation of assets acquired to the correct accounting period, retirement of assets accounted for in the correct period, newly identified assets that were brought into the asset register, and in general an attempt to correct entries in the asset register i.e. removal of consumable items from the register.

Intangible assets were increased with an amount of R27 465 869 mainly due to two reasons, namely newly identified assets that were brought into the asset register, and capitalisation of assets acquired to the correct accounting period.

Leased assets were increased with an amount of R41 096 690 due to formula errors picked up in the calculation of the asset values and depreciation.

Heritage assets were increased with an amount of R1 200 due to newly identified heritage assets that were brought into the asset register.

Long-term receivables were decreased with an amount of R10 538 424 due to correction of levies and the adjustment on debt impairment due to change in methodology.

Trade payables were increased with an amount of R120 692 343 (Group = R120 678 330) due to the correction of the accrual of expenditure due to the late receipt of invoices.

Lease liability was increased with a net amount of R37 216 201 due to errors picked up in the calculations.

VAT payable was decreased with an amount of R166 173 237 due to the VAT audit and the VAT on debt impairment..

Employee benefit obligation was decreased with an amount of R285 233 383 due to errors picked up in the actuarial valuations for the 2016/17, 2015/16 and 2014/15 financial years.

Service concession arrangement liability was increased with an amount of R218 661 127 due to errors picked up in the amortisation calculations of Tshwane House in 2016/17 as well as the accounting for Denneboom Station.

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

46. Prior period restatements (continued)

For the municipality the accumulated surplus was decreased with a net amount of R54 774 278 consisting of a decrease in the surplus of 2016/17 of R617 792 262, an increase in the surplus of 2015/16 of R452 257 623 and an increase in the surplus of 2014/15 and prior of R110 760 362.

For the group the accumulated surplus was decreased with a net amount of R48 166 558 consisting of a decrease in the surplus of 2016/17 of R611 184 5438, an increase in the surplus of 2015/16 of R452 257 623 and an increase in the surplus 2014/15 of R110 760 362 as Housing Company Tshwane restated 2016/17 with an amount of R7 286 710: TEDA with an amount of R3 139 and Sandspruit restated 2016/17 with an amount of R682 130.

Restatement on disclosure notes:

Note 42 - Commitments

The total commitments of 2016/17 was restated from R26 811 797 065 to R4 052 421 931 (R22 759 365 134 decrease) due to a total recalculation and re-evaluation of the commitments during 2017/18. This total restatement occurred on approved and contracted of capital expenditure for (R2 550 121 108 decrease) and on approved but not yet contracted for of capital expenditure (R119 797 824 increase). Approved and contracted for operational commitments were restated (R14 840 614 612 decrease) and approved but not yet contracted for (R5 488 427 239 decrease)

Note 44 - Employee benefit obligations:

The post employee benefit disclosure of the Tshwane Pension Fund was restated with an amount of R285 233 383 due to the fact that no all plan assets were included in the prior year valuations.

Note 59 - Distribution losses: Electricity:

The value of the distribution losses was restated from R1 578 013 852 to R1 563 710 200 due to a change in the tariff used to determine the rand value of the distribution loss. The previous tariff used was 77.52 c/kWh but it should have been 76.82 c/kWh.

Presented below are the prior period restatements contained in the surplus for the year, the statement of financial position and the cash flow statement.

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

46. Prior period restatements (continued)

Group	As previously reported	Reclassi- fication	Correction of errors	Restated
2017				
Statement of financial performance				
Revenue				
Property rates	5,912,583,707	-	-	5,912,583,707
Service charges	16,157,118,036	29,375,082	-	16,186,493,118
Rental of facilities and equipment	134,140,535	-	(21,527)	134,119,008
Interest received: Outstanding consumer debtors	618,102,368	-	-	618,102,368
Public contributions and donations	241,815,463	-	(8,012,204)	233,803,259
Fines	181,871,269	-	5,077,225	186,948,494
Licences and permits	49,266,169	-	-	49,266,169
Government grants, subsidies, awards and donations	6,123,596,479	-	-	6,123,596,479
Other income	876,301,144	(29,375,082)	48,561,251	895,487,313
Interest received - external investments	105,993,848	-	-	105,993,848
Gain on foreign exchange transactions	281,716	-	-	281,716
Total Revenue	30,401,070,734	-	45,604,745	30,446,675,479
Expenditure				
Employee-related cost	8,035,152,135	-	5,426,859	8,040,578,994
Remuneration of councillors	118,003,200	-	-	118,003,200
Depreciation and amortisation	1,543,503,776	-	42,519,230	1,586,023,006
Impairment loss	2,726,850	-	-	2,726,850
Finance cost	1,336,036,957	-	(18,536,717)	1,317,500,240
Debt impairment	889,758,964	-	527,443,241	1,417,202,205
Collection costs	99,100,624	(99,100,624)	-	-
Bulk purchases	9,401,923,357	-	33,180	9,401,956,537
Contracted services	2,833,377,551	(29,337,821)	41,303,031	2,845,342,761
General expenses	3,015,879,098	128,438,445	49,995,695	3,194,313,238
Fair value adjustments	18,855,341	-	-	18,855,341
Taxation	758,508	-	-	758,508
Loss on disposal of assets and liabilities	66,232,870	-	8,604,769	74,837,639
Total expenditure	27,361,309,231	-	656,789,288	28,018,098,519
Surplus for the year	3,039,761,503	-	(611,184,543)	2,428,576,960

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
46. Prior period restatements (continued)				
Group	As previously reported	Reclassi- fication	Correction of errors	Restated
2017				
Statement of financial position				
Current assets				
Inventory	692,359,398	-	-	692,359,398
Current portion of long-term receivables	91,005,216	-	-	91,005,216
Current tax receivable	858,149	-	879	859,028
Consumer receivables: exchange	4,630,010,267	(689,804,129)	(642,403,908)	3,297,802,230
Consumer receivables: non-exchange	-	689,804,129	-	689,804,129
VAT receivable	4,363,938	-	-	4,363,938
Other receivables: exchange	1,346,170,057	(74,472,926)	151,632,373	1,423,329,504
Other receivables: non-exchange	-	74,472,926	-	74,472,926
Call investment deposits	1,712,536,970	-	-	1,712,536,970
Cash and cash equivalents	456,778,833	-	(9,248,336)	447,530,497
Non-current assets				
Investment property	773,100,457	-	60,594,090	833,694,547
Property, plant and equipment	34,119,270,330	-	237,978,168	34,357,248,498
Leased assets	624,964,335	-	41,096,690	666,061,025
Intangible assets	388,739,649	-	27,465,869	416,205,518
Heritage assets	3,648,494,462	-	1,200	3,648,495,662
Investments	710,520	-	-	710,520
Long-term receivables	25,661,496	-	10,538,424	36,199,920
Interest rate swap asset	18,743,157	-	-	18,743,157
Current liabilities				
Loans and bonds	728,912,199	-	-	728,912,199
Lease liabilities	154,158,569	-	(2,714,282)	151,444,287
Deferred operating lease liability	25,248	-	-	25,248
Payables from exchange transactions	7,267,534,060	-	120,678,330	7,388,212,390
VAT payable	1,603,308,583	-	(166,173,237)	1,437,135,346
Consumer deposits	411,345,192	-	-	411,345,192
Employee benefit obligation	-	305,258,081	-	305,258,081
Unspent grants and receipts	305,859,396	-	-	305,859,396
Service concession arrangements	57,645,018	189,976,775	-	247,621,793
Non-current liabilities				
Loans and bonds	10,662,892,847	-	-	10,662,892,847
Lease liabilities	288,729,897	-	39,930,483	328,660,380
Deferred operating lease liability	(523,647)	-	672,090	148,443
Employee benefit obligation	2,254,239,317	(305,258,081)	(285,233,383)	1,663,747,853
Deferred tax	14,045	-	879	14,924
Provisions	968,935,936	-	-	968,935,936
Interest rate swap liability	142,995,983	-	-	142,995,983
Service concession arrangements	984,900,753	(189,976,775)	218,661,127	1,013,585,105
Equity				
Accumulated surplus	22,702,793,836	-	(48,166,557)	22,654,627,279

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
46. Prior period restatements (continued)				
Group				
2017				
Cash flow statement				
Cash generated from operations				
Cash receipts from other revenue sources	2,664,511,745	-	(96,967,241)	2,567,544,504
Cash receipts from rate payers and service charges	20,298,652,984	-	146,570,705	20,445,223,689
Grants: Operating	3,980,677,184	-	-	3,980,677,184
Grants: Capital	2,378,837,580	-	-	2,378,837,580
Interest income	105,993,848	-	-	105,993,848
Cash paid to employees	(8,153,155,335)	-	(5,426,859)	(8,158,582,194)
Cash paid to suppliers	(15,563,212,323)	-	(281,139,407)	(15,844,351,730)
Finance costs (interest paid)	(1,336,036,957)	-	18,536,717	(1,317,500,240)
Taxes on surpluses	(758,508)	-	-	(758,508)
Net cash generated from operations	4,375,510,218	-	(218,426,085)	4,157,084,133
Cash flow from investing activities				
Purchase of property, plant and equipment	(3,603,487,529)	-	188,439,795	(3,415,047,734)
Retirement of leased assets	1,880,303	-	543,861	2,424,164
Proceeds from sale of property, plant and equipment	3,603,765	-	(5,093,119)	(1,489,354)
Purchase of investment property	(4,254,597)	-	3,100,001	(1,154,596)
Purchase of other intangible assets/restatements	(22,310,352)	-	-	(22,310,352)
Proceeds from sale of investment property	-	-	459,843	459,843
Purchase of heritage assets	(18,613,965)	-	18,613,965	-
Proceeds from sale of intangible assets	-	-	4,034,927	4,034,927
Provision for/(repayment in) long-term receivables	(2,591,394)	-	-	(2,591,394)
Movement in financial assets	-	(1,078,920,990)	(735,535)	(1,079,656,525)
Net cash from investing activities	(3,645,773,769)	(1,078,920,990)	209,363,738	(4,515,331,021)
Cash flow from financing activities				
Proceeds from long-term liabilities	1,000,000,000	-	-	1,000,000,000
Repayment of long-term liabilities	(552,420,627)	-	2,549,054	(549,871,573)
Finance lease repayments	(192,740,189)	-	694,711	(192,045,478)
Net cash from financing activities	254,839,184	-	3,243,765	258,082,949
Net cash flow				
Net increase/(decrease) in cash and cash equivalents	984,575,633	(1,078,920,990)	(5,818,586)	(100,163,943)
Cash and cash equivalents at the beginning of the year	1,184,740,170	-	(3,014,517)	1,181,725,653
Cash flow at the end of the year	2,169,315,803	(1,078,920,990)	(8,833,103)	1,081,561,710

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

46. Prior period restatements (continued)

Municipality	As previously reported	Reclassi- fication	Correction of errors	Restated
2017				
Statement of financial performance				
Revenue				
Property rates	5,912,860,893	-	-	5,912,860,893
Service charges	16,394,206,602	29,375,082	-	16,423,581,684
Rental of facilities and equipment	128,862,904	-	-	128,862,904
Interest received: Outstanding consumer debtors	553,456,804	-	-	553,456,804
Public contributions and donations	241,815,463	-	(8,012,204)	233,803,259
Fines	181,871,269	-	5,077,225	186,948,494
Licences and permits	49,266,169	-	-	49,266,169
Government grants and subsidies	6,123,596,479	-	-	6,123,596,479
Other income	876,087,235	(29,375,082)	48,539,725	895,251,878
Interest received - external investments	105,227,294	-	-	105,227,294
Gain on foreign exchange transactions	281,716	-	-	281,716
Total Revenue	30,567,532,828	-	45,604,746	30,613,137,574
Municipality	As previously reported	Reclassi- fication	Correction of errors	Restated
2017				
Expenditure				
Employee-related costs	7,895,827,022	-	5,426,859	7,901,253,881
Remuneration of councillors	118,003,200	-	-	118,003,200
Depreciation and amortisation	1,539,044,922	-	42,512,329	1,581,557,251
Impairment loss/reversal of impairments	2,726,850	-	-	2,726,850
Finance cost	1,335,165,611	-	(18,536,717)	1,316,628,894
Debt impairment	742,783,761	-	527,443,241	1,270,227,002
Collection costs	98,993,624	(98,993,624)	-	-
Bulk purchases	9,582,375,815	-	-	9,582,375,815
Contracted services	2,779,424,758	(28,133,747)	48,437,856	2,799,728,867
Grants and subsidies paid	382,142,676	-	-	382,142,676
General expenses	2,990,951,131	127,127,371	49,508,673	3,167,587,175
Fair value adjustments	18,855,341	-	-	18,855,341
Loss on disposal of assets and liabilities	66,536,177	-	8,604,769	75,140,946
Total expenditure	27,552,830,888	-	663,397,010	28,216,227,898
Surplus for the year	3,014,701,940	-	(617,792,264)	2,396,909,676

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

46. Prior period restatements (continued)

Municipality	As previously reported	Reclassification	Correction of errors	Restated
2017				
Statement of financial position				
Current assets				
Inventory	688,894,587	-	-	688,894,587
Current portion of long-term receivables	91,005,216	-	-	91,005,216
Other receivables: exchange	1,072,622,652	(74,472,926)	151,646,385	1,149,796,111
Other receivables: non-exchange	-	74,472,926	-	74,472,926
Consumer receivables: exchange	4,607,165,962	(689,804,129)	(642,403,908)	3,274,957,925
Consumer receivables: non-exchange	-	689,804,129	-	689,804,129
Call investment deposits	1,712,108,929	-	-	1,712,108,929
Cash and cash equivalents	398,775,497	-	(9,248,336)	389,527,161
Non-current assets				
Investment property	773,100,457	-	60,591,090	833,691,547
Property, plant and equipment	34,060,715,891	-	230,698,356	34,291,414,247
Leased assets	624,964,335	-	41,096,690	666,061,025
Intangible assets	388,541,873	-	27,465,869	416,007,742
Heritage assets	3,648,494,462	-	1,200	3,648,495,662
Investments	710,520	-	-	710,520
Long-term receivables	25,661,496	-	10,538,424	36,199,920
Interest rate swap asset	18,743,157	-	-	18,743,157
Current liabilities				
Payables from exchange transactions	6,931,823,875	-	120,692,343	7,052,516,218
Loans and bonds	728,596,801	-	-	728,596,801
Lease liabilities	154,158,569	-	(2,714,282)	151,444,287
VAT payable	1,592,960,075	-	(166,173,237)	1,426,786,838
Unspent grants and receipts	305,859,396	-	-	305,859,396
Consumer deposits	407,336,926	-	-	407,336,926
Employee benefit obligation	-	305,258,081	-	305,258,081
Service concession arrangements	57,645,018	-	-	57,645,018
Non-current liabilities				
Loans and bonds	10,661,349,741	-	-	10,661,349,741
Lease liabilities	288,729,897	-	39,930,483	328,660,380
Employee benefit obligation	2,254,239,317	(305,258,081)	(285,233,383)	1,663,747,853
Provisions	968,935,936	-	-	968,935,936
Service concession arrangements	984,900,753	(189,976,775)	218,661,127	1,013,585,105
Interest rate swap liability	142,995,983	-	-	142,995,983
Equity				
Accumulated surplus	22,631,972,745	-	(54,774,278)	22,577,198,467

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
46. Prior period restatements (continued)				
Municipality	As previously reported	Reclassi- fication	Correction of errors	Restated
2017				
Cash flow statement				
Cash generated from operations				
Cash receipts from ratepayers and service charges	20,688,628,736	-	29,375,083	20,718,003,819
Cash receipts from other revenue sources	2,763,630,583	-	(232,332,948)	2,531,297,635
Grants: Operational	3,980,677,184	-	-	3,980,677,184
Grants: Capital	2,378,837,580	-	-	2,378,837,580
Cash paid to suppliers	(15,932,948,185)	-	23,709,509	(15,909,238,676)
Cash paid to employees	(8,013,830,223)	-	(5,426,858)	(8,019,257,081)
Transfers and grants paid	(382,142,676)	-	-	(382,142,676)
Finance costs (interest paid)	(1,335,165,611)	-	18,536,717	(1,316,628,894)
Interest Income	105,227,294	-	-	105,227,294
Net cash generated from operations	4,252,914,682	-	(166,138,497)	4,086,776,185
Cash flow from investing activities				
Purchase of property, plant and equipment	(3,576,400,786)	-	193,045,963	(3,383,354,823)
Purchase/redemption of leased assets	1,880,303	-	543,861	2,424,164
Proceeds from sale of assets (including gain/(loss))	2,706,658	-	(4,499,319)	(1,792,661)
Purchase of investment property and retirements	(4,254,597)	-	3,100,001	(1,154,596)
Purchase of other intangible assets/retirements	(22,310,352)	-	-	(22,310,352)
Proceeds from sale of intangible assets	-	-	4,034,927	4,034,927
Purchase of heritage assets	(18,613,965)	-	18,613,965	-
Proceeds from sale of investment property	-	-	459,843	459,843
Provision for/(repayment in) long-term receivables	(2,591,394)	-	-	(2,591,394)
Movement in long-term investments	-	(1,078,920,990)	(735,535)	(1,079,656,525)
Net cash from investing activities	(3,619,584,133)	(1,078,920,990)	214,563,706	(4,483,941,417)
Cash flow from financing activities				
Proceeds from loans and bonds	1,000,000,000	-	-	1,000,000,000
Repayment of loans and bonds	(552,105,035)	-	2,549,054	(549,555,981)
Finance lease repayments	(192,740,189)	-	694,711	(192,045,478)
Net cash from financing activities	255,154,776	-	3,243,765	258,398,541
Net cash flow				
Net increase/(decrease) in cash and cash equivalents	948,873,199	(1,078,920,990)	(8,718,685)	(138,766,476)
Cash and cash equivalents at the beginning of the year	1,162,011,227	-	(114,424)	1,161,896,803
Cash and cash equivalents at the end of the year	2,110,884,426	(1,078,920,990)	(8,833,109)	1,023,130,327

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
47. Unauthorised expenditure				
Opening balance	620,032,290	1,657,852,448	620,032,290	1,657,852,448
Unauthorised expenditure in current year (refer to Appendix D for detail)	1,138,260,974	620,032,290	1,138,260,974	620,032,290
Less: Approved/Condoned by the Council in respect of the previous financial year	-	(1,657,852,448)	-	(1,657,852,448)
	1,758,293,264	620,032,290	1,758,293,264	620,032,290

2017/18:

Refer to Appendix D relating to municipal votes and Appendix E relating to revenue and expenditure line items for more detail.

The over-expenditure by departments can mainly be attributed to employee-related costs, depreciation, finance charges, bulk purchases, contracted services, transfers and grants, and loss on disposal of property, plant and equipment.

Note: The unauthorised expenditure disclosed above is determined by the over-expenditure per municipal vote. While the unauthorised expenditure disclosed in the Statement of Comparison between Budget and Actual Amount is determined by the over-expenditure on the type of expenditure line items.

The unauthorised expenditure with regard to 2016/17 is still under investigation by the Group Audit Department.

Unauthorised expenditure: Budget overspending - per strategic unit

Shared Services	52,925,499	23,884,129	52,925,499	23,884,129
Group Financial Services Cluster	598,695,427	-	598,695,427	-
Group Human Capital Management	11,857,912	-	11,857,912	-
Metro Police Services	-	105,211,623	-	105,211,623
Group Legal and Secretarial Services	-	66,947,200	-	66,947,200
Customer Relations Management	-	2,306,490	-	2,306,490
Group Audit and Risk	-	56,559,663	-	56,559,663
Utility Service: Electricity	-	147,648,678	-	147,648,678
City Manager	177,369,622	-	177,369,622	-
Office of the Chief Whip	1,909,072	-	1,909,072	-
Group Property Management	27,576,188	58,815,396	27,576,188	58,815,396
Environment and Agriculture Management	265,828,064	781,880	265,828,064	781,880
Regional Operations and Coordination	-	156,847,034	-	156,847,034
Community and Social Development	-	1,030,197	-	1,030,197
	1,136,161,784	620,032,290	1,136,161,784	620,032,290

48. Fruitless and wasteful expenditure

Opening balance	46,818,828	6,204,343	42,978,468	1,475,934
Upgrading of City Hall	62,981,422	-	62,981,422	-
Water purification plant (Themba): standing time, interest and reapplication of licence	1,187,544	41,502,534	1,187,544	41,502,534
Interest on late payment of vendor	600,000	-	600,000	-
Housing Company Tshwane	624,367	8	-	-
TEDA: Interest and penalties from SARS	67,518	-	-	-
Less: TEDA - write-off	(67,518)	(424,272)	-	-
Sandspruit: Interest charges and court fees	-	554	-	-
Housing Company Tshwane - recoveries	-	(14,339)	-	-
Housing Company Tshwane - condoned by board	-	(450,000)	-	-
	112,212,161	46,818,828	107,747,434	42,978,468

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

48. Fruitless and wasteful expenditure (continued)

Details of fruitless-and wasteful expenditure – current year

	Disciplinary steps taken/criminal proceedings	
CoT: Interest on late payment of vendor	Under investigation - outcome pending	600,000
Upgrading of City Hall	Under investigation - outcome pending	62,981,422
Water purification plant (Themba): standing time, interest and reapplication of licence	Under investigation - outcome pending	1,187,544
Housing Company Tshwane: Interest and penalties charged by SARS on VAT assessment	Report to the Board - Investigation to be instituted	201,951
Housing Company Tshwane: interest on bank charges	Investigation conducted - amount was recovered from official	4
Housing Company Tshwane: Additional interest and penalties by SARS	Report to the Board - Investigation to be instituted	1,306
Housing Company Tshwane: Late payment of VAT in February 2018	Report to the Board - Investigation to be instituted	421,105
		65,393,332

No fruitless- and wasteful expenditure were condoned between 1 July 2017 and 30 June 2018 for the Municipality.

49. Irregular expenditure

Opening balance	3,394,376,748	2,595,160,222	3,370,124,297	2,531,700,661
Section 32 of the MFMA (arising from non-compliance identified during 2016/17)	161,752,309	178,813,021	161,752,309	178,813,021
Non-compliance with SCM Regulation 36 (Deviations)	261,488,063	410,000	261,488,063	410,000
Procurement splitting	-	276,200	-	276,200
Usage of prohibited supplier	94,544	-	94,544	-
Non-compliance with MFMA, SCM regulations and PPP regulations	198,372,995	129,906,526	198,372,995	129,906,526
Non-compliance with MFMA and SCM regulations	701,329,558	901,765,438	701,329,558	901,765,438
Non-compliance with SCM Regulation 32	317,834,291	-	317,834,291	-
Sandspruit: Non-compliance with SCM regulations	-	181,260	-	-
Housing Company Tshwane: Non-compliance with SCM regulations	759,159	3,618,763	-	-
Housing Company Tshwane: Non-compliance with SCM Regulation 32	710,392	-	-	-
Less: Housing Company Tshwane - recovered	-	(12,130)	-	-
Irregular expenditure transferred from Sandspruit Works Association	42,995,012	(42,995,012)	42,995,012	-
Less: Council approved for write-off	-	(372,747,540)	-	(372,747,540)
	5,079,713,071	3,394,376,748	5,053,991,069	3,370,124,306

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

49. Irregular expenditure (continued)

Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	
Section 32 of the MFMA (arising from non-compliance identified during 2016/17)	Under investigation - outcome pending	161,752,309
Non-compliance with SCM Regulation 36	Under investigation - outcome pending	261,488,063
Non-compliance with MFMA, SCM regulations and PPP regulations	Under investigation - outcome pending	198,372,995
Irregular expenditure - non-compliance with MFMA and SCM regulations	Under investigation - outcome pending	701,329,558
Non-compliance with SCM regulation 32	Under investigation - outcome pending	317,834,291
Prohibited supplier	Under investigation - outcome pending	94,544
Irregular taken over from Sandspruit Works Association	Under investigation - outcome pending	42,995,012
Housing Company Tshwane: Clause 25,29,1 modifications of contract/variation of SCM policy	Board resolved expenditure was a result of oversight from management and instituted an investigation	759,159
Housing Company Tshwane: Non-compliance with SCM regulations	Will be reported at the next board meeting	710,392
		1,685,336,323

Details of irregular expenditure written off as irrecoverable

-

No irregular expenditure was condoned during 2017/18.

50. Regulation 45 disclosure

As per section 45 of the MFMA SCM regulations (awards to close family members of persons in the service of the state), 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	Family member and capacity	Value of awards June 2018	Value of awards 30 June 2017
A Springbok (Snr Safety Officer)	V Springbok (Spouse)	514,725	99,390
W J Snyman (Storekeeper)	Z Snyman (Spouse)	-	61,339
Mamouba Rahab (CIC Temp)	Mamouba Rahab Mogano (Spouse)	12,961,044	9,429,035
K A Maremane (Artisan)	M D Mamogobo (Spouse)	-	652,701
T T Phalane (Constable)	M E Phalane (Spouse)	-	188,820
L P Kekana (Temporary worker - EPWP)	N M Kekana (Spouse)	8,892	-
M B Masina (Administrative officer)	B B Masina (Spouse)	331,900	189,320
Mhlupheki Samuel (Supervisor)	M S Mahlangu (Spouse)	33,833,106	29,932,276
Benjamin Zacharia Tsela (Librarian)	J B Tsela (Spouse)	18,607,360	36,178,336
P V Mtshweni (Accountant)	Ikageng Rekopile Komane (Spouse)	-	2,262,943
P D Mabasa (Community Health nurse)	Prudence Malatji (Spouse)	-	5,611,695
Tsakani Vusumusi Tibane	Gwendoline Mpho (Spouse)	19,651	-
Dorah thoko Mnisi	Gladwin Amos (Spouse)	103,385	-
Josia Masenya	Lebogang Jeanette (Spouse)	23,589	-
Thabang Keabetswe Magodiolo	Kholofelo Mmabatho Tredge (Spouse)	21,250	-
		66,424,902	84,605,855

Municipal entities:

No awards were made in terms of regulation 45 during the 2017/18 financial year.

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

51. In-kind donations and assistance

No properties were donated during the 2016/17 and 2017/18 financial years.

2017/18:

The Municipality received/supplied the following in-kind- donations and assistance during the 2017/18 financial year:

Emergency Services:

- * Fire-fighting training foam from Engen SA (approximate value = R10 000)
- * Refreshments in the form of food, drinks and fruit from Elardus Park Community during the Garstkloof Landfill site incident (8 - 15 November 2017 (approximate value = R30 000).
- * Emergency Services: Blankets, mattresses, food parcels in various townships, wards and regions.
- * Landscaping and paint at station 3 (approximate value = R16 000)
- * Waiving of fire accounts to the value of R1 236 802
- * Powerbanks for Girl Child at Work Programme received from Centre of Public Service Innovation (CPSI) (R2 893)
- * Items distributed to community members requiring emergency relief assistance (60 blankets: 2 mattresses: 2 sanitary packs and 1 food parcel).

Roads and Transport:

- * Roads and Transport department donated an old bus that was to be auctioned to the Laerskool Broederstroom (estimated value = R60 110):

Regional Operations - Region 5 (Transport Services):

- * 3 employees received fruit cake (valued at R100 each) and half a lamb (valued at R650 each as Christmas gifts/thank you gesture.

Health Department:

- * Sponsored Advanced Health Management Programme (AHMP) course valued at R342 000 to 9 candidates from Foundation for Professional Development
- * Sponsored Advanced Certificate in Health Management (ACHM) course valued at R719 900 to 23 candidates from Foundation for Professional Development.
- * Stipend interns payments valued at R67 200 for 4 interns from Furniture World Private College.
- * Payment of Central Chronic Medicine Dispensing and Distribution (CCMDD), from Gauteng Department of Health, valued at R18 471 014.
- * Payment of medicines to Clinics, valued at R120 000 000 from Gauteng Department of Health.
- * Payment of surgical supplies, valued at R1 239 768 from Gauteng Department of Health.
- * Payment of Post Basic Pharmacist Assistants, valued at R7 200 000 from National/Gauteng Department of Health.

Human Settlements:

Donations received for the Housing Indaba which were held on 18 May 2018:

- * 22 Jackets to the value of R15 650 from Amibex
- * 28 Jackets to the value of R20 000 from Ditlou Consulting Engineers
- * Refreshments for the gala dinner to the value of R50 000 from M I H
- * Housing Indaba DVD to the value of R43 930 from Amibex.

2016/17:

The Municipality received the following in-kind- donations and assistance during the 2016/17 financial year:

Region 6: Libraries and Culture:

Sabinet donated R5 000 to Rev J M Buthane for their "Tea for Senior Citizens" in December 2016. The donations were in the form of goods procured from Kit Kat

* See Note 46

Notes to the Consolidated Annual Financial Statements

Group		Municipality	
2018	2017 Restated* R	2018	2017 Restated*

51. In-kind donations and assistance (continued)

Emergency Services:

- * 1 Bottle Glenlivet whisky valued at R310 from Govest Fire
- * A braaier valued at R1 500 from The Voortrekkers
- * 300 x Squeeze bottles valued at R6 000 from the Office of the Executive Mayor
- * 300 x Nedbank T-shirts valued at R24 000 from the Office of the Executive Mayor
- * 35 x IDDR school bags valued at R6 431.25 from Provincial Disaster Management
- * Catering services and hire of equipment valued at R16 230 by Fleet Africa for the launching of Heuweloord Fire Station.
- * Catering services and hire of equipment valued at R16 230 by Marce for the launching of Heuweloord Fire Station.
- * Catering services and hire of equipment valued at R12 000 by Primat Construction for the launching of Heuweloord Fire Station.
- * 80 photo frames valued at R4 000 by Global Communications for acknowledgement of long service (30 and 40 years).
- * Gift pack of Johnnie Walker Black Label Whisky from Mercedes Benz (R500)
- * Lanyards and laptop sleeves from Centre for Public Service and Innovation (CPSI) as donation for the girls during take a girl child to work programme (R 1 100).

Tshwane Airport Services:

- * Professional Flight Centre - water and flower arrangements (R10 500); food for 200 guests (R40 000) and marque tent for event (R10 000)
- * Blue Chip - Petrol for Little Annie (R5 000)
- * Fly Jetstream (Caps for Children - R5 000)
- * Ahrlec (Refreshments and petrol for Little Annie (R16 000)
- * Giovanni's restaurant - caps for children and sweets (R5 000)
- * Constantia metering - gifts for children and sweets (R5 000).
- * Signorama - artwork and signs (R5 000)
- * AME Aviation - hot dogs and hamburgers (R5 000).

The Municipality distributed the following in-kind- donations and assistance during the 2016/17 financial year:

- # Emergency Services: Blankets, mattresses, food parcels in various townships, wards and regions.
- # Emergency Services: Waiving of fire accounts to the value of R647 007
- # Emergency Services: Assistance rendered free of charge to various events to the value of R2 065 222.

52. Operating leases

The group leases premises (buildings and parking) from various property owners for terms ranging from three to five years with fixed annual escalation ranging from 8% to 10%. The group has the option to extend the agreement for periods ranging between one month and three years.

Non-cancelable operating leases - office equipment: Municipality

The City is leasing office equipment for a period of 3 years from various service providers as per the National Treasury Transversal contract - RT3-2015.

Housing Company Tshwane:

Operating lease payments represent rentals payable by the entity for its head office. The lease was negotiated for the period of 3 years commencing on 1 October 2014 to 30 September 2017, with an annual escalation of 10%. The second lease for parking bays was negotiated for the period of 28 months commencing on 1 June 2015 to 30 September 2017, with an annual escalation of 10%. The third lease for parking bays was negotiated for a period of 23 months commencing on 1 November 2015 to 30 September 2017, with an annual escalation of 10%. The fourth lease for parking bays was negotiated for the period of 20 months commencing on 1 February 2016 to 30 September 2017, with an annual escalation of 10%. At the end of September 2017, the lease contract was extended on a month to month basis until the bidding process is concluded. These leases have no binding renewal terms. Housing Company Tshwane does not have the option to purchase the building. No contingent rent is payable.

Operating lease payments represent rentals payable by the entity for its copier machine. The lease was negotiated for a term of 3 years commencing from 1 July 2017 to 30 June 2020 and at the end of the lease term the machine reverts back to the owner Velaphanda Trading and Projects. The lease has no escalation clause per annum for the period of 3 years.

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

52. Operating leases (continued)
TEDA:

Operating lease liability is the rental of offices used by TEDA situated at : 5th Floor, The Anker Building, 1279 Mike Crawford Road, Centurion for the period of three years starting 1 November 2016. No contingent rent is payable.

Operating lease asset emanates from sub-letting agreement with City of Tshwane which allows City of Tshwane permission to utilise the 1st floor of the rented offices used by TEDA situated at: 349 Witch-Hazel Avenue, Eco origin Building, Block F, Highveld extension 70, Centurion for the period of 27 months starting from 1 May 2014. There are no contingent rentals receivable. The contract ended on 31 October 2016.

Profit before tax

Operating lease payment	4,005,783	-	4,005,783	-
-------------------------	-----------	---	-----------	---

Reconciliation - Machinery

Payable within a year	9,652,406	-	9,652,406	-
Payable within 2 to 5 years	15,306,246	-	15,306,246	-
	24,958,652	-	24,958,652	-

Non-cancelable property leases

Payable within a year	4,082,372	4,374,186	-	-
Payable within 2 to 5 years	1,434,169	5,625,928	-	-
	5,516,541	10,000,114	-	-

53. Rental income straightlining
Gross investment in the lease due

- within one year	11,050,749	13,047,451	11,050,749	13,047,451
- in second to fifth year inclusive	30,095,300	34,329,935	30,095,300	34,329,935
- later than five years	177,520,026	183,959,960	177,520,026	183,959,960
	218,666,075	231,337,346	218,666,075	231,337,346

54. Contingencies
Indemnification

Capitalised pension value in compliance with Compensation for Occupational Injuries and Diseases Act, 1993	82,684,851	74,114,583	82,684,851	74,114,583
--	------------	------------	------------	------------

The capitalised value as at 31 December 2017 which is calculated by the Department of Labour amounted to R82 684 851. The actual amount is guaranteed with a bank guarantee during 2017/18.

Guarantees issued

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

Insurance claims

Pending claims iro asset-, motor own damage- contractors and electricity claims	85,497,147	102,872,223	85,497,147	102,872,223
Pending claims iro public liabilities	791,576,638	755,684,670	791,576,638	755,684,670
	877,073,785	858,556,893	877,073,785	858,556,893

Above-mentioned insurance claims originated before 30 June. The payment of claims against the City is provided for in the Self Insurance Reserve, which as at 30 June 2018 has a balance of R262 093

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

54. 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.

a. General litigation

Housing and Sustainable Human Settlement Development Department:

Case 1:

Claim for compensation by a land owner in Soshanguve. The land owner alleges that CoT allowed a squatter camp to develop on privately owned land. Owner now wants compensation arguing constructive expropriation.

Case 2:

Summons has been issued and an appearance to defend has been entered. The crux of the action is to compel the CoT 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.

Group Financial Services

Case 3:

Review application to set aside the smart meter project. Afrisake brought the application. Court has ruled on the invalidity of the contract. The issue of just and equitable remedy still needs to be determined by the Court. The PEU infrastructure need to be decided on.

Group Human Capital Management:

Case 4:

Labour dispute: City of Tshwane had an agreement with UNISA in terms of which the City of Tshwane provided busses to UNISA for transporting UNISA employees. The busses were driven by UNISA employees. UNISA in turn paid the City of Tshwane a fee. When the contract between UNISA and the City of Tshwane was terminated, the driver lodged a dispute for termination of employment. They are seeking remuneration either from UNISA or the City of Tshwane, depending on who is found to have been the employer. Value of the claim cannot be estimated at this stage.

Case 5:

Unfair labour practices: Various cases in arbitration or Labour Court stage. Amounts not quantified.

Case 6:

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. Applicant wants an order declaring that the municipality has a contractual obligation to contribute towards premiums payable by retired employees towards the medical aids. The matter is being defended and the municipality is preparing for trial. Amount claimed cannot be estimated.

Case 7:

Application to review an award granting employee a fixed travelling allowance. Amount claimed cannot be estimated.

Case 8:

Unfair dismissal application for review of an award for reinstatement and back pay. Amount claimed cannot be estimated.

Case 9:

Review of an award granting employee compensation, amounting to three months's salary. Amount claimed cannot be estimated.

Case 10:

Claim for promotion. Amount cannot be determined at this stage.

Case 11:

Unfair dismissal review application of an arbitration award for reinstatement and compensation. Amount cannot be determined at this stage.

Case 12:

Dispute regarding the compulsory deduction of leave days during festive season. MMM appointed to defend this matter. Amount cannot be determined at this stage.

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

54. Contingencies (continued)

Case 13:

Unfair dismissal application for review of an award for reinstatement and back pay. Amount cannot be determined at this stage.

Group Utility Services:

Case 14:

Personal injury allegedly caused by Council's negligence by leaving cables hanging and the substation's door open and as a result a young boy was electrocuted and his body sustained 90 degree burns. Claim value cannot be estimated at this stage.

Case 15:

Claim for variation escalation. Amount cannot be determined at this stage.

Group Roads and Transport:

Case 16:

Variation exceeding 15% - contract CB49/2012. Amount cannot be determined at this stage.

Tshwane House Contingencies:

Default terminations:

The default termination comprise of the default terminations as per the service concession arrangement between City of Tshwane and Tshela Tsweu Consortium (TTC). The termination scenarios are as follows:

Scenario 1: Termination pursuant to the City of Tshwane default prior to expiry of the concession period

Termination pursuant to the City default over the life of the project given equal probabilities is R747 million.

Scenario 2: Termination for Private Party default

If at any time during the concession period the City of Tshwane terminates the PPP pursuant to a default by Tshela Tsweu Consortium (TTC), the City of Tshwane will be obliged to pay TTC a compensation amount. The expected contingent liability for Private Party default, given the equal probabilities is R540 million.

Scenario 3: Termination for Force Majeure

If the PPP agreement is terminated by the City of Tshwane or TTC as a result of a Force Majeure event, the City of Tshwane is obliged to compensate TTC a Force Majeure Termination amount. The expected contingent liability for Force Majeure default over the life of the project, given equal probabilities is R663 million.

Scenario 4: Termination for Corrupt Acts and Fraud

If the City of Tshwane terminates the PPP agreement pursuant to corrupt gifts and payments, the City of Tshwane shall be liable to pay TTC a termination amount. The expected contingent liability under Corrupt Acts default scenario over the life of the project, given equal probabilities is R613 million.

There is uncertainty as to the timing of any of the termination scenarios, therefore simulation were used to arrive at the expected contingent liability.

Municipal entities

Housing Company Tshwane:

Case 1:

Housing Company Tshwane 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.

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

54. Contingencies (continued)
Contingent assets
Housing Company Tshwane:

During the previous three financial years (2016 to 2018) the entity has paid output VAT amounting to R13 250 951 to SARS on the capital grant received from both Social Housing Regulatory Authority (SHERPA) and 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 with section 11(2) of the VAT Act. Furthermore, in the previous three financial years (2015 to 2017), 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.

The entity has written a letter to SARS indicating what has transpired and at this point it is not guaranteed whether SARS will refund what has been paid or not, but if the matter has to be resolved amicably between the two parties without any challenges, SARS will have to pay the entity R8 134 221.38.

Litigation (as at 30 June 2018)

	Short description of cases	
Group Economic Development and Spatial Planning	Expropriation: Compensation not paid	2,044,660
Housing and Sustainable Human Settlement Development	Winterveld expropriation: Claiming additional compensation	790,000
Housing and Sustainable Human Settlement Development	Expropriation: Claiming additional compensation	790,000
Housing and Sustainable Human Settlement Development	Claim for payment of occupational rent/constitutional damages as well as declaratory order	14,100,000
Housing and Sustainable Human Settlement Development	Claim for compensation by land owner in Soshanguve due to squatter camp on privately owned property.	16,925,581
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
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 or compensation in terms of Expropriation Act	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 or compensation in terms of Expropriation Act	3,500,000
Housing and Sustainable Human Settlement Development	Himalya Heights: Claim for levies in respect of a sectional unit owned by CoT	11,578
Housing and Sustainable Human Settlement Development	Himalya Heights: Claim for levies in respect of a sectional unit owned by CoT	10,172
Group Financial Services	Claiming interest due to incorrect clearance memorandum issued	80,000
Group Financial Services	Claim for refund of moneys paid to obtain clearance certificates	117,246
Group Financial Services	Damages and refund claim: Incorrect clearance certificate. Plaintiff to apply for trial date.	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
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
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
Group Financial Services	Claim for refund: Overcharged for water. Municipality has filed a plea.	5,111,360
Group Financial Services	Claim for damages: Tenant did not pay for services. Matter is defended. Trial dated awaited.	1,097,937

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
54. Contingencies (continued)				
Group Financial Services	Damages claim: Wrong calculation of service charges. Plaintiff is seeking damages in form of a refund for overpayment			20,274
Group Financial Services	Claim for refund: Overpaid electricity due to wrong calculation			45,307
Group Financial Services	Claim for refund: Levying of rates on certain categories not existing in erstwhile Kungwini			288,789
Group Financial Services	Claim for refund: Levying of rates on certain categories not existing in erstwhile Kungwini			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 or failure to pay or leased office machines			11,079
Group Financial Services	Claim or a credit. Application to amend, alternatively credit applicant's municipal account with claim amount and restore electricity supply.			465,332
Group Financial Services	Applicant to have the CoT reverse charges on a municipal account leaving account holder with a credit.			20,380
Group Financial Services	Applicant seeking adjustment of account with reversal implication.			452,960
Group Financial Services	Applicant seeking adjustment of account with reversal implication.			66,720
Group Financial Services	Claim for refund of over charged electricity.			1,631,706
Group Human Capital Management	Claim for breach of employment contract. Fixed employment contract terminated before the fixed period lapsed.			3,221,995
Group Human Capital Management	Breach of contract: Contract concluded in Pretoria and put Magistrate Nigel as forum for adjudication.			100,000
Group Human Capital Management	Enforcement of arbitration award.			92,595
Group Human Capital Management	Constructive dismissal damages claim. Plaintiff was diagnosed with PTS disorder which it was acknowledged was caused by the employee's conduct hence classified as an injury on duty. Plaintiff was then unable to perform her duties and was subsequently dismissed for mental incapacity. Plaintiff is now suing for damages as a result of the dismissal. Await a new trial date.			850,884
Group Human Capital Management	Breach of contract: Constructive dismissal as position was not available on erstwhile Nokeng organogram. Claims compensation and performance bonuses. Matter is still pending.			159,705
Group Human Capital Management	Breach of contract: 2 councillors and an official procured work for City without following prescribed SCM procedures. Both councillors resigned and official is on suspension.			796,680
Group Human Capital Management	Unfair dismissal: Erstwhile Nokeng appointed traffic officers who did not meet minimum requirements - relieved of duties. Matter at bargaining council.			97,734
Group Human Capital Management	Unfair labour practice: Erstwhile Nokeng Municipality paid employer medical aid contributions directly to plaintiff instead of medical aid. Matter is still pending.			42,000
Group Human Capital Management	Claim for damages: Unlawful termination of employment. Additional claim.			2,500,000
Group Human Capital Management	Claim for damages: Repudiation of contract of employment. Suing for constructive dismissal and claiming damages.			5,464,800
Group Human Capital Management	Claim for damages: Suspension pending investigation into alleged misconduct. City is to file amended plea.			8,000,000
Group Human Capital Management	Claim for stolen pension money: Referred to Commercial Crimes Unit of SAPS.			649,017
Group Human Capital Management	Claim for stolen pension money: Cheque for pension payout was issued to wrong person.			327,211
Group Human Capital Management	Unpaid pension fund			338,848
Group Human Capital Management	Compensation for unfair labour practices			1,000,000
Group Human Capital Management	Claim for payment of acting allowance			67,099

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
54. Contingencies (continued)				
Group Human Capital Management	Claim for an increase towards travelling allowance. Matter is currently being opposed by attorneys		1,000,000	
Group Human Capital Management	Alleged unlawful deduction of salary due to absconement.		100,000	
Group Human Capital Management	Application to make an award an order of court. Claimants allege that they were fixed term contract workers from 2010 to 2013 but were never paid. Hence they claim for payment of salaries.		850,884	
Group Shared Services	Claim for damages in relation to repudiation of tender C386/2011.		93,938,490	
Group Shared Services	Claim for damages as a result of breach of contract.		305,830	
Group Shared Services	Claim for the annual increase in terms of tender C101/2014.		6,000,000	
Group Shared Services	Review of application by City of Tshwane against an award in favour of service provider.		7,378,320	
Group Shared Services	Review application of the broadband tender		1,245,098,482	
Group Utility Services	Breach of contract: Roads and water reticulation construction not properly done. Matter is defended		2,858,037	
Group Utility Services	Contractual claim for adverse physical conditions encountered during a project for laying of a sewer network in Babelegi. The matter is currently in the high court and the intention is to go for arbitration. An arbitration process is going to be initiated.		6,683,428	
Group Utility Services	Breach of contract: Tender awarded to provide security services. Information not retrieved information from the company.		98,724	
Group Utility Services	Breach of contract: Tender awarded for City wide communication system. Plaintiff failed to live up to tender specifications and municipality cancelled contract. Matter is defended.		1,401,516	
Group Utility Services	Breach of contract: Plaintiff never paid for services rendered.		159,219	
Group Utility Services	Breach of contract: Contribution payment for bulk services. Services inadequately rendered.		952,952	
Group Utility Services	Contribution payment for bulk services. In this matter summons was issued for the payment of bulk services constructions after the CoT took over the services. Plaintiff alleges tat they are entitled to a refund every time a new developer connects to services the plaintiff installed. The matter was defended and the trial date is awaited.		623,491	
Group Utility Services	Payment of bulk services contribution.		2,705,431	
Group Utility Services	Agreement with erstwhile Kungwini Municipality. Claiming refund.			
Group Utility Services	Application for rescission: Applicant wants reversal of decision of Court. Municipality has already made payment to someone else in accordance with court order. Await trial date.		2,081,409	
Group Utility Services	Municipality cancelled agreement for security services. Company is suing for repudiation of contract.		4,607,784	
Group Utility Services	Contractor who was hired to construct a depot in Soshanguve is being sued by CoT in arbitration. Contractor brought counter claim		4,314,672	
Group Utility Services	Claim for compensation in respect of expropriation. Property owner suing CoT for high compensation.		951,078	
Group Audit and Risk	Claim for compensation for services rendered.		11,286,644	
Group Roads and Transport	Motor vehicle accident caused by traffic officer at Poort Primary School. Matter is defended to set aside default judgement. Trial date awaited.		29,238	
Group Roads and Transport	Damages claim: Construction of road on private property. Negotiations underway to expropriate land.		120,000	

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
54. Contingencies (continued)				
Group Roads and Transport	Personal injuries claim: Vehicle collided with barrier on road. Awaiting trial date.			100,000
Group Roads and Transport	Breach of contract: Construction of roads - work done and contractor never paid. Awaiting court date			25,762,057
Group Roads and Transport	Expropriation of land intended for road construction.			30,390,000
Group Roads and Transport	Claim - detail not yet available			137,082
Group Roads and Transport	Breach of contract: Roads and water reticulation services by tenderer who was incompetent and work was completed by another contractor. Original contractor claims full payment. Matter is before court.			690,446
Group Roads and Transport	Claim for payment in respect of upgrade of roads and storm water in Soshanguve.			4,943,153
	Plaintiff issued summons for damages for alleged breach of contract by appointing 2 new contractors before expiry of tender. Matter awaiting trial.			432,221
Group Environment and Agriculture Management	Breach of contract: Claim for payment of services rendered.			1,120,885
Group Environment and Agriculture Management	Breach of contract: Work allegedly done which relevant department disputes. Matter is defended.			1,210,877
Group Environment and Agriculture Management	Breach of contract: Claim for rubbish bins for sandblasting and painting as well as storage costs.			2,299,500
Group Environment and Agriculture Management	Breach of contract: Refuse removal tender and dispute over its terms. Matter is in court.			200,813
Group Environment and Agriculture Management	Delivery of refuse bins - contractor never paid. Refuse bins were defective.			158,232
Group Environment and Agriculture Management	Collision, motor accident damages.			162,589
Community Safety - Metro Police	Tender for provision of security services at 5 locations in erstwhile Kungwini Municipality. Service provider never paid.			16,720,095
Health and Social Development	Breach of contract: Tender for pesticides and insecticides. Work done and never paid for. Payment for damages claimed.			64,994
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
Group Property Management	Claim that development agreement was entered into with municipality on certain properties. Municipality allegedly breached agreement.			51,000,000
Group Property Management	Claim for payment of rental. Outstanding rental for the Bothongo Plaza East Building.			16,446,218
Group Property Management	Claim for damages			10,000,000
Group Property Management	Claim for compensation for Redefine for having demolished the Sammy Marks/Munitoria walk-bridge.			172,794
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
Group Communications and Marketing	Claim for loss of income due to delay in approving an advert.			1,263,800
	Claim for compensation for wrongful invasion of privately owned land			750,000
	Claim for interest on debt paid late by the City of Tshwane			90,000
Housing Company Tshwane	Contractor for construction and development of social housing units in Marabastad failed to deliver the required units. Contract was terminated. Contractor disputes the termination. Housing Company is in the process of sourcing legal opinion.			41,654,855
				1,709,568,120

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

55. Change in estimate
Property, plant and equipment

The useful life of all asset classes was reviewed and adjusted during 2016/17 to more accurately reflect the period of economic benefits or service potential derived from these assets. Refer to note 13 under property, plant and equipment for a discussion on the basis on which the review of useful life was done.

The effect of changing the remaining useful life of assets for the Municipality during 2017/18 has decreased the depreciation charge for the current and future periods. The total number of assets affected was 968 498.

TEDA:

During 2017/18 TEDA reviewed the useful life of its assets using the indicator-approach. Motor vehicles were reviewed, and the useful life was increased to 7 years.

Effect of change in estimates

Municipality: All asset classes	(61,289,092)	(62,064,252)	(61,289,092)	(62,064,252)
TEDA: Property, plant and equipment	(143,841)	24,032	-	-
	(61,432,933)	(62,040,220)	(61,289,092)	(62,064,252)

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 consolidated annual financial statements.

In terms of section 36(1)(a) of the Supply Chain Management Regulations, the accounting officer may dispense with the official procurement processes in the following instances:

- in an emergency;
- if such goods or services are produced or available from a single provider only;
- for the acquisition of special works of art or historical objects where specifications are difficult to complete;
- acquisition of animals for zoos and/or nature and game reserves; and
- 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	2,430,971	21,298,280	2,430,971	21,298,280
Sole providers	69,655,013	186,745,722	69,655,013	186,745,722
Other exceptional cases	17,611,981	899,612,643	17,611,981	899,612,643
Housing Company Tshwane	22,076,926	87,111,102	-	-
TEDA - Contracts extended on month to month basis	814,980	2,587,694	-	-
	112,589,871	1,197,355,441	89,697,965	1,107,656,645

Deviation from quotation process

Sole providers	92,986	-	92,986	-
Housing Company Tshwane - emergency	279,661	158,282	-	-
TEDA: re-appointment of service provider	-	142,100	-	-
	372,647	300,382	92,986	-

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

57. 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%.

2017/18 financial year

The following revenue and expenditure line items showed a material variance for the year ending 30 June 2018 against the adjustments budget:

Other own revenue category:

- Government grants and subsidies (2.8% under) - spending of transfers and grants did not realise as indicated on the payment schedules.
- Service charges (2.9% under) - this line item is based on the usage of services by consumers and did not realise as anticipated during the budgeting process.
- Rental of facilities and equipment (17.2% under) - this line item is based on demand from users of the facilities and equipment.
- Interest on external investments (109.4% over) - increase in interest earned due to increase in investments held.
- Interest on outstanding debtors (33.9% over) - over recovery is due to an increase in levying of interest on long overdue accounts.
- Fines (22.4% under) - this is due to the IGRAP1 accounting requirements on AARTO fines, non-payment of fines and backlog in capturing of fines on the e-Natis system.
- Public contributions (67.0% under) - due to less contributions received than originally anticipated and is dependent on township development and rezoning applications.
- Licenses and permits (3.6% under) - under recovery is due to the number of licenses renewed and permit applications not realising as anticipated.

Expenditure category:

- Employee related cost (5.6% under) - due to savings in respect of vacancies.
- Debt impairment (50.8% over) - over expenditure is due to adequacy testing at year end and change in calculation method at year end.
- Transfers and grants (10.6% under) - this is due to payments to municipal entities not yet made at year end.
- Depreciation (9.6% over) - this is due to the purification of the asset register and review of useful lives at year end as well as correction of calculation errors on finance leases.
- Other expenditure (4.2% under) - due to the fact that not all of the expenses budgeted realised as anticipated.
- Contracted services (29.5% under) - due to contract services not realising as planned.
- Other materials (10.8% under) - due to expenditure which did not realise as anticipated.
- Finance cost (15.8% over) - due to payment of interest being higher than anticipated during the budget due to taking up short-term loans during the year.

Capital expenditure:

- The capital expenditure shows a 82.0% spending level against the total budget for the period ending 30 June 2018 as various capital projects did not start or the expenditure on the work was slow.

Changes from the approved budget to the final budget (municipality only)

The mid-year budget review report approved by the Council on 22 February 2018 indicated the necessity for an adjustments budget for the 2017/18 financial year for, inter alia, the following:

- The actual operating revenue realised, excluding capital transfers and contributions to the City of Tshwane reflected an under recovery of R939 million for the period ended 31 December 2017, mainly on service charges, water revenue and transfers and subsidies.
- In terms of the mid-term results the operating expenditure is under spent by R2 billion, most of the expenditure is committed and spending will improve in the third quarter.
- The mid-term performance results indicate that an adjustment budget is necessary mainly to:-
 - * address possible overspending in certain line items
 - * address the impending shortfall on the service charges revenue
 - * adjust expenditure in line with anticipated revenue to be realised
 - * authorise the utilization of projected savings in one vote towards spending under another vote
 - * appropriate roll-over grants that were approved during the financial year.
 - * appropriate additional grant funding that have been received
 - * reprioritise budget allocations, correct errors and transfer budget allocations so that funding reflects against the correct functions aligned to the new micro organisational structure.

The Council approved the 2017/18 Original Revenue Budget to the amount of R30.226 billion which was increased with R0.451 billion to R30.676 billion (increase of 0.14%). Furthermore, the total expenditure of R29.995 billion was increased with an amount of R679.575 million to R30.674 billion (increase of 2.3%). As a result the budgeted surplus (before capital transfers) of R226.939 million was decreased to R35.048 million deficit, indicating that contractual obligations compromised the downscaling of expenditure.

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
58. Distribution losses: Water				
Non-revenue water (NRW) - kilolitre				
Technical	70,962,559	53,207,780	70,962,559	53,207,780
Non-Technical	17,740,640	13,301,945	17,740,640	13,301,945
Sandspruit: Technical	-	1,557,032	-	-
Sandspruit: Non-technical	-	5,410,174	-	-
	88,703,199	73,476,931	88,703,199	66,509,725
Non-revenue water (NRW) - Rand value				
Technical	591,470,823	402,436,719	591,470,823	402,436,719
Non-Technical	147,867,706	100,609,180	147,867,706	100,609,180
Sandspruit: Technical	-	13,063,498	-	-
Sandspruit: Non-technical	-	45,391,360	-	-
	739,338,529	561,500,757	739,338,529	503,045,899

Water is supplied to Tshwane from Rand Water 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 management 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
- * financial losses (where not all water reaching the consumer is paid for).

These losses are caused by-

- real losses (physical loss of water from the system); and
- apparent losses (losses due to meter inaccuracies, meter estimations, non-metering of water and unauthorised consumption - 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 non-revenue water (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 leading to water loss and the implementation of various initiatives to assist with the reduction of non-revenue water. These investigations with subsequent mini projects are often cross-region initiatives where work performed in one region directly affects other regions. The initiatives include the following:

- * Network analysis of existing systems
- * Monitoring and logging of pressures and flows
- * Engineering investigations in problematic areas
- * Pressure management - installation and setting of PRVs and/or PRV controllers
- * Domestic and commercial meter audits and meter replacements
- * Active leak detection by locating water leaks using various methods and equipment
- * Continuous meter audits

For the 2017/18 financial year the NRW in the city was calculated at 88 703 199 kl (27.89% of the total input into the system). This indicates a deterioration of NRW in the city when compared to June 2017 when the NRW was 66 509 725 kl (23.66% of the total input into the system). The losses in R-value amount to R739 338 528 (2017 = R503 045 898). The calculation is based on the unit tariff of Rand Water purchases per kilolitre at R8.334970 for 2017/18 and R7.563494 for 2016/17.

For the 2016/17 financial year the NRW in the city was calculated at 66 509 725 kl (23.66% of the total input into the system). This indicates an improvement of NRW in the city when compared to June 2016 where the NRW was 74 574 943 kl (23.53% of the total input into the system). The losses in R-value amounts to R503 045 898. The calculation is based on the unit tariff of Rand Water purchases per kilolitre at R7.563494 for 2016/17.

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
59. Distribution losses: Electricity				
Distribution loss: kWh				
Technical	683,712,084	692,388,294	683,712,084	692,388,294
Non-Technical	1,301,006,422	1,343,233,290	1,301,006,422	1,343,233,290
	1,984,718,506	2,035,621,584	1,984,718,506	2,035,621,584
Distribution loss: Rand value				
Technical	525,214,233	531,874,218	525,214,233	531,874,218
Non-Technical	999,407,654	1,031,835,982	999,407,654	1,031,835,982
	1,524,621,887	1,563,710,200	1,524,621,887	1,563,710,200

2017/18:

The electricity distribution loss for the 2017/18 financial year is calculated at 1 984 718 505 kWh (20.32 % of the total electricity bulk purchases). The annual electricity distribution losses are made up of technical and non-technical losses which are the difference between electricity purchased and electricity sold.

2016/17:

The electricity distribution loss for the 2016/17 financial year is calculated at 2 035 621 584 kWh (20.58% of the total electricity bulk purchases). The annual electricity distribution losses are made up of technical and non-technical losses, which are the difference between electricity purchased and electricity sold.

Non-technical losses

Non-technical losses are, amongst others the result of administrative and technical errors, negligence, theft of electricity, tampering with meters and connections that form part of illegal consumption, faulty meters, etc. The acceptable industry standard for the technical losses is between 5% and 6%, and 9% for non-technical losses.

For the 2017/18 financial year the value of non-technical losses amounts to R999 407 654 or 1 301 006 422 kWh based on the cost per unit purchased, namely 76.82 c/kWh.

For the 2016/17 financial year the value of non-technical losses amounts to R1 031 835 982 million or 1 343 233 290 kWh based on the cost per unit purchased, namely 76.82 c/kWh.

The City of Tshwane's Services Infrastructure Department is currently busy with the following initiatives to reduce the non-technical losses:

- Installation of non-intrusive meter boxes
- Auditing of metering installation
- Installation of smart meters
- Regular illegal cable removal operations

Technical losses

Technical losses are the result of electricity losses while being distributed from the source of generation through the transmission and distribution network to the final consumer, and the wires (copper or aluminium) being used to distribute electricity which resist the throughput of current. As a result there is a certain portion of electricity that is lost due to distribution. The NERSA acceptable figure for a network like that of the City of Tshwane is estimated to be 7%.

For the 2017/18 financial year the value of technical loss amounts to R525 214 233 or 683 712 084 kWh based on the cost per unit purchased namely 76.82 c/kWh.

For the 2016/17 financial year the value of technical loss amounts to R531 874 218 or 692 388 294 kWh based on the cost per unit purchased namely 76.82 c/kWh.

The City of Tshwane's Services Infrastructure Department is further also busy addressing the technical losses by-

- refurbishing and replacing old equipment in the network and
- strengthening overhead lines.

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

60. Service concession arrangements
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 (3) years. The service provider is appointed to build the Network and to provide the operate services, additional services and maintenance services to City of Tshwane.

The private party will obtain project finance for the Build phase of the network and once the minimum threshold is achieved then the municipality shall make payment to 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.

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

For the 2016/17 financial statements the building was 100% complete and occupation took place in June 2017. The value of the asset and liability as at 30 June 2017 amounted to R1 123 634 344 and R1 068 600 687 respectively.

For the 2017/18 financial year to date the value of the asset and liability amounted to R1 085 970 623 and R1 122 836 203 respectively.

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

Minimum future payments				
No later than one year- service concession	231,833,333	243,812,532	231,833,333	243,812,532
No later than one year- operational cost	3,915,771	3,809,261	3,915,771	3,809,261
Later than one year but not later than 5 years	1,330,066,878	1,163,578,584	1,330,066,878	1,163,578,584
Later than 5 years	8,183,967,677	8,261,371,449	8,183,967,677	8,261,371,449
Less: Future finance charges on finance lease	(7,403,010,228)	(7,327,086,513)	(7,403,010,228)	(7,327,086,513)
Less: Future service cost on finance lease	(1,223,937,229)	(1,276,884,626)	(1,223,937,229)	(1,276,884,626)
Present value of finance lease liability	1,122,836,202	1,068,600,687	1,122,836,202	1,068,600,687
Present value of service concession liability				
No later than one year - service concession	(49,040,375)	(10,493,669)	(49,040,375)	(10,493,669)
No later than one year - operational cost	3,915,771	3,809,261	3,915,771	3,809,261
Later than one year but not later than 5 years	(257,172,692)	(269,284,696)	(257,172,692)	(269,284,696)
Later than 5 years	1,425,133,499	1,344,569,791	1,425,133,499	1,344,569,791
	1,122,836,203	1,068,600,687	1,122,836,203	1,068,600,687
Fair value of liability (amortised cost i.e. present value)	1,122,836,203	1,068,600,687	1,122,836,203	1,068,600,687
Collateral held on the above service concession (Net book value of assets) (Refer to note 13 - Tshwane House)	1,085,970,623	1,123,634,344	1,085,970,623	1,123,634,344

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

60. Service concession arrangements (continued)

Denneboom Station Public Transport Interchange:

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

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

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

Construction commenced in September 2016 and the fair value as at 30 June 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 restated value for the 2016/17 financial year for the asset and liability is R192 606 210.53.

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

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

Denneboom service concession liability

Denneboom Station Public Transport Interchange	378,474,359	192,606,211	378,474,359	192,606,211
--	-------------	-------------	-------------	-------------

Denneboom service concession asset

Land	1,854,770	1,800,000	1,854,770	1,800,000
Denneboom Station asset under construction	378,474,359	192,606,211	378,474,359	192,606,211
	380,329,129	194,406,211	380,329,129	194,406,211

Total service concession liability

Current liability	55,470,190	57,645,018	55,470,190	57,645,018
Long-term liability	1,445,840,372	1,203,561,880	1,445,840,372	1,203,561,880
	1,501,310,562	1,261,206,898	1,501,310,562	1,261,206,898

Total service concession liability

Tshwane House	1,122,836,202	1,068,600,687	1,122,836,203	10,686,001,687
Denneboom Station Public Transport Interchange	378,474,359	192,606,211	378,474,359	192,606,211
	1,501,310,561	1,261,206,898	1,501,310,562	10,878,607,898

Total service concession asset (included in note 13)

Tshwane House	1,085,970,623	1,123,634,344	1,085,970,623	1,123,634,344
Denneboom Station Public Transport Interchange	380,329,129	194,406,211	380,329,129	194,406,211
	1,466,299,752	1,318,040,555	1,466,299,752	1,318,040,555

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
61. Impairment of assets				
Impairments				
Property, plant and equipment (refer to note 13)	70,133,383	2,714,186	70,133,383	2,714,186
Intangible assets (refer to note 15)	-	12,664	-	12,664
Heritage assets (refer to note 16)	164,616,797	-	164,616,797	-
Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount or [recoverable service amount] of the asset was based on its fair value less costs to sell or [its value in use.]				
	234,750,180	2,726,850	234,750,180	2,726,850
2017/18:				
Assets were impaired according to specific indicators such as its physical condition. The main class of assets affected by impairment losses is movable assets. For the 2017/18 year included in the impairment figure is also impairment on assets under construction (AUC).				
62. Contracted services (refer to Note 68)				
Consultant fees	25,607,492	65,660,553	24,045,163	56,611,858
Professional services	101,301,667	215,887,251	101,301,667	215,887,251
IT services	66,469,436	73,584,577	66,469,436	73,584,577
Labour services	292,498,270	373,651,214	292,498,270	362,268,772
Housing services	182,018,768	145,838,067	182,018,768	145,838,067
CCTV	31,282,970	39,993,073	31,282,970	39,993,073
Electricity services and network	307,130,553	336,410,630	307,130,553	336,410,630
Household refuse removal	418,804,304	473,609,489	418,804,304	473,609,489
Transport and roads	107,691,066	82,350,622	107,691,066	82,350,622
Cleaning services	15,404,788	21,629,448	15,404,788	21,629,448
Rudimentary services	131,599,914	129,460,842	131,599,914	129,460,842
Sewerage services and networks	13,706,941	8,624,879	13,706,941	8,624,879
Restrictions: credit control	10,590,832	20,606,256	10,590,832	20,606,256
Water network services	118,560,850	137,570,502	118,560,850	137,570,502
Traffic control	18,323,416	27,431,573	18,323,416	27,431,573
Buildings	69,303,782	68,695,959	69,303,782	68,695,959
Other	600,395,706	624,337,826	576,680,868	599,155,069
	2,510,690,755	2,845,342,761	2,485,413,588	2,799,728,867
63. Repair and maintenance				
Contracted services	555,608,503	640,310,051	555,608,503	640,310,051
General expense	503,839,136	429,938,030	503,839,136	429,938,030
Other materials	8,257,539	5,385,479	8,257,539	5,385,479
Sandspruit: General expense	-	3,204,122	-	-
Housing Company: General expense	16,244	5,067	-	-
TEDA: General expense	4,548	15,390	-	-
	1,067,725,970	1,078,858,139	1,067,705,178	1,075,633,560
Repair and maintenance per asset class				
Property, plant and equipment	996,209,756	1,001,153,832	996,188,964	997,929,253
Investment property	83,570	273,177	83,570	273,177
Intangible assets	71,432,644	77,431,130	71,432,644	77,431,130
	1,067,725,970	1,078,858,139	1,067,705,178	1,075,633,560
64. Fair value adjustments				
Game and livestock	5,807,772	2,214,710	5,807,772	2,214,710
Interest rate swaps	(12,440,173)	(21,070,051)	(12,440,173)	(21,070,051)
Financial assets at fair value				
• Sinking fund	(86,227,387)	-	(86,227,387)	-
	(92,859,788)	(18,855,341)	(92,859,788)	(18,855,341)

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

65. Going concern

We draw attention to the fact that at 30 June 2018, the Group had an accumulated surplus of R24 877 571 543 group's total assets exceed its liabilities by R25,116,961,139. The difference consist of the Housing Development Fund, Self-insurance reserve and COID reserve to a total of R239 389 596.

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these are that the accounting officer continue to monitor and manage the expenditure levels and cash flow projections. Strict credit control measures and the management of the payment levels of debtors are also factors that must be closely monitored and managed. The liquidity and solvability ratios are also strictly monitored and managed.

Liquidity and solvability ratios

Current ratio (current assets vs current liabilities)	0.82 : 1	0.76 : 1	0.82 : 1	0.76 : 1
Acid test ratio (current assets less inventory vs current liabilities)	0.76 : 1	0.69 : 1	0.76 : 1	0.69 : 1
Solvability ratio (total assets vs total liabilities)	1.95 : 1	1.89 : 1	1.95 : 1	1.89 : 1
Gearing ratio (total long-term debt to total revenue less grants) (%)	39.28	42.09	39.28	42.09
Debtors collection rate (%)	88.78	90.98	88.78 %	90.98 %
Cash/cost coverage ratio (months)	1.27	1.00	1.27	1.00
Liquidity ratio (cash and cash equivalents vs current liabilities)	0.24	0.20	0.24	0.20
Net debtor days	66days	67 days	66 days	67 days

The current ratio and cost coverage ratios indicates that the City is still under severe pressure from a liquidity point of view. These ratios to be considered normal, represent a shortfall of approximately R8 billion in current assets of which R4 billion should be in the form of unencumbered cash and cash equivalents. The non-achievement of the 95% debtor collection rate also impacts on the available cash flow. Based on these conditions there is a material uncertainty, and therefore, the municipality may be unable to realise its assets and discharge its liabilities in the normal course of business. Based on these, the City committed to drafting a financial sustainability plan during the compilation of the 2017/18 MTREF budget process. The financial sustainability plan was approved by Council with the Annual Report for incorporation into the 2017/18 adjustment budget process and the 2018/19 MTREF.

Municipal entities:

TEDA:

There is no intention by the shareholder to liquidated the entity, cease operations or transfer the functions and activities of the entity. The entity's business plan and budget for 2018/19 was approved by the shareholder which guarantees TEDA's existence in the foreseeable future.

Housing Company Tshwane:

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is the support from the parent municipality and the City of Tshwane has no intention to liquidate the entity. The entity is generating additional revenue by renting out the advertising space at Eloff Building.

66. Actual operating expenditure versus budgeted operating expenditure

For additional information on the comparison of actual operating expenditure versus budgeted expenditure, please refer to Appendix C, D and E.

67. Actual capital expenditure versus budgeted capital expenditure

For additional information on the comparison of actual capital expenditure versus budgeted expenditure, please refer to Appendix F.

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
68. Expenditure by National Treasury classification				
Expenditure type				
Employee-related cost	8,161,932,015	8,022,603,382	8,136,795,743	7,883,278,269
Remuneration of Councillors	123,785,928	115,513,604	123,785,928	115,513,604
Debt impairment	1,714,178,382	1,417,202,205	1,712,997,942	1,270,227,002
Depreciation and amortisation	2,043,501,122	1,588,749,856	2,041,795,887	1,584,284,100
Finance charges	1,696,562,764	1,317,500,240	1,686,312,742	1,300,990,135
Bulk purchases	9,799,186,870	9,560,457,810	9,802,765,758	9,560,457,810
Other materials	324,142,492	270,078,103	324,142,492	270,078,103
Contracted services (refer to Note 62)	2,510,690,756	2,845,342,761	2,485,413,588	2,799,728,867
Transfers and grants	29,178,816	40,402,365	151,603,906	422,545,041
Other expenditure	3,343,275,728	2,743,744,173	3,304,830,345	2,909,317,729
Loss on disposal of property, plant and equipment	185,407,864	95,745,512	206,076,743	95,745,512
	29,931,842,737	28,017,340,011	29,976,521,074	28,212,166,172

69. Public private partnerships (PPP)

Tshwane House

The City of Tshwane has entered into a PPP agreement with Tsela Tshweu (the Consortium), a private Consortium led by Group 5, to finance, construct and operate the Tshwane Head Office. The agreement is for a period of 27 years of which 2 years was for the construction of the property and 25 years to operate the property on behalf of City of Tshwane. At the end of the 27 year agreement ownership of the building will pass to the City of Tshwane. The agreement is in the second year of the operational stage. Occupation took place in June 2017.

Fleet vehicles and fleet related services

The City of Tshwane has entered into a PPP agreement with:

- * Moipone Group of Companies (Pty) Ltd for the supply of category A and C fleet vehicles and fleet related services;
- * Fleet Africa a division of Super Group Africa (Pty) Ltd for the supply of category E fleet vehicles and fleet related services; and
- * Fleetmatics VMS (Pty) Ltd for the supply of category B fleet vehicles and fleet related services

The agreement is for a period of 5 years from the commencement date where after it will automatically terminate. The City may extend the agreement on written notice which shall be given at least 90 days prior to expiry of the termination date.

During the life of the agreement the City will make unitary payments to the private party in accordance with the provisions of the payment mechanism. The unitary payments will be the amount payable with respect to the leased vehicles, monthly in arrears.

70. Transfer of functions between entities under common control

Transfer of functions between entities under common control occurring during the current reporting period

Entities involved in the transfer of functions were:

Sandspruit Works Association, a fully owned municipal entity of the City of Tshwane.

The following functions were transferred:

In terms of a council resolution dated 27 October 2016 it was decided that the municipal entity Sandspruit Works Association will be disestablished and all its operations unwinded. Subsequent to this council resolution, a process plan and time frames were developed to ensure that the disestablishment of Sandspruit Works Association includes all the information relevant to:

- * the takeover and actual disestablishment are promptly done and conform to the requirements for audit purposes
- * transfer of functions from Sandspruit Works Association to the City; and
- * terminate Sandspruit Works Association as a corporate entity

The resolution taken on 27 October 2016 was taken without an indication of the financial and other obligations associated with Sandspruit Works Association. It was thus important that these obligations must be comprehensively and correctly determined and captured in the disestablishment process in order to ensure that the City is fully aware of the extent of the obligations it will incur as a result of the disestablishment of this municipal entity. Furthermore, Sandspruit Works Association was taken over as an on-going concern; implying that its operations will continue under the corporate structures of the City.

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

70. Transfer of functions between entities under common control (continued)

Therefore in a subsequent council resolution dated 25 April 2017 it was resolved that Sandspruit Works Association will continue to operate until 30 June 2017 where after all functions will be taken over by City of Tshwane on 1 July 2017. In this resolution the major due dates for activities in terms of the disestablishment plan can be summarised as follows:

- * The information gathering phase must be finalised by end of February 2017
- * The approval of the Transfer Agreement must be done by April 2017
- * The transfer of personnel and assets will take place on 30 June 2017
- * From 1 July 2017 to 31 August 2017 the Annual Financial Statements and Annual Performance Report of Sandspruit Works Association (for the period ending 30 June 2017) will be drafted for audit purposes
- * The audit phase will commence from 1 September 2017 up to its completion during November 2017.
- * The Annual Report of Sandspruit Works Association will be compiled after the finalisation of the audit process
- * The administrative termination of Sandspruit's existence will be concluded once the steps mentioned above have been finalised; and
- * The consultation phase entails informing all communities involved, clients, and employees of Sandspruit Works Association and service providers on the disestablishment.

The transfer of function took place during the 2017/18 financial year as the balances were taken over on 1 July 2017. The final audit adjustments however, had to be affected on the balances that were taken over on 1 July 2017 in the 3rd quarter.

Value of the assets acquired and liabilities assumed

Assets acquired

Property, plant and equipment	7,889,724	-	7,889,724	-
Inventory	3,636,374	-	3,636,374	-
Receivables from exchange transactions	885,401,363	-	885,401,363	-
Receivables from non-exchange transactions	648,011,564	-	648,011,564	-
Deposits rental	157,189	-	157,189	-
Cash and cash equivalents	11,627,223	-	11,627,223	-
	1,556,723,437	-	1,556,723,437	-

Liabilities assumed

Inventory (provision for obsolete stock)	171,563	-	171,563	-
Tshwane operation loss account (creditor)	34,298,530	-	34,298,530	-
Tshwane water purchases (creditor)	609,832,440	-	609,832,440	-
Sundry creditors and accruals	1,031,343	-	1,031,343	-
Consumer deposits	4,008,266	-	4,008,266	-
Provision for debt impairment	862,469,957	-	862,469,957	-
VAT	9,369,958	-	9,369,958	-
Provision - bonus	2,035,094	-	2,035,094	-
Provision - leave pay	9,638,620	-	9,638,620	-
Operating lease liability	11,272	-	11,272	-
	1,532,867,043	-	1,532,867,043	-

Difference between the carrying amounts of the assets acquired, the liabilities assumed and adjustments required to the basis of accounting

	23,856,394	-	23,856,394	-
--	-------------------	----------	-------------------	----------

Difference between net assets and the consideration paid

	23,856,394	-	23,856,394	-
--	-------------------	----------	-------------------	----------

Net cash inflow (outflow) on transfer of function

Cash acquired	11,627,223	-	11,627,223	-
---------------	------------	---	------------	---

Contingent liabilities and contingent assets attributable to a transfer of functions

Currently it is not known what contingent assets and liabilities were attributable to the disestablishment of Sandspruit Works Association. This information must still be obtained from Legal Services.

Revenue and expenditure attributable to a transfer of functions

From 1 July 2017 all revenue and expenditure forms part of the normal operations of the municipality and was budgeted as such.

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

70. Transfer of functions between entities under common control (continued)
Transactions recognised separately from the transfer of functions

None.

Other information

None.

Initial accounting is incomplete

The balances as per the trial balance as at 30 June 2017 was taken over by the municipality on 1 July 2017. During the audit processes of the municipal entity, certain errors were picked up which were amended on the financial statements of Sandhurst as at 30 June 2017. These audit adjustments were done by the end of March 2018. At year end 30 June 2018 a number of differences still remained in the take-on account, which was transferred to gain/loss on transfer of functions. These differences will have to be written off in the 2018/19 financial year.

71. Interest-rate swaps

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

During 2014/15 the Municipality entered into interest rate swaps with the following role players:
Regiments:

Trade date: 1 September 2014 and Settlement date: 1 March 2023

Nominal amount: R641 000 000

Fixed rate: 9,75% and variable rate: Jibar + 2,55 basis points

Payable: Semi-annual

Regiments:

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

Regiments:

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

Nedbank:

Trade date: 1 April 2014 and Settlement date: 30 June 2026

Nominal amount: R943 766 167

Fixed rate: 9,31% and variable rate: Jibar + 2,22 basis points

Payable: Semi-annual

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 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 nominal value of the existing interest rate swaps is R5 575 078 615 as at 30 June 2018.

The nominal value of the existing interest rate swaps is R5 575 078 615 as at 30 June 2017.

Interest paid on the interest-rate swaps to the amount of R47 527 834 was recognised in surplus or deficit during 2017/18 as part of finance costs - refer to Note 33 .

Interest paid on the interest-rate swaps to the amount of R29 714 722 was recognised in surplus or deficit during 2016/17 as part of finance costs - refer to Note 33 .

The fair value of interest rate swaps for the period under review is as follows:

Interest rate swap - amounts (in total)

Interest rate swap asset	47,235,142	18,743,157	47,235,142	18,743,157
Interest rate swap liability	(183,928,141)	(142,995,983)	(183,928,141)	(142,995,983)
	<u>(136,692,999)</u>	<u>(124,252,826)</u>	<u>(136,692,999)</u>	<u>(124,252,826)</u>

72. Gains or losses on foreign exchange transactions

Loss on foreign exchange transactions	(36,906)	(25,247)	(36,906)	(25,247)
Gain on foreign exchange transactions	574,375	306,963	574,375	306,963
	<u>537,469</u>	<u>281,716</u>	<u>537,469</u>	<u>281,716</u>

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

73. Sinking fund

The Debt redemption fund is a financial solution to assist the City of Tshwane to meet its financial obligations to repay previously issued bonds. City of Tshwane pays contributions into the fund, which is managed by a 3rd party fund manager: Regiments Fund Management, so as to enable the Municipality to receive contributions plus growth to repay redemptions of the bonds when they fall due. This is part of the risk Management framework adopted by City of Tshwane. The assets and liabilities are disclosed below:

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 so 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 and bonds repo's is: 21 December 2026.

The tenor of swaps is 10 years and 15 years, the maturity dates are 12 January 2033, 19 January 2028 and 15 June 2028 respectively.

The fair value of the sinking fund portfolio is R581 383 915.

Other financial assets through profit or loss

Bonds	247,607,267	-	247,607,267	-
Cash collateral - FFO Securities (Pty) Ltd	12,544,099	-	12,544,099	-
Non-current assets	260,151,366	-	260,151,366	-

Other financial assets through profit or loss

Current account	388,034,090	-	388,034,090	-
Cash collateral - Nedbank	80,745,602	-	80,745,602	-
Current assets	468,779,692	-	468,779,692	-

Total other financial assets through profit or loss

728,931,058	-	728,931,058	-
-------------	---	-------------	---

Financial assets carried at fair value through profit or loss

Derivatives designed and effective as hedging instruments carried at fair value	728,931,058	-	728,931,058	-
---	-------------	---	-------------	---

Other financial liabilities through profit or loss

Bond repos	53,933,018	-	53,933,018	-
Interest rate swap	93,614,126	-	93,614,126	-
Non-current liabilities	147,547,144	-	147,547,144	-

Financial liabilities carried at fair value through profit or loss

Derivatives designed and effective as hedging instruments carried at fair value	147,547,144	-	147,547,144	-
---	-------------	---	-------------	---

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*

74. Deferred operating lease liability
Minimum lease payments due

Payable within 2 to 5 years	(75,677)	(148,443)	-	-
Payable within one year	(156,129)	(25,248)	-	-
	(231,806)	(173,691)	-	-

There were no operating lease liabilities for the Municipality at the end of 30 June 2018.

75. Deferred tax
Deferred tax liability

Property, plant and equipment	(481,293)	(457,921)	-	-
Provision doubtful debts	45,802	3,802	-	-
Provision for leave	437,048	400,313	-	-
Unspent grant	289,470	1,199,889	-	-
Section 24C allowance	(289,470)	(1,199,889)	-	-
Straight lining of operating lease	63,161	41,564	-	-
Pre-payment	(5,367)	(2,682)	-	-
Total deferred tax asset	59,351	(14,924)	-	-

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	-	(14,924)	-	-
Deferred tax asset	59,351	-	-	-
Total net deferred tax asset (liability)	59,351	(14,924)	-	-

Reconciliation of deferred tax asset/(liability)

At beginning of year	(14,924)	(66,455)	-	-
Increase/(decrease) in tax loss available for set-off against future taxable income - gross	-	(37,256)	-	-
Movement on property, equipment and intangible fixed assets	(23,373)	63,642	-	-
Movement in provision for doubtful det	42,000	(1,267)	-	-
Movement in provision for leave pay	36,735	32,272	-	-
Movement on unspent grant	(910,420)	71,162	-	-
Section 24C allowance	910,420	(71,162)	-	-
Operating lease straight lining	21,597	(4,858)	-	-
Pre-payment	(2,684)	(1,002)	-	-
	59,351	(14,924)	-	-

* See Note 46

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2018	2017 Restated* R	2018	2017 Restated*
76. Taxation				
Major components of the tax expense				
Current				
Normal tax - current year	2,920,067	758,508	-	-
Deferred				
Deferred tax - current year	(74,275)	(51,532)	-	-
	2,845,792	706,976	-	-
Taxation liability movement				
Opening balance	(859,028)	(1,176,843)	-	-
Current year	2,994,342	810,040	-	-
Provisional tax (paid)/interest charged	(523,690)	(492,225)	-	-
Normal income tax paid - prior year	(266,284)	-	-	-
Normal income tax refund from SARS	1,697,452	-	-	-
Closing balance	3,042,792	(859,028)	-	-
Reconciliation of the tax expense				
Tax in note @ 28%	(2,920,067)	(758,508)	-	-
Profit before tax	10,361,294	2,708,959	-	-
Tax as % of income before tax	28.00	28.00 %	-	-
Reconciliation between applicable tax rate and average effective tax rate				
Applicable tax rate	28.00 %	28.00 %	-	-
Total non-temporary differences	0.18 %	- %	-	-
	28.18 %	28.00 %	-	-
TEDA has made a provisional tax payment of R523 690 (2017: R492 225).				
77. Tax refunded (paid)				
Balance at beginning of the year	859,028	1,176,843	-	-
Current tax for the year recognised in surplus or deficit	(2,920,067)	(758,508)	-	-
Balance at end of the year	3,042,792	(859,028)	-	-
	981,753	(440,693)	-	-

* See Note 46

Appendix A
Supplementary unaudited information

Schedule of external loans as at 30 June 2018

Interest rate (%)	Redeemable	Balance at 30 June 2017	Received during the period	Redeemed written-off during the period	Amortised value	Balance at 30 June 2018	Carrying value of property, plant & equipment
		Rand	Rand	Rand	Rand	Rand	Rand
13.50	2018.04.30	51,682,877	-	-	(1,682,877)	50,000,000	61,782,430
Variable	2019.10.31	78,331,528	-	-	1,685,582	80,017,110	98,873,030
14.00	2011.10.31	1,857,504	-	315,592	-	1,541,912	1,857,504
Jibar +2.5 margin	2034.06.30	1,600,000,000	-	-	-	1,600,000,000	1,977,037,771
Jibar + 2.5 margin	2035.06.30	1,500,000,000	-	-	-	1,500,000,000	1,853,472,910
11.44%	2026.06.24	1,200,000,000	-	-	-	1,200,000,000	1,482,778,328
		4,431,872,909	-	315,592	2,705	4,431,560,022	5,475,801,973
13.5	2018.04.30	56,998,686	-	35,560,251	(1,855,968)	19,582,467	24,197,049
10.97	2018.12.31	51,803,161	-	16,343,893	1,940,501	37,399,769	46,212,973
11.03	2019.06.30	4,862,796	-	2,126,027	(174,972)	2,561,797	3,165,480
9.52	2020.03.31	73,687,936	-	21,794,953	(536,068)	51,356,915	63,459,101
11.01	2020.06.30	17,198,145	-	5,010,363	(120,353)	12,067,429	14,911,102
9.36	2020.12.31	100,905,274	-	12,484,518	4,110,726	92,531,482	114,336,397
10.92	2020.12.31	38,979,672	-	9,747,058	46,144	29,278,758	36,178,257
10.81	2021.06.30	34,646,156	-	7,595,477	249,180	27,299,859	33,733,032
5.0	2021.12.31	34,108,012	-	3,898,373	750,337	30,959,976	38,255,650
9.84	2021.12.31	165,189,663	-	17,295,080	7,226,674	155,121,257	191,675,366
8.74	2021.12.31	88,429,376	-	16,812,481	-	71,616,895	88,493,316
6.25	2028.06.30	69,295,670	-	2,221,215	2,080,357	69,154,812	85,451,047
12.81	2028.06.30	162,422,712	-	3,498,112	10,073,696	168,998,296	208,822,509
11.32	2028.06.30	161,404,759	-	3,520,782	8,866,761	166,750,738	206,045,319
12.5	2021.03.31	114,943,734	-	22,952,556	2,944,827	94,936,005	117,307,541
11.99	2021.03.31	58,688,618	-	11,794,626	(346,728)	46,547,264	57,516,063
12.51	2021.03.31	78,985,472	-	15,780,666	(433,642)	62,771,164	77,563,101
6.75	2029.06.30	112,097,891	-	3,078,030	3,651,728	112,671,589	139,222,493
9.27	2020.05.18	143,212,255	-	43,142,432	21,450,294	121,520,117	150,156,163
9.32	2020.06.16	142,460,513	-	42,973,535	22,702,781	122,189,759	150,983,606
7.72	2026.06.30	730,546,211	-	58,434,852	(24,737)	672,086,622	830,462,898
Jibar	30.06.2027	1,002,459,589	-	62,981,546	2,264,399	941,742,442	1,163,662,735
Jibar	2029.06.29	466,865,605	-	57,802,174	(15,667,992)	393,395,439	486,098,527
Jibar	2025.12.01	264,335,745	-	32,436,383	(9,116,400)	222,782,962	275,281,455
Jibar	2022.06.30	263,157,895	-	52,631,579	-	210,526,316	260,136,549
Jibar	2027.12.01	344,827,585	-	34,482,759	-	310,344,826	383,477,154
		4,782,513,131	-	596,399,721	60,081,545	4,246,194,955	5,246,804,883

Appendix A
Supplementary unaudited information

Schedule of external loans as at 30 June 2018

Interest rate (%)	Redeemable	Balance at 30 June 2017	Received during the period	Redeemed written-off during the period	Amortised value	Balance at 30 June 2018	Carrying value of property, plant & equipment
		Rand	Rand	Rand	Rand	Rand	Rand
MUNICIPAL BONDS							
CoT1: Standard Bank	10.20	2023.04.02	573,927,890	-	-	573,927,890	709,173,198
CoT2: Standard Bank	9.11	2023.04.02	848,437,142	-	-	848,437,142	1,048,370,173
CoT3: Standard Bank	9.46	2028.06.05	755,053,973	-	-	755,053,973	932,981,389
			2,177,419,005	-	-	2,177,419,005	2,690,524,760
			11,391,805,045	-	596,715,313	10,855,173,982	13,413,131,616
FINANCE LEASES							
Super Group	Variable *		29,813,184	100,859,828	20,803,872	9,135,047	119,004,187
Talis Fleetmatics	Variable *		218,083,870	5,068,966	62,375,918	20,941,313	181,718,231
Moipone	Variable *		203,330,832	127,496,273	85,789,039	36,013,490	281,051,556
MAN	Variable *		28,876,782	-	29,679,398	802,616	-
			480,104,668	233,425,067	198,648,227	66,892,466	581,773,974
							553,521,561

City of Tshwane Metropolitan Municipality
Appendix B (supplementary unaudited information)

Analysis of property, plant and equipment as at 30 June 2018 (Municipality only)

Cost						Accumulated depreciation						
Opening balance	Acquisitions	Disposals	Transfers	Additions and adjustments	Closing balance	Opening balance	Additions	Impairment	Disposals	Transfers	Closing balance	Carrying value
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand

Infrastructure

Assets under construction	7,711,641,130	1,586,072,666	-	(618,276,467)	-	8,679,437,329	(123,216,100)	-	-	-	-	(123,216,100)	8,556,221,229
Electricity	6,732,073,330	126,577,158	(18,384,681)	242,159,024	649,736	7,083,074,567	(2,061,012,534)	(243,631,152)	(521,231)	8,700,642	135,055	(2,296,329,220)	4,786,745,347
General	443,445,239	2,000	-	-	(292,552)	443,154,687	(227,908,472)	(58,848,844)	(16)	-	265,384	(286,491,948)	156,662,739
Roads	11,722,244,040	27,252,323	-	347,410,057	14,063,277	12,110,969,697	(3,369,988,687)	(443,267,371)	(3,955,508)	-	(126,329)	(3,817,337,895)	8,293,631,802
Water and sanitation	8,182,448,200	244,987,337	(75,115,909)	29,432,230	(93,170)	8,381,658,688	(2,297,030,313)	(269,350,187)	(3,559,864)	16,602,947	-	(2,553,337,417)	5,828,321,271
	34,791,851,939	1,984,891,484	(93,500,590)	724,844	14,327,291	36,698,294,968	(8,079,156,106)	1,015,097,554	(8,036,619)	25,303,589	274,110	(9,076,712,580)	27,621,582,388

Community assets

General	3,975,892,282	40,179,717	(3,626,430)	55,300,652	11,154,989	4,078,901,210	(1,220,957,089)	(154,490,700)	(14,540,287)	2,949,573	(195,660)	(1,387,234,163)	2,691,667,047
Assets under construction	191,739,384	117,489,121	-	(53,349,646)	-	255,878,859	-	-	(527,418)	-	-	(527,418)	255,351,441
Denneboom service concession	1,800,000	-	-	-	54,770	1,854,770	-	-	-	-	-	-	1,854,770
Denneboom service concession	192,606,211	185,868,149	-	-	-	378,474,360	-	-	-	-	-	-	378,474,360
	4,362,037,877	343,536,987	(3,626,430)	1,951,006	11,209,759	4,715,109,199	(1,220,957,089)	(154,490,700)	(15,067,705)	2,949,573	(195,660)	(1,387,761,581)	3,327,347,618

Housing

Housing assets	933,835,917	-	(1,166,793)	83,029,535	58,217,108	1,073,915,767	(120,735,723)	(14,160,204)	-	293,672	(14,798,875)	(149,401,130)	924,514,637
Assets under construction	290,844,913	858,311,452	-	(83,029,535)	-	1,066,126,830	-	-	-	-	-	-	1,066,126,830
	1,224,680,830	858,311,452	(1,166,793)	-	58,217,108	2,140,042,597	(120,735,723)	(14,160,204)	-	293,672	(14,798,875)	(149,401,130)	1,990,641,467

Biological assets

Game (livestock)	19,007,270	5,807,772	-	-	-	24,815,042	-	-	-	-	-	-	24,815,042
	19,007,270	5,807,772	-	-	-	24,815,042	-	-	-	-	-	-	24,815,042

Land

Land	272,173,350	-	(26,798)	-	(40,605,312)	231,541,240	-	-	-	-	-	-	231,541,240
	272,173,350	-	(26,798)	-	(40,605,312)	231,541,240	-	-	-	-	-	-	231,541,240

Buildings

Buildings	1,023,787,946	7,356,255	(2,442,713)	-	(43,148,846)	985,552,642	(588,476,029)	(28,671,205)	-	1,505,419	14,720,425	(600,921,390)	384,631,252
Tshwane House	1,129,911,631	-	-	-	-	1,129,911,631	(6,277,287)	(37,663,721)	-	-	-	(43,941,008)	1,085,970,623
	2,153,699,577	7,356,255	(2,442,713)	-	(43,148,846)	2,115,464,273	(594,753,316)	(66,334,926)	-	1,505,419	14,720,425	(644,862,398)	1,470,601,875

City of Tshwane Metropolitan Municipality
Appendix B (supplementary unaudited information)

Analysis of property, plant and equipment as at 30 June 2018 (Municipality only)												
	Cost					Accumulated depreciation						
	Opening balance	Acquisitions	Disposals	Transfers	Additions and adjustments	Closing balance	Opening balance	Additions	Impairment	Disposals	Transfers	Closing balance
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Other												
General	2,929,845,328	108,617,643	(185,712,650)	41,298,913	264,628,413	3,158,677,647	(1,817,871,923)	(363,199,436)	(741,611)	173,433,477	(46,556,301)	(2,054,935,794)
Assets under construction	371,592,236	77,848,754	-	(44,426,113)	-	405,014,877	-	-	(46,287,448)	-	-	(46,287,448)
	3,301,437,564	186,466,397	(185,712,650)	(3,127,200)	264,628,413	3,563,692,524	(1,817,871,923)	(363,199,436)	(47,029,059)	173,433,477	(46,556,301)	(2,101,223,242)
Total property plant and equipment												
	46,124,888,407	3,386,370,347	(286,475,974)	(451,350)	264,628,413	49,488,959,843	(11,833,474,157)	1,613,282,820)	(70,133,383)	203,485,730	(46,556,301)	(13,359,960,931)
Heritage assets												
General	3,648,495,662	372,748	-	-	-	3,648,868,410	-	-	(164,616,799)	-	-	(164,616,799)
	3,648,495,662	372,748	-	-	-	3,648,868,410	-	-	(164,616,799)	-	-	(164,616,799)
Investment properties												
Investment assets	1,022,313,859	5,100	-	-	-	1,022,318,959	(188,619,312)	(4,810,569)	-	-	-	(193,429,881)
	1,022,313,859	5,100	-	-	-	1,022,318,959	(188,619,312)	(4,810,569)	-	-	-	(193,429,881)
Intangible assets												
Computer software	416,489,548	35,870,008	(3,928,345)	86,857	-	448,518,068	(200,446,691)	(61,960,192)	-	1,915,276	-	(260,491,607)
Servitudes	199,964,886	1,729,124	-	364,495	-	202,058,505	-	-	-	-	-	-
	616,454,434	37,599,132	(3,928,345)	451,352	-	650,576,573	(200,446,691)	(61,960,192)	-	1,915,276	-	(260,491,607)
Tota												
Land	272,173,350	-	(26,798)	-	(40,605,312)	231,541,240	-	-	-	-	-	-
Infrastructure	34,791,851,939	1,984,891,484	(93,500,590)	724,844	14,327,291	36,698,294,968	(8,079,156,106)	1,015,097,554)	(8,036,619)	25,303,589	274,110	(9,076,712,580)
Community assets	4,362,037,877	343,536,987	(3,626,430)	1,951,006	11,209,759	4,715,109,199	(1,220,957,089)	(154,490,700)	(15,067,705)	2,949,573	(195,660)	(1,387,761,581)
Housing	1,224,680,830	858,311,452	(1,166,793)	-	58,217,108	2,140,042,597	(120,735,723)	(14,160,204)	-	293,672	(14,798,875)	(149,401,130)
Other	3,301,437,564	186,466,397	(185,712,650)	(3,127,200)	264,628,413	3,563,692,524	(1,817,871,923)	(363,199,436)	(47,029,059)	173,433,477	(46,556,301)	(2,101,223,242)
Heritage assets	3,648,495,662	372,748	-	-	-	3,648,868,410	-	-	(164,616,799)	-	-	(164,616,799)
Intangible assets	616,454,434	37,599,132	(3,928,345)	451,352	-	650,576,573	(200,446,691)	(61,960,192)	-	1,915,276	-	(260,491,607)
Investment properties	1,022,313,859	5,100	-	-	-	1,022,318,959	(188,619,312)	(4,810,569)	-	-	-	(193,429,881)
Buildings	2,153,699,577	7,356,255	(2,442,713)	-	(43,148,846)	2,115,464,273	(594,753,316)	(66,334,926)	-	1,505,419	14,720,425	(644,862,398)
Biological assets	19,007,270	5,807,772	-	-	-	24,815,042	-	-	-	-	-	-
	51,412,152,362	3,424,347,327	(290,404,319)	2	264,628,413	54,810,723,785	(12,222,540,160)	1,680,053,581)	(234,750,182)	205,401,006	(46,556,301)	(13,978,499,218)

Appendix C (Municipality only)
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the period ended 30 June 2018

	2017/18					2016/17 Restated					
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council policy) & 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	10,643,409,397	152,701,272	10,796,110,669		10,796,110,669	11,282,533,434		486,422,765	105 %	106 %	9,884,194,815
Executive and council	75,119,801	(1,992,273)	73,127,528		73,127,528	22,952,278		(50,175,250)	31 %	31 %	71,891,891
Finance and Administration	10,568,198,806	154,693,545	10,722,892,351		10,722,892,351	11,259,427,755		536,535,404	105 %	107 %	9,811,980,065
Internal Audit	90,790	-	90,790		90,790	153,401		62,611	169 %	169 %	322,859
Community and public safety	1,241,429,837	318,698,782	1,560,128,619		1,560,128,619	1,545,440,752		(14,687,867)	99 %	124 %	1,106,639,671
Community and social services	6,479,789	(8,036,785)	(1,556,996)		(1,556,996)	41,032,992		42,589,988	(2,635)%	633 %	78,676,926
Sport and recreation	(50,054,433)	(36,729,411)	(86,783,844)		(86,783,844)	35,424,007		122,207,851	(41)%	(71)%	(48,512,392)
Public safety	322,642,375	(37,710,578)	284,931,797		284,931,797	225,056,232		(59,875,565)	79 %	70 %	199,441,771
Housing	798,735,428	343,818,477	1,142,553,905		1,142,553,905	1,027,357,761		(115,196,144)	90 %	129 %	710,734,030
Health	163,626,678	57,357,079	220,983,757		220,983,757	216,569,760		(4,413,997)	98 %	132 %	166,299,336
Economic and environmental services	1,564,562,873	(33,374,560)	1,531,188,313		1,531,188,313	1,358,575,835		(172,612,478)	89 %	87 %	1,601,918,889
Planning and development	177,424,937	(9,703,074)	167,721,863		167,721,863	44,315,664		(123,406,199)	26 %	25 %	199,829,616
Road transport	1,294,788,675	69,377,811	1,364,166,486		1,364,166,486	1,310,226,157		(53,940,329)	96 %	101 %	1,390,407,990
Environmental protection	92,349,261	(93,049,297)	(700,036)		(700,036)	4,034,014		4,734,050	(576)%	4 %	11,681,283
Trading services	18,963,055,890	6,623,048	18,969,678,938		18,969,678,938	18,450,122,266		(519,556,672)	97 %	97 %	17,815,861,645
Energy sources	11,963,430,222	27,088,878	11,990,519,100		11,990,519,100	11,599,839,305		(390,679,795)	97 %	97 %	11,649,587,463
Water management	4,223,104,435	(68,816,494)	4,154,287,941		4,154,287,941	4,173,747,197		19,459,256	100 %	99 %	3,635,858,383
Waste water management	1,306,459,086	9,262,148	1,315,721,234		1,315,721,234	1,064,119,032		(251,602,202)	81 %	81 %	1,207,101,893
Waste management	1,470,062,147	39,088,516	1,509,150,663		1,509,150,663	1,612,416,732		103,266,069	107 %	110 %	1,323,313,906
Other	212,183,871	7,356,547	219,540,418		219,540,418	220,266,378		725,960	100 %	104 %	210,333,501
Other	212,183,871	7,356,547	219,540,418		219,540,418	220,266,378		725,960	100 %	104 %	210,333,501
Total Revenue - Standard	32,624,641,868	452,005,089	33,076,646,957		33,076,646,957	32,856,938,665		(219,708,292)	99 %	101 %	30,618,948,521

Appendix C (Municipality only)
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the period ended 30 June 2018

2017/18							2016/17 Restated				
Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council policy) & 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	7,288,308,102	130,865,701	7,419,173,803	-	7,419,173,803	8,033,472,754	726,367,720	614,298,951	108 %	110 %	5,223,847,532
Executive and council	1,230,768,884	14,988,642	1,245,757,526	14,890,439	1,260,647,965	1,194,347,843	-	(66,300,122)	95 %	97 %	1,022,469,970
Finance and Administration	5,926,246,698	113,954,682	6,040,201,380	(9,614,427)	6,030,586,953	6,756,954,673	726,367,720	726,367,720	112 %	114 %	3,989,348,333
Internal audit	131,292,520	1,922,377	133,214,897	(286,000)	132,928,897	82,170,238	-	(50,758,659)	62 %	63 %	212,029,229
Community and public safety	3,932,817,854	653,359,652	4,586,177,506	(4,514,893)	4,581,662,613	4,555,745,106	347,929,603	(25,917,507)	99 %	116 %	4,248,064,852
Community and social services	269,256,143	1,772,344	271,028,487	(3,942,937)	267,085,550	486,336,268	219,250,718	219,250,718	182 %	181 %	289,813,048
Sport and recreation	374,266,670	(20,836,108)	353,430,562	(1,568,252)	351,862,310	480,541,195	128,678,885	128,678,885	137 %	128 %	409,797,431
Public safety	2,219,046,591	247,520,909	2,466,567,500	3,248,399	2,469,815,899	2,321,326,262	-	(148,489,637)	94 %	105 %	2,360,305,337
Housing	462,760,568	415,900,370	878,660,938	(972,294)	877,688,644	673,726,627	-	(203,962,017)	77 %	146 %	593,767,702
Health	607,487,882	9,002,137	616,490,019	(1,279,809)	615,210,210	593,814,754	-	(21,395,456)	97 %	98 %	594,381,334
Economic and environmental services	3,204,297,125	71,606,612	3,275,903,737	(11,101,948)	3,264,801,789	3,048,711,007	-	(216,090,782)	93 %	95 %	2,774,158,796
Planning and development	1,028,522,750	8,059,887	1,036,582,637	(4,083,201)	1,032,499,436	915,678,250	-	(116,821,186)	89 %	89 %	815,728,469
Road transport	1,911,711,423	164,392,791	2,076,104,214	(8,893,138)	2,067,211,076	1,986,542,985	-	(80,668,091)	96 %	104 %	1,832,413,091
Environmental protection	264,062,952	(100,846,066)	163,216,886	1,874,391	165,091,277	146,489,772	-	(18,601,505)	89 %	55 %	126,017,236
Trading services	15,388,317,207	(148,222,171)	15,240,095,036	9,784,753	15,249,879,789	14,676,248,200	284,322,065	(573,631,589)	96 %	95 %	15,776,094,862
Energy sources	10,073,638,313	4,896,490	10,078,534,803	88,402,471	10,166,937,274	10,072,016,077	-	(94,921,197)	99 %	100 %	10,351,779,610
Water management	3,128,834,455	63,754,444	3,192,588,899	(83,889,721)	3,108,699,178	2,368,082,430	-	(740,616,748)	76 %	76 %	3,465,362,592
Waste water management	1,107,045,896	(223,643,864)	883,402,032	(3,055,284)	880,346,748	857,931,039	-	(22,415,709)	97 %	77 %	575,511,124
Waste management	1,078,798,543	6,770,759	1,085,569,302	8,327,287	1,093,896,589	1,378,218,654	284,322,065	284,322,065	126 %	128 %	1,383,441,536
Other	171,862,823	8,090,286	179,953,109	842,076	180,795,185	183,452,612	2,657,427	2,657,427	101 %	107 %	199,872,803
Other	171,862,823	8,090,286	179,953,109	842,076	180,795,185	183,452,612	2,657,427	2,657,427	101 %	107 %	199,872,803
Total Expenditure - Standard	29,985,603,111	715,700,080	30,701,303,191	-	30,701,303,191	30,497,629,679	1,361,276,815	(203,673,512)	99 %	102 %	28,222,038,845
Surplus/(Deficit) for the year	2,639,038,757	(263,694,991)	2,375,343,766		2,375,343,766	2,359,308,986		(16,034,780)	99 %	89 %	2,396,909,676

Appendix D (Municipality only)
Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the period ended 30 June 2018

	2017/18						2016/17 Restated				
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council policy) & 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											
City Manager	20,000,000	92,032	20,092,032		20,092,032	16,967,582		(3,124,450)	84 %	85 %	49,824,162
Economic Development & Spatial Planning	442,023,499	(16,209,362)	425,814,137		425,814,137	255,847,140		(169,966,997)	60 %	58 %	369,737,362
Emergency Management Services	81,401,729	30,476,133	111,877,862		111,877,862	110,810,397		(1,067,465)	99 %	136 %	83,369,051
Enviroment & Agriculture Management	175,513,884	(100,242,347)	75,271,537		75,271,537	130,429,348		55,157,811	173 %	74 %	1,344,789,810
Group Communication & Marketing	1,203,246	-	1,203,246		1,203,246	-		(1,203,246)	- %	- %	1,205,487
Group Financial Services	10,475,951,629	148,263,573	10,624,215,202		10,624,215,202	11,081,761,473		457,546,271	104 %	106 %	9,716,858,013
Group Human Capital Management	25,999,827	18,780	26,018,607		26,018,607	15,917,393		(10,101,214)	61 %	61 %	26,882,581
Health Department	59,441,910	939,731	60,381,641		60,381,641	59,822,671		(558,970)	99 %	101 %	63,565,635
Housing & Human Settlement	902,224,905	311,085,044	1,213,309,949		1,213,309,949	1,002,047,684		(211,262,265)	83 %	111 %	756,004,042
Metro Police	334,516,266	(38,051,410)	296,464,856		296,464,856	233,484,695		(62,980,161)	79 %	70 %	200,030,215
Regional Operations & Coordination	1,485,301,481	41,543,066	1,526,844,547		1,526,844,547	1,582,711,687		55,867,140	104 %	107 %	176,394,314
Roads & Transport	1,336,520,428	84,468,838	1,420,989,266		1,420,989,266	1,314,500,401		(106,488,865)	93 %	98 %	1,424,840,895
Shared Services	1,063,414	1,086,882	2,150,296		2,150,296	5,912,825		3,762,529	275 %	556 %	12,851,853
Utility Service: Water and Sanitation	5,645,827,505	(72,847,454)	5,572,980,051		5,572,980,051	5,236,456,600		(336,523,451)	94 %	(6)%	4,886,330,431
Utility Service: Electricity	11,996,434,382	20,413,926	12,016,848,308		12,016,848,308	11,589,841,584		(427,006,724)	96 %	97 %	11,648,545,387
Group Audit and Risk	42,164,833	-	42,164,833		42,164,833	47,784,949		5,620,116	113 %	113 %	51,892,964
Office of the Executive Mayor	4,706,940	-	4,706,940		4,706,940	-		(4,706,940)	- %	- %	2,348,456
Group Legal and Secretarial Service	410,963	-	410,963		410,963	-		(410,963)	- %	- %	897,358
Group Property	93,279,409	-	93,279,409		93,279,409	68,252,072		(25,027,337)	73 %	73 %	72,055,249
Office of the Chief Whip	-	-	-		-	-		-	DIV/0 %	DIV/0 %	349,422
Office of the Speaker	-	-	-		-	-		-	DIV/0 %	DIV/0 %	1,918,726
Community & Social Development Services	67,046,559	36,163,126	103,209,685		103,209,685	102,327,406		(882,279)	99 %	153 %	111,282,422
Customer Relations Management	-	19,110	19,110		19,110	21,133		2,023	111 %	DIV/0 %	1,658,124
City Strategy and Operational Performance	5,750,911	-	5,750,911		5,750,911	2,041,624		(3,709,287)	- %	- %	4,555,344
Total Revenue by Vote	33,196,783,720	447,219,668	33,644,003,388		33,644,003,388	32,856,938,664		(787,064,724)	98 %	99 %	31,008,187,303

Appendix D (Municipality only)
Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the period ended 30 June 2018

2017/18								2016/17 Restated			
Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council policy) & 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											
City Manager	98,937,086	19,232,482	118,169,568	-	118,169,568	295,457,487	177,287,919	177,287,919	250 %	299 %	111,232,097
Economic Development & Spatial Planning	612,316,882	(44,543,671)	567,773,211	-	567,773,211	502,026,829	-	(65,746,382)	88 %	82 %	545,415,800
Emergency Management Services	670,032,057	(3,115,438)	666,916,619	-	666,916,619	647,299,057	-	(19,617,562)	97 %	97 %	632,496,821
Enviroment & Agriculture Management	717,784,141	(16,745,652)	701,038,489	-	701,038,489	966,500,270	265,461,781	265,461,781	138 %	135 %	697,324,964
Group Communications & Marketing	106,541,892	13,438,058	119,979,950	-	119,979,950	114,133,856	-	(5,846,094)	95 %	107 %	122,108,851
Group Financial Services Cluster	3,294,679,590	(145,573,579)	3,149,106,011	-	3,149,106,011	3,747,241,063	598,135,052	598,135,052	119 %	114 %	1,521,432,261
Group Human Capital Management	242,314,500	54,653,694	296,968,194	-	296,968,194	308,504,215	11,536,021	11,536,021	104 %	127 %	292,105,018
Health Department	399,308,620	(6,480,218)	392,828,402	-	392,828,402	382,060,577	-	(10,767,825)	97 %	96 %	356,301,743
Housing and Human Settlement	332,473,936	410,808,539	743,282,475	-	743,282,475	453,768,154	-	(289,514,321)	61 %	136 %	523,062,596
Metro Police	2,095,042,799	264,381,904	2,359,424,703	-	2,359,424,703	2,251,544,723	-	(107,879,980)	95 %	107 %	2,211,326,770
Regional Operations & Coordination	3,698,400,827	(56,389,066)	3,642,011,761	-	3,642,011,761	3,551,050,691	-	(90,961,070)	98 %	96 %	3,406,690,435
Roads and Transport	1,449,225,278	164,232,917	1,613,458,195	-	1,613,458,195	1,561,836,481	-	(51,621,714)	97 %	108 %	1,503,143,804
Shared Services	1,406,063,790	(30,131,163)	1,375,932,627	-	1,375,932,627	1,432,612,259	56,679,632	56,679,632	104 %	102 %	1,324,367,226
Utility Service: Water and Sanitation	4,035,756,402	(175,477,112)	3,860,279,290	(76,000,000)	3,784,279,290	2,925,361,477	-	(858,917,813)	77 %	72 %	3,775,140,173
Utility Service: Electricity	9,303,060,535	(7,437,373)	9,295,623,162	76,000,000	9,371,623,162	9,198,421,044	-	(173,202,118)	98 %	99 %	9,521,876,254
Group Audit and Risk	320,121,172	8,592,980	328,714,152	-	328,714,152	225,211,400	-	(103,502,752)	69 %	70 %	363,442,794
Office of the Executive Mayor	190,190,203	(2,524,419)	187,665,784	-	187,665,784	153,499,332	-	(34,166,452)	82 %	81 %	162,659,847
Group Legal and Secretarial Service	120,643,272	25,538,899	146,182,171	-	146,182,171	144,016,089	-	(2,166,082)	99 %	119 %	128,840,241
Group Property	559,398,200	189,727,416	749,125,616	-	749,125,616	776,416,001	27,290,385	27,290,385	104 %	139 %	463,129,597
Office of the Chief Whip	28,911,527	1,077,868	29,989,395	-	29,989,395	31,859,579	1,870,184	1,870,184	106 %	110 %	30,161,710
Office of the Speaker	169,112,413	101,782,942	270,895,355	-	270,895,355	247,253,236	-	(23,642,119)	91 %	146 %	253,679,153
Community and Social Development Services	398,346,786	(817,592)	397,529,194	-	397,529,194	348,866,561	-	(48,662,633)	88 %	88 %	430,287,507
Customer Relations Management	202,163,475	(1,895,834)	200,267,641	-	200,267,641	193,943,917	-	(6,323,724)	97 %	96 %	187,686,837
City Strategy and Organisational Performance	55,481,230	16,429	55,497,659	-	55,497,659	38,745,380	-	(16,752,279)	70 %	70 %	47,365,128
Total Expenditure by Vote	30,506,306,613	762,353,011	31,268,659,624	-	31,268,659,624	30,497,629,678	1,138,260,974	(771,029,946)	98 %	100 %	28,611,277,627
Surplus/(Deficit) for the year	2,690,477,107	(315,133,343)	2,375,343,764		2,375,343,764	2,359,308,986		(16,034,778)	99 %	88 %	2,396,909,676

Appendix E (Municipality only)
Budgeted Financial Performance (revenue and expenditure)
for the period ended 30 June 2018

	2017/18							2016/17 Restated						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council policy) & 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 recovere d	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue By Source														
Property rates	6,515,394,224	90,000,000	6,605,394,224		6,605,394,224	6,761,720,009		156,325,785	102 %	104 %				5,912,860,893
Service charges - electricity revenue	11,014,614,023	43,383,421	11,057,997,444		11,057,997,444	10,982,174,316		(75,823,128)	99 %	100 %				10,894,788,430
Service charges - water revenue	3,997,988,511	(220,794,713)	3,777,193,798		3,777,193,798	3,222,246,038		(554,947,760)	85 %	81 %				3,189,550,429
Service charges - sanitation revenue	982,878,680	(20,000,000)	962,878,680		962,878,680	952,049,810		(10,828,870)	99 %	97 %				827,601,956
Service charges - refuse revenue	1,410,505,866	-	1,410,505,866		1,410,505,866	1,482,085,535		71,579,669	105 %	105 %				1,291,533,037
Service charges - other	163,578,145	60,000,000	223,578,145		223,578,145	283,113,493		59,535,348	127 %	173 %				220,107,833
Rental of facilities and equipment	177,273,106	(5,912,940)	171,360,166		171,360,166	141,958,376		(29,401,790)	83 %	80 %				135,677,076
Interest earned: External investments	50,634,637	49,806,295	100,440,932		100,440,932	210,274,693		109,833,761	209 %	415 %				105,110,808
Interest earned: Outstanding debtors	466,585,260	79,924,400	546,509,660		546,509,660	731,792,260		185,282,600	134 %	157 %				554,120,687
Fines	332,755,617	(38,802,188)	293,953,429		293,953,429	228,147,624		(65,805,805)	78 %	69 %				189,607,891
Licences and permits	54,482,852	-	54,482,852		54,482,852	52,325,465		(2,157,387)	96 %	96 %				49,266,169
Transfers recognised - operational	4,159,531,871	347,724,242	4,507,256,113		4,507,256,113	4,333,157,183		(174,098,930)	96 %	104 %				3,813,144,804
Other revenue	880,340,356	67,582,811	947,923,167		947,923,167	808,193,909		(139,729,258)	85 %	92 %				1,081,238,765
Gains on disposal of PPE	5,880,214	900,000	6,780,214		6,780,214	33,798,796		27,018,582	- %	- %				6,222,892
Total Revenue (excluding capital transfers and contributions)	30,212,443,362	453,811,328	30,666,254,690		30,666,254,690	30,223,037,507		(443,217,183)	99 %	100 %				28,270,831,670

Appendix E (Municipality only)
Budgeted Financial Performance (revenue and expenditure)
for the period ended 30 June 2018

2017/18								2016/17 Restated					
Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council policy) & 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	8,731,534,889	(107,455,952)	8,624,078,937	(33,000)	8,624,045,937	8,126,590,105	-	(497,455,832)	94 %	93 %	-	-	7,883,278,269
Remuneration of councillors	125,280,507	-	125,280,507	-	125,280,507	123,785,928	-	(1,494,579)	99 %	99 %	-	-	115,513,604
Debt impairment	1,175,972,918	(40,000,000)	1,135,972,918	-	1,135,972,918	1,712,997,942	577,025,024	577,025,024	151 %	146 %	-	-	1,270,227,002
Depreciation & asset impairment	1,958,477,467	(96,086,668)	1,862,390,799	-	1,862,390,799	2,041,795,887	179,405,088	179,405,088	110 %	104 %	-	-	1,584,284,100
Finance charges	1,417,116,653	38,966,656	1,456,083,309	-	1,456,083,309	1,686,312,742	230,229,433	230,229,433	116 %	119 %	-	-	1,300,990,135
Bulk purchases	9,991,117,564	(34,004,489)	9,957,113,075	(10,000,000)	9,947,113,075	9,802,765,758	-	(144,347,317)	99 %	98 %	-	-	9,560,457,810
Other materials	345,084,741	(10,149,413)	334,935,328	28,504,822	363,440,150	324,142,492	-	(39,297,658)	89 %	94 %	-	-	270,078,103
Contracted services	2,966,165,804	542,204,453	3,508,370,257	16,310,178	3,524,680,435	2,485,413,588	-	(1,039,266,847)	71 %	84 %	-	-	2,799,728,867
Transfers and grants	133,361,859	36,274,816	169,636,675	-	169,636,675	151,603,906	-	(18,032,769)	89 %	114 %	-	-	422,545,041
Other expenditure	3,141,489,648	385,950,676	3,527,440,324	(34,782,000)	3,492,658,324	3,348,474,268	-	(144,184,056)	96 %	107 %	-	-	2,915,128,678
Loss on disposal of PPE	1,062	-	1,062	-	1,062	205,899,784	205,898,722	205,898,722	19,387,927 %	100 %	-	-	99,807,235
Total Expenditure	29,985,603,112	715,700,079	30,701,303,191	-	30,701,303,191	30,009,782,400	1,192,558,267	(691,520,791)	98 %	100 %	-	-	28,222,038,844
Surplus/(Deficit)	226,840,250	(261,888,751)	(35,048,501)		(35,048,501)	213,255,107	(1,192,558,267)	248,303,608	(608)%	94 %			48,792,826
Transfers recognised - capital (monetary - National/Provincial)	2,373,284,040	(607,573)	2,372,676,467		2,372,676,467	2,104,325,795		(268,350,672)	89 %	89 %			2,310,451,676
Transfers recognised - capital (monetary - Departmental agencies)	32,815,800	-	32,815,800		32,815,800	40,787,721		7,971,921	- %	- %			37,665,174
Transfers recognised - capital (monetary - in-kind: all)	6,000,000	(1,100,000)	4,900,000		4,900,000	940,363		(3,959,637)	- %	- %			-
Surplus/(Deficit) after capital transfers & contributions	2,638,940,090	(263,596,324)	2,375,343,766		2,375,343,766	2,359,308,986		(16,034,780)	99 %	89 %			2,396,909,676
Surplus/(Deficit) after taxation	2,638,940,090	(263,596,324)	2,375,343,766		2,375,343,766	2,359,308,986		(16,034,780)	99 %	89 %			2,396,909,676
Surplus/(Deficit) attributable to municipality	2,638,940,090	(263,596,324)	2,375,343,766		2,375,343,766	2,359,308,986		(16,034,780)	99 %	89 %			2,396,909,676
Surplus/(Deficit) for the year	2,638,940,090	(263,596,324)	2,375,343,766		2,375,343,766	2,359,308,986		(16,034,780)	99 %	89 %			2,396,909,676

Appendix F (Municipality only)
Budgeted Capital Expenditure by vote, standard classification and funding
for the period ended 30 June 2018

	2017/18									2016/17 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															
City Manager	466,000,000	(307,800,000)	158,200,000	-	-	158,200,000	138,653,698	-	(19,546,302)	88 %	30 %	-	-	-	48,002,376
Group Audit and Risk	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	5,856,317
Economic Development & Spatial Planning	108,900,000	(2,104,350)	106,795,650	-	-	106,795,650	77,567,853	-	(29,227,797)	73 %	71 %	-	-	-	47,537,898
Group Human Capital Management	-	-	-	-	-	-	-	-	-	DIV/0 %	- %	-	-	-	4,298,406
Group Property	5,000,000	(5,000,000)	-	-	-	-	-	-	-	DIV/0 %	- %	-	-	-	-
Shared Services	22,000,000	34,940,000	56,940,000	-	-	56,940,000	45,864,454	-	(11,075,546)	81 %	208 %	-	-	-	160,031,342
Group Financial Services	35,000,000	-	35,000,000	-	-	35,000,000	34,980,206	-	(19,794)	100 %	100 %	-	-	-	22,200,226
Emergency Management Services	2,000,000	10,410,000	12,410,000	-	-	12,410,000	10,198,715	-	(2,211,285)	82 %	510 %	-	-	-	10,895,317
Metro Police	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	29,997,108
Community and Social Development Services	263,964,650	18,753,866	282,718,516	-	-	282,718,516	161,471,633	-	(121,246,883)	57 %	61 %	-	-	-	92,131,373
Environment and Agriculture Management	816,389,840	(73,406,946)	742,982,894	-	-	742,982,894	606,897,879	-	(136,085,015)	82 %	74 %	-	-	-	37,796,604
Health Department	356,055,664	21,608,457	377,664,121	-	-	377,664,121	374,773,520	-	(2,890,601)	99 %	105 %	-	-	-	14,031,486
Housing and Human Settlement	58,000,000	19,800,000	77,800,000	-	-	77,800,000	42,111,606	-	(35,688,394)	54 %	73 %	-	-	-	598,492,122
Roads and Transport	728,945,545	131,888,641	860,834,186	-	-	860,834,186	675,930,876	-	(184,903,310)	79 %	93 %	-	-	-	1,102,620,681
Utility Service - Water and Sanitation	597,352,870	(48,786,748)	548,566,122	-	-	548,566,122	458,016,796	-	(90,549,326)	83 %	77 %	-	-	-	421,561,237
Utility Service - Electricity	368,175,471	32,454,796	400,630,267	-	-	400,630,267	368,203,384	-	(32,426,883)	92 %	100 %	-	-	-	488,468,982
Regional Operations and Coordination	8,500,000	19,431,630	27,931,630	-	-	27,931,630	27,864,109	-	(67,521)	100 %	- %	-	-	-	9,574,297
Capital multi-year expenditure sub-total	3,836,284,040	(147,810,654)	3,688,473,386	-	-	3,688,473,386	3,022,534,729	-	(665,938,657)	82 %	79 %	-	-	-	3,093,495,772
Single-year expenditure															
City Manager	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	65,406,313
Emergency Management Services	-	10,000,000	10,000,000	-	-	10,000,000	8,661,204	-	(1,338,796)	87 %	DIV/0 %	-	-	-	-
Housing and Human Settlement	2,400,000	(100,000)	2,300,000	-	-	2,300,000	2,031,545	-	(268,455)	88 %	85 %	-	-	-	-
Economic Development and Spatial Planning	450,000	-	450,000	-	-	450,000	410,900	-	(39,100)	91 %	100 %	-	-	-	-
Group Financial Services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	21,313,239
Environment and Agriculture Management	450,000	-	450,000	-	-	450,000	393,253	-	(56,747)	- %	- %	-	-	-	-
Regional Operations and Coordination	5,000,000	-	5,000,000	-	-	5,000,000	1,942,026	-	(3,057,974)	39 %	39 %	-	-	-	-
Community and Social Development	8,000,000	-	8,000,000	-	-	8,000,000	6,553,681	-	(1,446,319)	82 %	100 %	-	-	-	9,936,346
Roads and Transport	1,900,000	-	1,900,000	-	-	1,900,000	1,682,410	-	(217,590)	89 %	89 %	-	-	-	963,848
Utility Service - Electricity	800,000	826,658	1,626,658	-	-	1,626,658	1,540,965	-	(85,693)	95 %	193 %	-	-	-	3,518,754
Utility Service - Water and Sanitation	5,000,000	-	5,000,000	-	-	5,000,000	961,798	-	(4,038,202)	19 %	19 %	-	-	-	-
Capital single-year expenditure sub-total	24,000,000	10,726,658	34,726,658	-	-	34,726,658	24,177,782	-	(10,548,876)	70 %	101 %	-	-	-	101,138,500
Total Capital Expenditure - Vote	3,860,284,040	(137,083,996)	3,723,200,044	-	-	3,723,200,044	3,046,712,511	-	(676,487,533)	82 %	79 %	-	-	-	3,194,634,272

Appendix F (Municipality only)
Budgeted Capital Expenditure by vote, standard classification and funding
for the period ended 30 June 2018

2017/18										2016/17 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	401,000,000	(251,257,476)	149,742,524	-	-	149,742,524	125,258,678	-	(24,483,846)	84 %	31 %	-	-	- 327,108,219	
Executive and Council	336,000,000	(281,197,476)	54,802,524	-	-	54,802,524	41,416,077	-	(13,386,447)	76 %	12 %	-	-	- 121,813,420	
Finance and administration	65,000,000	29,940,000	94,940,000	-	-	94,940,000	83,842,601	-	(11,097,399)	88 %	129 %	-	-	- 205,294,799	
Community and public safety	1,512,260,154	7,065,377	1,519,325,531	-	-	1,519,325,531	1,215,035,063	-	(304,290,468)	80 %	80 %	-	-	- 768,474,228	
Community and social services	141,650,000	3,400,000	145,050,000	-	-	145,050,000	104,170,271	-	(40,879,729)	72 %	74 %	-	-	- 63,688,081	
Sport and recreation	901,654,490	(71,053,080)	830,601,410	-	-	830,601,410	624,565,473	-	(206,035,937)	75 %	69 %	-	-	- 41,795,816	
Public safety	2,000,000	10,410,000	12,410,000	-	-	12,410,000	10,198,715	-	(2,211,285)	82 %	510 %	-	-	- 40,892,425	
Housing	65,400,000	19,700,000	85,100,000	-	-	85,100,000	46,085,178	-	(39,014,822)	54 %	70 %	-	-	- 608,066,420	
Health	401,555,664	44,608,457	446,164,121	-	-	446,164,121	430,015,426	-	(16,148,695)	96 %	107 %	-	-	- 14,031,486	
Economic and environmental services	561,504,248	98,222,100	659,726,348	-	-	659,726,348	511,633,738	-	(148,092,610)	78 %	91 %	-	-	- 1,133,048,968	
Planning and development	93,350,000	4,795,650	98,145,650	-	-	98,145,650	73,252,232	-	(24,893,418)	75 %	78 %	-	-	- 47,537,898	
Road transport	468,154,248	93,426,450	561,580,698	-	-	561,580,698	438,381,506	-	(123,199,192)	78 %	94 %	-	-	- 1,082,795,991	
Environmental protection	-	-	-	-	-	-	-	-	-	DIV/0	DIV/0	-	-	- 2,715,079	
Trading services	1,241,519,638	(3,313,997)	1,238,205,641	-	-	1,238,205,641	1,062,108,433	-	(176,097,208)	86 %	86 %	-	-	- 934,371,319	
Energy sources	368,975,471	33,281,454	402,256,925	-	-	402,256,925	369,744,348	-	(32,512,577)	92 %	100 %	-	-	- 491,987,736	
Water management	388,502,870	5,193,252	393,696,122	-	-	393,696,122	337,491,736	-	(56,204,386)	86 %	87 %	-	-	- 83,795,139	
Waste water management	484,041,297	(41,788,703)	442,252,594	-	-	442,252,594	354,872,349	-	(87,380,245)	80 %	73 %	-	-	- 337,766,098	
Other	144,000,000	12,200,000	156,200,000	-	-	156,200,000	132,676,600	-	(23,523,400)	85 %	92 %	-	-	- 31,631,538	
Other	144,000,000	12,200,000	156,200,000	-	-	156,200,000	132,676,600	-	(23,523,400)	85 %	92 %	-	-	- 31,631,538	
Total Capital Expenditure - Standard	3,860,284,040	(137,083,996)	3,723,200,044	-	-	3,723,200,044	3,046,712,512	-	(676,487,532)	82 %	79 %	-	-	- 3,194,634,272	
Funded by:															
National Government	2,297,112,390	(30,406,946)	2,266,705,444	-		2,266,705,444	2,042,358,850		(224,346,594)	90 %	89 %			2,269,118,618	
Provincial Government	43,507,000	27,505,951	71,012,951	-		71,012,951	59,673,358		(11,339,593)	84 %	137 %			46,709,633	
Other transfers and grants	6,000,000	1,193,422	7,193,422	-		7,193,422	3,233,783		(3,959,639)	45 %	54 %			4,498,406	
Transfers recognised - capital	2,346,619,390	(1,707,573)	2,344,911,817	-		2,344,911,817	2,105,265,991		(239,645,826)	90 %	90 %			2,320,326,657	
Public contributions & donations	100,000,000	(9,100,175)	90,899,825	-		90,899,825	61,157,097		(29,742,728)	67 %	61 %			93,627,124	
Borrowing	1,000,000,000	-	1,000,000,000	-		1,000,000,000	700,248,494		(299,751,506)	70 %	70 %			751,761,634	
Integratd City Development Grant	32,664,650	-	32,664,650	-		32,664,650	-		(32,664,650)	- %	- %			-	
Internally generated funds	381,000,000	(126,276,248)	254,723,752	-		254,723,752	180,040,930		(74,682,822)	71 %	47 %			28,918,857	
Total Capital Funding	3,860,284,040	(137,083,996)	3,723,200,044	-		3,723,200,044	3,046,712,512		(676,487,532)	82 %	79 %			3,194,634,272	

**Appendix G (Consolidated)
Budgeted Cash Flows
for the period ended 30 June 2018**

	2017/18						2016/17 Restated		
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) Rand	Final adjustments budget Rand	Final Budget Rand	Actual Outcome Rand	Variance Rand	Actual Outcome as % of Final Budget Rand	Actual Outcome as % of Original Budget Rand	Restated Audited Outcome Rand
Cash flow from operating activities									
Other sources	1,433,243,998	147,271,099	1,580,515,097	1,580,515,097	2,296,579,247	716,064,150	145 %	160 %	2,495,765,558
Ratepayers/consumers	22,884,875,161	(25,188,712)	22,859,686,449	22,859,686,449	22,376,471,808	(483,214,641)	98 %	98 %	20,445,223,689
Government - operating	4,159,531,871	347,724,242	4,507,256,113	4,507,256,113	4,320,824,281	(186,431,832)	96 %	104 %	3,980,677,184
Government - capital	2,449,910,336	(11,385,225)	2,438,525,111	2,438,525,111	2,368,845,285	(69,679,826)	97 %	97 %	2,378,837,580
Interest received	233,345,430	(103,876,772)	129,468,658	129,468,658	205,582,045	76,113,387	159 %	88 %	102,616,461
Suppliers	(16,184,652,050)	(1,049,164,416)	(17,233,816,466)	(17,233,816,466)	(15,855,704,225)	1,378,112,241	92 %	98 %	(15,765,426,757)
Employees	(8,731,534,889)	107,488,952	(8,624,045,937)	(8,624,045,937)	(8,309,579,063)	314,466,874	96 %	95 %	(8,158,582,194)
Interest paid	(1,417,356,526)	(38,366,656)	(1,455,723,182)	(1,455,723,182)	(1,696,562,764)	(240,839,582)	117 %	120 %	(1,317,500,240)
Transfers and grants	(49,980,234)	(81,288)	(50,061,522)	(50,061,522)	-	50,061,522	- %	- %	-
Taxation on surpluses	-	-	-	-	907,478	907,478	DIV/0 %	DIV/0 %	(492,225)
Net cash flow from/used operating activities	4,777,383,097	(625,578,776)	4,151,804,321	4,151,804,321	5,707,364,092	1,555,559,771	137 %	119 %	4,161,119,056
Cash flow from investing activities									
Proceeds on disposal of PPE	5,880,214	-	5,880,214	5,880,214	3,116,724	(2,763,490)	- %	- %	(1,489,354)
Capital contribution to sinking fund	-	-	-	-	(667,611,310)	(667,611,310)	- %	- %	459,843
Decrease/(increase) other non-current receivables	(101,711,820)	100,076,976	(1,634,844)	(1,634,844)	(46,605,767)	(44,970,923)	2,851 %	46 %	(2,591,394)
Decrease/(increase) in non-current investments	(500,246,483)	(242,098,082)	(742,344,565)	(742,344,565)	552,870,710	1,295,215,275	(74)%	(111)%	(1,079,656,525)
Capital assets	(3,863,903,404)	215,167,361	(3,648,736,043)	(3,648,736,043)	(3,266,977,980)	381,758,063	90 %	85 %	(3,438,512,682)
(Purchases)/repayment of leased assets	-	-	-	-	900,299	900,299	DIV/0 %	DIV/0 %	2,424,164
Transfer of functions	-	-	-	-	11,627,223	11,627,223	DIV/0 %	DIV/0 %	-
Net cash flow from/used investing activities	(4,459,981,493)	73,146,255	(4,386,835,238)	(4,386,835,238)	(3,412,680,101)	974,155,137	78 %	77 %	(4,519,365,948)
Cash flow from financing activities									
Borrowing long term/refinancing	1,000,000,000	-	1,000,000,000	1,000,000,000	-	(1,000,000,000)	- %	- %	1,000,000,000
Increase/(decrease) in Service concession arrangements	-	-	-	-	(188,169,587)	(188,169,587)	- %	- %	-
Repayment of borrowing(long-term)	(601,793,933)	315,398	(601,478,535)	(601,478,535)	(596,715,120)	4,763,415	99 %	99 %	(549,871,573)
Repayment of finance leases	-	-	-	-	(198,648,227)	(198,648,227)	- %	- %	(192,045,478)
Net cash flow from/used financing activities	398,206,067	315,398	398,521,465	398,521,465	(983,532,934)	(1,382,054,399)	(247)%	(247)%	258,082,949
Net increase/(decrease) in cash held	715,607,671	(552,117,123)	163,490,548	163,490,548	1,311,151,057	1,147,660,509	802 %	183 %	(100,163,943)
Cash/cash equivalents at the year begin:	1,907,680,971	261,634,832	2,169,315,803	2,169,315,803	1,081,561,706	1,087,754,098	50 %	57 %	1,181,725,649
Cash/cash equivalents at the year end:	2,623,288,642	(290,482,291)	2,332,806,351	2,332,806,351	2,392,712,763	2,235,414,607	103 %	91 %	1,081,561,706

Appendix H
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003 (Supplementary
unaudited information)

Name of Grants	Name of organ of state or municipal entity	Opening balance	Correction of prior years	Transfers and Returned	Quarterly Receipts					Expenditure	Closing balance	Grants and Subsidies delayed/ withheld	Reason for delay/ withholding of funds	Compliant with the grant conditions in terms of grant framework in the latest DoRA/ Provincial Gazette
					Sep	Dec	Mar	Jun	Total			July to June		
Capital Grants:														
DPSA Smart Connect	Department Public Service & Administration	-	-	(628,250)	628,250	-	-	-	628,250	-	-	None	None	Yes
Integrated national electrification Programme (INEP)	Department of Mineral & Energy (DME)	-	-	-	4,323,000	7,177,000	18,500,000	-	30,000,000	30,000,000	-	None	None	Yes
Gauteng Project Linked Housing	Gauteng: Local Government & Housing (GLGH)	16,409,130	-	(16,409,130)	-	-	-	-	-	-	-	None	None	Yes
Urban Settlement Development (USDG)	Cooperative Governance and Traditional Affairs (CoGTA)	2,889,029	-	(2,889,029)	759,714,550	-	808,208,000	-	1,567,922,550	1,470,775,730	97,146,820	None	None	Yes
Gautrans Job Creation	Gauteng: Transport	-	-	-	-	-	-	-	-	-	-	None	None	Yes
PTIS: Transport	Gauteng: Transport (GDoT)	67,481,390	-	135,046,516	339,596,000	-	309,186,894	-	648,782,894	524,691,102	56,526,666	None	None	Yes
Delft Grant	Municipality of Delft (Netherlands)	2,293,422	-	-	-	-	-	-	-	2,293,422	-	None	None	Yes
Housing Accreditation	Gauteng: Local Government & Housing (GLGH)	67,394	-	(67,394)	-	-	-	-	-	-	-	None	None	Yes
LG Seta Discretionary grant	Department of Local Government	-	-	-	-	-	2,926,400	-	2,926,400	940,363	1,986,037	None	None	Yes
Integrated City Development	National Treasury	36,254,200	-	(36,254,200)	32,664,650	-	-	-	32,664,650	-	32,664,650	None	None	Yes
Social Infrastructure Grant	National Treasury	-	-	-	27,001,916	-	-	32,338,025	59,339,941	58,631,341	708,600	None	None	Yes
Community Libraries	Gauteng: Sport, Arts, Culture & Recreation	1,396,597	-	(4,303,672)	9,507,000	-	-	-	9,507,000	1,042,014	5,557,911	None	None	Yes
Finance Management Grant (FMG)	National Treasury	-	-	-	-	-	-	-	-	-	-	None	None	Yes
Neighbourhood Development (NDPG)	National Treasury	-	-	-	20,000,000	-	-	-	20,000,000	16,892,186	3,107,814	None	None	Yes
		126,791,162	-	195,598,191	1,193,435,366	7,177,000	1,138,821,294	32,338,025	2,371,771,685	2,105,266,158	197,698,498			

Appendix H
Disclosures of Grants and Subsidies in terms of
Section 123 MFMA, 56 of 2003 (Supplementary
unaudited information)

Name of Grants	Name of organ of state or municipal entity	Opening balance	Correction of prior years	Transfers and Returned	Quarterly Receipts					Expenditure	Closing balance	Grants and Subsidies delayed/ withheld	Reason for delay/ withholding of funds	Compliant with the grant conditions in terms of grant framework in the latest DoRA/ Provincial Gazette
					Sep	Dec	Mar	Jun	Total			Jun		
Operational grants/subsidies:														
Health: HIV/AIDS	Gauteng: Department of Health & Social Development	-	-	-	7,632,000	-	5,088,000	-	12,720,000	12,720,000	-	None	None	Yes
Primary Healthcare	Gauteng: Department of Health & Social Development	-	-	-	18,616,400	13,962,300	13,962,300	-	46,541,000	46,541,000	-	None	None	Yes
Emergency Medical Services (EMS)	Gauteng: Department of Health & Social Development	-	-	-	46,195,100	-	49,797,900	-	95,993,000	95,993,000	-	None	None	Yes
Human Settlement Development: Topstructure	Gauteng: Local Government & Housing (GLGH)	161,610,910	-	17,711,757	40,140,265	109,070,931	34,900,800	-	184,111,996	109,845,243	253,589,420	None	None	Yes
Finance Management Grant (FMG)	National Treasury	-	-	-	2,650,000	-	-	-	2,650,000	2,650,000	-	None	None	Yes
LG SETA Discretionary	Department of Local Government	-	-	-	-	-	1,371,278	1,100,000	2,471,278	1,099,229	1,372,049	None	None	Yes
Equitable share	National Treasury	-	-	-	888,662,000	-	1,244,126,000	-	2,132,788,000	2,132,788,000	-	None	None	Yes
Urban Settlement Development (USDG)	Cooperative Governance and Traditional Affairs (CoGTA)	-	-	-	48,492,450	-	-	-	48,492,450	48,492,450	-	None	None	Yes
Municipal Disaster Recovery	Department Local Government	1,447,864	-	-	-	-	-	-	-	-	1,447,864	None	None	Yes
Housing Accreditation	Gauteng: Local Government & Housing (GLGH)	1,235,233	-	(1,235,233)	-	-	-	-	-	-	-	None	None	Yes
Research and Technology Development	Department Local Government	74,688	-	-	-	-	-	-	-	-	74,688	None	None	Yes
Community Libraries Services	Gauteng: Sport, Arts, Culture & Recreation	913,108	-	4,303,672	995,000	-	-	260,000	1,255,000	6,471,780	-	None	None	Yes
TRT subsidy	Roads and Transport	-	-	-	4,881,514	-	8,092,418	31,230,521	44,204,453	44,204,453	-	None	None	Yes
Broadband (Wifi)	Department Telecommunication and Postal Services	1,086,882	-	-	-	-	-	-	-	1,086,882	-	None	None	Yes
Housing Company Tshwane: SHRA	Social Housing Regulatory Authority	-	-	-	-	-	-	20,857,018	20,857,018	20,857,018	-	None	None	Yes
Research and Development	Department of Public Service and Adminsitration (DPSA)	-	-	628,250	-	-	-	839,000	839,000	1,467,250	-	None	None	Yes
PTNOG: Transport	Gauteng: Transport (GDoT)	485,940	-	(485,940)	110,524,000	-	140,932,106	-	251,456,106	246,669,547	4,786,559	None	None	Yes
Gautrans	Gauteng: Transport	11,961,293	-	-	-	-	-	-	-	-	11,961,293	None	None	Yes
Equitable Share: Fuel levy	Department Local Government	-	-	-	481,471,000	481,471,000	481,471,000	-	1,444,413,000	1,444,413,000	-	None	None	Yes
Integrated City Development	National Treasury	252,315	-	(252,315)	5,764,350	-	-	-	5,764,350	5,764,350	-	None	None	Yes
EPWP	Department of Public Works	-	-	-	14,315,000	-	6,136,000	-	20,451,000	20,451,000	-	None	None	Yes
Housing Company Tshwane: GHDS	Gauteng Department of Human Settlement	-	-	-	-	-	-	8,287,908	8,287,908	8,287,908	-			
		179,068,233	-	20,670,191	1,670,339,079	604,504,231	1,985,877,802	62,574,447	4,323,295,559	4,249,802,110	273,231,873			
Revenue per Statement of Financial Performance (see note 27)		6,123,596,480	-						6,355,068,268					
Unspent conditional grants per Statement of Financial Position (see note 11)			(305,859,395)							470,930,371)				

Report of the auditor-general to the Gauteng Provincial Legislature and the council on the City of Tshwane Metropolitan Municipality

Report on the audit of the consolidated and separate financial statements

Opinion

1. I have audited the consolidated and separate financial statements of the City of Tshwane Metropolitan Municipality and its subsidiaries (the group) set out on pages x to x, which comprise the consolidated and separate statement of financial position as at 30 June 2018, the consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practices (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act, 2003 (Act No.56 of 2003) (MFMA) and the Division of Revenue Act, 2017 (Act No. 3 of 2017) (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated and separate financial statements section of this auditor's report.
4. I am independent of the group in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matter

6. Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole and in forming my opinion, and I do not provide a separate opinion or conclusion on these matters.

Key audit matter	How the matter was addressed in the audit
Significant difficulties encountered in obtaining information requested for audit purposes	
<p>The accounting officer agreed to provide requested documents within five working days as per the signed audit engagement letter.</p> <p>In some cases, the group was unable to provide the requested documents within the agreed time. These significant difficulties had an adverse impact on the allocated time for audit execution and the evaluation of audit evidence.</p> <p>Accordingly, the significant difficulties in providing requested information on time and aiding the audit team with access to the SAP system had an impact on the audit and is considered a key audit matter.</p>	<p>To monitor the submission of documents in response to the request for information, a tracking mechanism was set up between the group and senior members of the audit team. Where information was not provided within the agreed time frame, concerns were escalated to leadership by submitting weekly progress reports to the accounting officer and holding weekly audit steering committee meetings</p> <p>Some long-outstanding information was only made available in November for audit purposes. However, constraints over access to the SAP system were resolved.</p> <p>I am satisfied that all material outstanding information has been provided and sufficient time was available to assess and report where applicable.</p>

Material uncertainty relating to going concern

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Financial sustainability

8. As disclosed in note 65 to the financial statements, the liquidity ratios were below the acceptable norm as result of the non-achievement of debtor's collection rate which will impact negatively on future cash flows.

Emphasis of matters

9. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

10. As disclosed in note 46 to the consolidated and separate financial statements, the corresponding figures for 30 June 2017 were restated as a result of errors in the consolidated and separate financial statements of the group for the year ended, 30 June 2018.

Material uncertainties

11. With reference to note 54 to the consolidated and separate financial statements, the group is the defendant in various lawsuits. The outcome of these matters cannot presently be determined and/or reliably measured therefore no provision for any liabilities that may result has been made in the consolidated and separate financial statements.

12. As disclosed in note 22 to the municipality financial statements, the consumer debtors' balance has been significantly impaired. The allowance for impairment of consumer debtors' amounts to R8,172 million (2016-17: R6,133 million), which represents 70.9% (2016-17: 60.7%) of total consumer debtors. The contribution to the provision for debt impairment, as disclosed on note 35 to the financial statements, was R1,712 million (2016-17: R1,270 million).

Material losses

13. As disclosed in note 59 to the municipality financial statements, material electricity losses of R1,524 million (2016-17: R1,563 million) was incurred, which represents 20,32% (2016-17: 20,58%) of total electricity purchased. Technical losses amounted to R525 million (2016-17: R531 million) and was due to the electricity that was lost when it was distributed from the source of generation through the transmission and distribution network to the final consumer. Non-technical losses amounted to R999 million (2016-17: R1,031 million) and were due to administrative and technical errors, negligence, theft of electricity, tampering with meters and connections which form part of illegal consumption and faulty meters.

Other matter

14. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure notes

15. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the consolidated and separate financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the consolidated and separate financial statements

16. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the SA Standards of GRAP, the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
17. In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

18. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.
19. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

20. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected pillars presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
21. My procedures address the reported performance information, which must be based on the approved performance planning documents of the group. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
22. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected pillars presented in the annual performance report of the group for the year ended 30 June 2018:

Pillars	Pages in the annual performance report
Pillar 1 – a city that facilitates economic growth and job creation	x – x
Pillar 3 – a city that delivers excellent services and protects the environment	x – x

23. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
24. I did not raise any material findings on the usefulness and reliability of reported information for the following pillars:
- Pillar 1 – A city that facilitates economic growth and job creation
 - Pillar 3 – A city that delivers excellent services and protects the environment.

Other matters

25. I draw attention to the matters below.

Achievement of planned targets

26. Refer to the annual performance report on pages' x to x for information on the achievement of planned targets for the year.

Adjustment of material misstatements

27. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Pillar 3 – A city that delivers excellent services and protects the environment. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

28. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
29. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements

30. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of the cash flow statement, receivables, commitments and irregular expenditure identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

31. An effective system of internal control for consumer debtors and revenue was not in place as required by section 64(2)(f) of the MFMA. A high number of consumer debtors were billed on estimates instead of actual meter readings, while the impairment principles applied for receivables were revised during the year.

Asset management

32. An effective system of internal control for assets including an adequate asset register was not in place as there was insufficient accounting over new and completed assets, as required by section 63(2)(c) of the MFMA.

Expenditure management

33. Money owed by the municipality was not always paid within 30 days or an agreed period, as required by section 65(2)(e) of the MFMA.
34. Reasonable steps were not taken to prevent irregular expenditure disclosed in note 49, as required by section 62(1)(d) of the MFMA. The majority of the disclosed irregular expenditure was caused by non-compliance with regulation 19(a) of the Municipal Supply Chain Management regulations.

Human resource management

35. Appointments were made in posts which were not provided for in the approved staff establishment, as required by section 66(3) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).
36. Financial interests were not disclosed by the senior managers within 60 days from date of appointment, as required by MSA regulation 36(1)(a) on appointment and conditions of employment of senior managers.
37. I was unable to obtain sufficient appropriate audit evidence that job descriptions were established for all posts in which appointments were made, as required by section 66(1)(b) of MSA.

Procurement and contract management

38. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bidding bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was also reported in the previous year.
39. Measures to combat the abuse of the SCM system were not implemented as per the requirements of SCM regulation 38(1), because some of the contracts were awarded to providers who during the last five years, failed to perform satisfactorily on a previous contract with the other organ of state.

40. Sufficient appropriate audit evidence could not be obtained that all extensions or modifications 539 to contracts were approved by a properly delegated official, as required by SCM regulation 5.

Consequence management

41. Some of the fruitless and wasteful expenditure incurred by the municipality were not investigated timeously to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Other information

42. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and those selected pillars presented in the annual performance report that have been specifically reported in the auditor's report.
43. My opinion on the consolidated and separate financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
44. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected pillars presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.
45. I have nothing to report in this regard.

Internal control deficiencies

46. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
47. The accounting officer did not adequately oversee the financial reporting, resulting in material adjustments to the financial statements, performance reports and non-compliance with the MFMA and SCM regulations.
48. The group developed a plan to address audit findings, but adherence to the plan on key items such as procurement, contract management and financial reporting were not monitored adequately, resulting in a number of repeat findings. The group failed to properly analyse the control weaknesses and implement appropriate follow-up actions that addressed the root causes of prior year audit findings.
49. Effective financial and internal control disciplines were not implemented to ensure fairly presented consolidated and separate financial statements. The preparation and review

processes were ineffective, which resulted in material adjustments to the consolidated and separate annual financial statements.

540

Other reports

50. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the group's consolidated and separate financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.

Investigations

51. Thirty-one investigations into alleged irregularities, financial misconduct and fraud were completed during the year under review. Various measures were recommended, including taking action against the identified officials, and these were in the process of being implemented. The recommendations were at various stages of implementation at the time of reporting.
52. Three hundred and nineteen cases of alleged irregularities relating to financial misconduct, fraudulent acts, theft and non-compliance were investigated during the year. The investigations were still in progress at the reporting date, with a due date for finalisation not confirmed.

Auditor-General

Johannesburg

31 December 2018



Auditing to build public confidence

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected pillars and on the group's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the constitutes the accounting officer.
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City of Tshwane Metropolitan Municipality's and its subsidiaries ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a group to cease continuing as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

5. From the matters communicated to those charged with governance, I determine those matters⁵⁴² that were most significance in the audit of the financial statements of the current period and are therefore key audit matters. I describe these matters in this auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in this auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.



2017/18 TSHWANE ECONOMIC DEVELOPMENT AGENCY ANNUAL REPORT

TABLE OF CONTENTS

GLOSSARY OF TERMS.....	4
ACRONYMS	6
PURPOSE.....	7
1. FOREWORD BY THE CHAIRPERSON AND REPORTS OF THE CEO AND CFO	8
1.1 FOREWORD BY THE CHAIRPERSON	8
1.2 FOREWORD BY THE CHIEF EXECUTIVE OFFICER	9
1.3 CHIEF FINANCIAL OFFICER'S REPORT.....	11
1.4 STRATEGIC OVERVIEW	15
2. CORPORATE GOVERNANCE	18
2.1 CORPORATE GOVERNANCE.....	18
2.2 LEGISLATIVE FRAMEWORK PRESCRIBING THE FUNCTIONS OF THE ENTITY	
20	
2.3 RISK MANAGEMENT AND INTERNAL CONTROLS.....	25
2.4 ENTITY'S SUPPLY CHAIN PROCESSES AND PROCEDURES.....	29
3. SERVICE DELIVERY PERFORMANCE	35
3.1 PERFORMANCE AGAINST TEDA'S SCORECARD FOR 2017/18	35
4. ORGANISATIONAL DEVELOPMENT PERFORMANCE	43
4.1 TEDA ORGANOGRAM AND STAFF COMPONENT	43
4.2 MANAGING THE ENTITY'S WORKFORCE.....	44
4.3 TEDA'S TURNAROUND STRATEGY ON RECRUITMENT	46
4.4 DISCLOSURES	46
4.5 SKILLS DEVELOPMENT AND TRAINING	47

4.6	MANAGEMENT OF LEAVE.....	49
4.7	HUMAN RESOURCES	49
4.8	COMPETENCY LEVELS OF FINANCE AND SUPPLY CHAIN OFFICIALS	51
5.	FINANCIAL PERFORMANCE	52
6.	AUDIT MATTERS	53
6.1	PROGRESS ON INTERNAL AUDIT.....	53
6.2	PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS	54
6.2	AUDITOR GENERAL.....	56
7.	CONCLUSION.....	63
 Annexure A: Audited Annual Financial Statement as at 30 June 2018		64
Annexure B: 2017/18 TEDA Final Audit Report		65

GLOSSARY OF TERMS

Term	Definition
Business plan	A document that summarises the work of a department or municipal entity. It highlights the functions of the department or entity, its organisational arrangements, planned activities as well as the cost associated with delivering on its mandate. The planned activities of the Tshwane Economic Development Agency revolve around economic development interventions to address socio-economic challenges such as unemployment, inequality, and poverty. A business plan also outlines related budget requirements for such interventions.
Deliverables	Set targets for a financial year that relate to the overall strategic objectives of the Tshwane Economic Development Agency. The deliverables must be in line with the five-year targets as reflected in the 2016/21 Integrated Development Plan and must demonstrate a progressive movement towards achieving the City of Tshwane's goals.
IDP scorecard	Identifies the strategic objectives for the five-year term in line with the long-term vision, Tshwane Vision 2055.
SDBIP scorecard	Drives service delivery using the Municipality's approved budget. Departments and municipal entities are expected to align their KPIs with the approved budget and related projects.
Departmental scorecard	Reflects the planned activities of a department or entity in line with its functions. Targets set in the departmental scorecard are broken down into quarterly targets. The scorecard is used to monitor a department or entity's performance on a quarterly basis.
Strategic focus area	Area of immediate importance that supports a strategic priority area and a department or entity's functional areas. The key focus areas represent the work of the department or entity and support the organisational strategy.
Functional area	Part of the approved organisational structure of the City of Tshwane (microstructure). It is an area of work of a department or municipal entity and has been budgeted for.
Indicator	Statement of measurement that is used to indicate whether progress is being made in achieving a goal. An indicator provides a framework for gathering data for measurement and reporting; translates a complex concept into a simple measurable operational variable; enables the review of the goal and objectives;

	assists in policy review processes, and helps to provide feedback to the Municipality and staff. The approved IDP 2017/21 and its first review contain such indicators. Departments and municipal entities are encouraged to improve their indicators in line with their set targets.
Key performance area	An area of focus that defines tasks and activities that are carried out in support of set objectives.
Strategic objectives (City of Tshwane)	<p>The Performance Management Guidelines state that “components of the IDP need to be translated into a set of clear and tangible objectives. The statement of objectives requires a tangible, measurable and unambiguous commitment to be made. In setting objectives, a municipality needs to carefully consider the results desired; review the precise wording and intention of the objective; avoid overly broad results statements; be clear about the scope and nature of change desired and ensure that objectives are outcome and impact focused.</p> <p>In line with the guidelines, the revised strategic objectives, as per the 2017/21 IDP revision, are:</p> <ol style="list-style-type: none"> 1) Provide sustainable service infrastructure and human settlement management; 2) Promote shared economic growth and job creation; 3) Ensure sustainable, safer cities and integrated social development; 4) Promote good governance and an active citizenry; 5) Ensure improved financial sustainability; and 6) Ensure continued organisational development, transformation, and innovation.
Strategic objective (TEDA)	What TEDA intends to do or produce in order to achieve its vision and mission.

ACRONYMS

Abbreviation	Full name
AOPI	Audit of Performance Information
Exco	Executive Committee
COID	Compensation for occupational injuries and diseases
CoT	City of Tshwane
ICT	Information and communication technology
IDP	Integrated Development Plan
KPI	Key Performance Indicator
MCAM	Municipal Continuous Audit Monitoring
MLAP	Management Letter Action Plan
MMC	Member of the Mayoral Committee
MSCOA	Municipal Standard Chart of Accounts
OECD	Organisation for Economic Cooperation and Development
OPCA	Operation Clean Audit
SCM	Supply Chain Management
SMME	Small, medium and micro-sized enterprise
SO	Strategic Objective
TEDA	Tshwane Economic Development Agency

PURPOSE

The Municipal Finance Management Act (MFMA) (56 of 2003) and the Municipal Structures Act Section 46 require Tshwane Economic Development Agency (TEDA), as a municipal entity of the City of Tshwane to prepare an annual report for each financial year. This annual report reflects the performance of the TEDA for the period 1 July 2017 to 30 June 2018.

1. FOREWORD BY THE CHAIRPERSON AND REPORTS OF THE CEO AND CFO

1.1 FOREWORD BY THE CHAIRPERSON – NILS FLAATEN

The agency has played an important role in the work needed to achieve economic goals as set out in the Tshwane Vision 2030 and in the priorities as defined by the IDP 2017-2021. Of particular importance is Strategic Pillar 1: A City that facilitates economic growth and job creation, in which the agency facilitated and attracted investment worth R3 602 400 000 and contributed 1850 towards job creation.

The 2017/18 financial year resulted in changes to the TEDA Board. I would like to welcome the newly elected members and look forward to working collectively to support and guide TEDA in achieving the high standard of performance and expected delivery.

As the new Board, we will continue monitoring the performance outcomes emanating from the revised mandate. That will include the operational structures, processes, and systems as developed by management. This includes all the necessary and appropriate internal control measures to ensure that the entity does not falter in its mission of retaining a clean audit report for 2017/18.

I would also like to thank all the previous Non-Executive Directors who gave their time, energy and effort in ensuring good governance and the attainment of a clean audit for the entity.

As we enter the 2018/19 financial year, as TEDA Board we remain focused on ensuring that the entity remains a sustainable, relevant and efficient entity of the City.

1.2 CHIEF EXECUTIVE OFFICER'S OVERVIEW – SOLLY MOGALADI

In the face of institutional review of TEDA's mandate brought about by the 2016/17 elections outcomes, TEDA continued on delivering on its mandate by ensuring all performance targets are met. Below is a synopsis of the entity's performance over the review period, as reflected in greater detail in other sections of the report:

Total number of Key Performance Indicators = 17

Key Performance Indicators achieved = 17

Key Performance Indicators not achieved = 0

% Key Performance Indicators achieved = 100%

The agency facilitated 3 investment projects into the City of Tshwane to the value of R 3 602 400 000 against an annual target of R1.5 billion with a potential of 1850 number of job opportunities. This is as a result of increased confidence in the agency's capacity to embark on high impact projects that respond to the economic and growth needs of the City.

There was a strong focus on trade and investment missions during the financial year and engaging with foreign companies to bring about investments in the City of Tshwane. During the financial year under review, a number of companies were assisted with export capabilities through the Exporter Development Programme. A significant number of Tshwane export-ready companies were taken on outward-selling missions aimed at gaining access to international markets.

The 2017/18 financial year also saw TEDA's acumen in the conceptualisation of new projects destined to change the economic landscape of the City of Tshwane. These include but not limited to the Clothing and Textile Hub and Vertical Agriculture projects which have successfully gone through initial feasibility scrutiny.

When reflecting on the previous year, it is worth mentioning that entity had for the first time achieved a Clean Audit opinion from the Auditor-General for the 2016/17 financial

year. This resulted from the collective effort of TEDA employees who are key resources in achieving our strategic objectives. As an entity, we, therefore, continue to create a work environment that supports employee growth and development. The entity successfully hosted Employee Recognition Awards on 29 June 2018, to celebrate employees and appreciate their contribution to building a high-performance workforce.

Looking ahead, the entity will continue strengthening its strategic relations as per the stakeholder management plan through initiatives aimed at building and strengthening linkages with the business community and key stakeholders.

1.3 CHIEF FINANCIAL OFFICER'S REPORT – THAMI MKWANAZI

SUMMARY OF BUDGETED REVENUE AND EXPENDITURE AS AT 30 JUNE 2018

Budgeted Revenue

Total approved budget has been revised to R61, 506,144 after taking into account previously not appropriated revenue/funds such as an unspent grant from 2016/17 and refunds from SARS and SETA as well the elimination of the budgeted project management fees. The adjusted budgeted revenue is broken down as follows:

- Grant from CoT R58, 432,180 including an unspent grant from 2016-17 of R4, 282,180 and the grant of R54, 150,000 has been received in full.
- Interest income of R393,976,
- Sale of tender documents of R20,000, and
- Other income consisting of:
 - Service SETA refunds of R58,581, and
 - VAT Refunds of R2,601,407

Revenue earned as at the reporting date is broken down as follows:

- Spent Grant from CoT R48, 785,811 which constitute 83% of the budgeted grant revenue.
- Interest income earned from all TEDA bank accounts is R516, 354.
- Sale of tender documents totaling R25,220 and
- None trade revenue termed consisting of:
 - Service SETA refunds of R58,581 taxable, and
 - VAT Refunds of R 2,757,929 not taxable.

Taxable revenue for the period excluding none trade income is R49,336,278 consisting of; spent grant, interest income and sale of tender documents as well as Service SETA refunds.

Budgeted Expenditure

Expenditure is reported net of VAT where applicable. Total expenditure as at 30 June 2018 against the allocated budget is at 80% amounting to R49, 046,288 excluding commitments and it is broken down as follow:

- Employee costs at 84% (R28,429,915) of the budgeted amount including provision for leave,
- Board fees at 54% (R 753,629),
- General expenses at 70% (R11,297,670) of the budgeted amount including depreciation and amortization expense,
- Investment promotion and funding at 86% (R 5,051,882),
- Projects at 82% (R 3,157,840), and
- Capital expenditure at 79% (R355, 352).

BUDGETED INCOME & EXPENDITURE VARIANCE ANALYSIS STATEMENTS

The income and expenditure variance statement is presented in a modified accrual basis in order to optimize decision making with regards to spending patterns.

Budgeted vs Earned Revenue

Description	Approved budget	Unspent grant allocation from 2016/17	Adjustments	Total Working Budget	Earned as at 30 June 2018	Earned %	Year to date Variance
Revenue by source:	a	b	c	d	e	f	g
Grant from CoT	54,150,000	1,364,723	2,917,457	58,432,180	48,785,811	83%	9,646,369
Project management fees	6,650,000	-	-6,650,000	-	-	0%	-
Interest income	213,075	-	180,901	393,976	516,354	131%	-122,378
Sale of tenders	-	-	20,000	20,000	25,219	126%	-5,219
Other income (taxable)	-	-	58,581	58,581	8,893	15%	49,688
Other income (none taxable)			2,601,407	2,601,407	2,811,988	108%	-210,581
Total revenue	61,013,075	1,364,723	-871,654	61,506,144	52,148,270	85%	9,357,874

The table above depicts revenue per source as at the reporting date.

Grant from CoT - This relates to the transfer received from the shareholder at the beginning of every quarter. A total of R54, 150,000 has been received to date with R4, 282,180 received in the 2016-17 financial year. Revenue earned from the operational grant shown in the revenue table above amounts to R 48,785,811 as at the end of June 2018 with a variance of about 17% above materiality of 10%.

Professional fees: Projects - The earmarked project management fees have been revised to nil due to uncertainties caused by the review of the entity's mandate, the overall impact in the current financial years' operations is minimal due to savings from other items and refunds from SARS.

Interest income - The amount of R 516,354 shown in the revenue table above in column E is earned from both TEDA's primary and investment account.

Sale of tender documents - Revenue earned from the sale of tender documents amount to R25, 220 as at the reporting date.

Other income - Refers to revenue from the following streams:

- Refunds collected from Service SETA are taxable amounting to R8,893 earned in the current with the balance of R49,688 received and earned on the prior year and has been appropriated during the budget adjustment, and
- VAT refunds from SARS amounting to R 2,811,988 is not taxable.

Budget vs Actual Expenditure as at 30 June 2018

The below table is summary of budget vs actual expenditure as at end June 2018:

Description	Approved budget	Unspent grant allocation from 2016/17	Adjustments	Total Working Budget	Spending as at 30 June 2018	Spent %	Year to date Variance	Commitments as at 30 June 2018	Remaining Budget after commitments
Expenditure by source:	a	b	c	d	e	f	g	h	i
Remuneration of Board Members	1,908,000	-	-500,000	1,408,000	753,629	54%	654,371	0	654,371
Employee Costs	34,512,120	-	-749,062	33,763,057	28,429,915	84%	5,333,142	0	5,333,142
General Expenses	15,186,693	1,050,800	-60,046	16,177,447	11,297,670	70%	4,879,777	704,588	4,175,188
Investment Promotion and Funding	4,019,051	69,540	1,788,068	5,876,659	5,051,882	86%	824,777	568,645	256,132
Projects	5,012,211	244,383	-1,425,613	3,830,981	3,157,840	82%	673,141	0	673,141
Capital Expenditure	375,000	-	75,000	450,000	355,352	79%	94,648	72,844	21,803
Total expenditure	61,013,075	1,364,723	-871,653	61,506,144	49,046,288	80%	12,459,856	1,346,078	11,113,778

1.4 STRATEGIC OVERVIEW

Vision

The vision of the Tshwane Economic Development Agency is **to be a catalyst for economic growth and development to position Tshwane as a globally competitive capital city.**

Mission

The mission of the Tshwane Economic Development Agency is **to provide integrated and innovative economic development solutions through investment promotion and funding, programme management and property management.**

Legislative mandate

TEDA is a municipal entity that was established in November 2006 and is solely owned by the City of Tshwane. TEDA is largely governed by the Companies Act, 2008 (Act 71 of 2008), the Municipal Systems Act, 2000 (Act 32 of 2000), as amended, and the Municipal Finance Management Act, 2003 (Act 53 of 2003), as amended, and its regulations.

The entity is accountable to the Department of Economic Development and Spatial Planning and the Member of the Mayoral Committee for Economic Development and Spatial Planning, who exercises political mandate and oversight. The City's Shareholder Unit provides administrative oversight, corporate governance compliance reporting, and review.

The Service Delivery Agreement entered into by TEDA and the City of Tshwane sets the mandate and the business plan for the entity. The predetermined objectives and targets set out in the business plan are attained through the entity's four strategic objectives, namely the following:

- To develop, facilitate and promote viable foreign and local investment in Tshwane

- To identify, design and develop, and manage projects with strategic economic and social benefits for the greater Tshwane community
- To promote Tshwane as a viable destination for investment through the implementation of integrated marketing and communication programmes
- To establish and build TEDA as a strong and effective organisation in the context of good governance best practices

To achieve the above-mentioned strategic objectives, TEDA has structured its operations around three programmes whose cross-cutting functions enable it to operate in an efficient and effective manner.

The programmes are:

- Programme 1: Strategic Management, Finance and Administration

The purpose of this programme is to provide effective and efficient management and strategic and administrative support to the organisation. The programme consists of strategic management, finance and governance, and corporate services.

- Programme 2: Project Portfolio Management

The purpose of this programme is to deliver a range of developments and programmes aimed at achieving the goals outlined in Vision 2030, within the parameters of TEDA's mandate from the City of Tshwane as approved by Council. The programme consists of infrastructure and industrial developments, and inner city and designated areas sub-programmes.

- Programme 3: Investment Promotion and Funding

The purpose of this programme is to promote and facilitate trade and investment in Tshwane. The programme consists of investment promotion and aftercare, export development and promotion, as well as marketing and communication sub-programmes.

Key policy developments

There have been no significant changes to TEDA's legislation and mandate to date save for the ongoing review process aimed at repositioning TEDA for improved performance and higher impact. TEDA's work is guided by the City of Tshwane's 2017/2021 Integrated Development Plan (IDP) and Tshwane Vision 2030 transformation projects, in particular, economic transformation.

2. CORPORATE GOVERNANCE

2.1 CORPORATE GOVERNANCE

The following Board members were appointed on 1 February 2018.

Table 1: Board of Directors

Board Member	Capacity: Executive / Non-Executive	Race	Gender	Board Committee Membership
Mr. Nils Flaaten	Non-Executive Director	White	Male	<ul style="list-style-type: none"> Chairperson of the Board
Mr. Andries Nkome	Non-Executive Director	African	Male	<ul style="list-style-type: none"> Remunerations and HR Committee Chairperson Social and Ethics Committee member Finance and Risk Committee member
Mr. Faizal Docrat	Non-Executive Director	Indian	Male	<ul style="list-style-type: none"> Social and Ethics Committee Chairperson Projects and Investment Committee member Finance and Risk Committee member
Mr. Sihle Shange	Non-Executive Director	African	Male	<ul style="list-style-type: none"> Projects and Investment Committee Chairperson Remunerations and HR Committee member
Mr. Solly Mogaladi	Executive Director	African	Male	<ul style="list-style-type: none"> CEO
Mr. Thami Mkhwanazi	Executive Director	African	Male	<ul style="list-style-type: none"> Social and Ethics Committee member CFO
Ms. Mpho Sedibe	Non-Executive Director	African	Female	<ul style="list-style-type: none"> Remunerations and HR Committee member Projects and Investment Committee member Finance and Risk Committee member
Ms. Tumelo Matlala-Mojapelo	Non-Executive Director	African	Female	<ul style="list-style-type: none"> Remunerations and HR Committee member Projects and Investment Committee member
Ms. Nadira Singh	Non-Executive Director	Indian	Female	<ul style="list-style-type: none"> Finance and Risk Committee Chairperson Social and Ethics Committee member

The following Board members' term of office ended on 31 January 2018.

Board Member	Capacity: Executive / Non Executive	Race	Gender	Board Committee Membership
Prof. David Luka Mosoma	Chairperson	African	Male	Term of office expired
Mr. Haralabos Gouvelis	Non-Executive	White	Male	Term of office expired
Mr. Solly Daniel Mogaladi	Executive Director	African	Male	Retained
Mr. Thami Mkhwanazi	Executive Director	African	Male	Retained
Ms. Zandile Mpungose	Non-Executive	African	Female	Term of office expired
Ms. Sizo Mzizi	Non-Executive	African	Female	Term of office expired
Mr. Fungai Khumbule Sibanda	Non-Executive	African	Male	Term of office expired
Ms. Nadira Singh	Non-Executive	Indian	Female	Retained
Mr. Jan Letsepe Thubakgale	Non- Executive	African	Male	Term of office expired
Mr. Mike William Yates	Non-Executive	White	Male	Term of office expired

2.2 LEGISLATIVE FRAMEWORK PRESCRIBING THE FUNCTIONS OF THE ENTITY

TEDA has approved a Corporate Governance Policy Framework in April 2014. The policy framework sets out, amongst other things, roles and responsibilities of the Shareholder, Board and management. The Framework was developed in line with the King Report on Corporate Governance (King IV, 2016). It also incorporates the Code of Conduct for employees and directors, Fraud Prevention Policy, Conflict of Interests Policy and ICT Governance Framework. TEDA adopted various Human Capital Policies in compliance with labour market legislation. In this regard, HR policies were currently reviewed by the Board to be in line with the relevant legislation. TEDA reviewed and adopted a Delegations of Authority Framework and Supply Chain Management Policy which allocate powers and functions to the Board, management committees, CEO and individual Executive Managers.

TEDA strives to comply with the Constitution of the Republic and the enabling general legislative prescripts. In particular, TEDA is committed to comply with all its relevant applicable legislation:

- Companies Act, 2008 (Act 71 of 2008);
- Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003);
- Local Government: Municipal Systems Act, 2000 (Act 32 of 2000);
- Broad-based Black Economic Empowerment Amendment Act, 2016 (Act 46 of 2016);
- National Environmental Management Act, 1998 (Act 107 of 1998);
- Occupational Health and Safety Act, 1993 (Act 85 of 1993);
- Labour Relations Act, 1995 (Act 66 of 1995);
- Basic Conditions of Employment Act, 1997 (Act 75 of 1997);
- Employment Equity Act, 1998 (Act 55 of 1998);
- Promotion of Access to Information Act, 2000 (Act 2 of 2000); and
- Skills Development Act, 1998 (Act 97 of 1998).

2.2.1 FUNCTIONING OF THE BOARD AGAINST THE 2016/17 WORK PLAN

The Board established the following committees to strengthen its oversight role:

2.2.1.1 PROJECTS AND INVESTMENT COMMITTEE

The committee advises the Board on the implementation of the projects portfolio of TEDA as well as CoT economic development initiatives which include investment attraction and promotion. The committee uses the Projects Management Framework adopted by the Board in order to perform its functions. During the year under review all projects were on course and starting to yield good results. In addition the entity participated in several trade and investment missions aimed also at promoting local companies and empowered Small, Medium and Micro-Sized Enterprises (SMMEs) through various trade initiatives.

2.2.1.2 FINANCE AND RISK COMMITTEE

The terms of reference of this committee include overseeing the development of financial and organisational performance policies, overseeing the development and management of risks, ensuring an effective internal audit function and ensuring that the entity addresses external audit findings. The committee also monitors the entity's compliance with key legislation and the King IV. The committee assisted the entity to achieve a clean audit opinion and it is aiming to maintain the same audit outcome.

2.2.1.3 HUMAN RESOURCE AND REMUNERATION COMMITTEE

The mandate of the committee is to advise the Board on the development and implementation of remuneration and recruitment policies of TEDA as well as other human capital policies. The committee spearheaded the process of reviewing organisational policies. It is also meant to assist the entity in recruiting competent staff to deliver on TEDA's strategic objectives.

2.2.1.4 SOCIAL AND ETHICS COMMITTEE

This committee was established in terms of the 2011 Companies Regulations. Its terms of reference include monitoring the activities of the company on socio-economic development matters and the company's standing with regard to the principles set out in the UN Global Compact Principles, the OECD recommendations regarding corruption, the Employment Equity Act, 1998, the Broad-Based Black Economic Empowerment and TEDA's corporate social responsibility. The committee ensured that the entity submit compliance reports to the relevant stakeholders.

BOARD COMMITTEE MEETINGS: 2017/18 FINANCIAL YEAR

Meetings attended during the year was as follows:

Table 2: Board and Board Committee meetings & attendance: (1 Feb 2018 – 30 June 2018)

Name of Board Member	Board	Finance and Risk Committee	Projects and Investment Committee	Remunerations and HR Committee	Social and Ethics Committee	Board Induction	Ad-hoc	AGM	TOTAL
Mr. Nils Flaaten	2	-	-	-	-	2	-	1	5
Mr. Andries Nkome	2	-	-	-	-	1	-	1	4
Mr. Faizal Docrat	2	-	-	-	-	2	-	1	5
Mr. Sihle Shange	2	-	-	-	-	2	-	1	5
Ms. Mpho Sedibe	2	-	-	-	-	2	-	1	5
Ms. Tumelo Matlala-Mojapelo	1	-	-	-	-	2	-	-	3
Ms. Nadira Singh*	6	5	-	-	-	2	2	1	16

Table 3: Previous Board and Board Committee meetings & attendance: (01 Jul 2017– 31 January 2018)

Name of Board Member	Board	Finance and Risk Committee	Projects Committee	Trade & Investment Committee	Remunerations and HR Committee	Social and Ethics Committee	Board Induction	Ad-hoc	AGM	TOTAL
Mr. FK Sibanda	5	-	-	2	5	-	-	-	-	12
Mr. H Gouvelis	5	-	1	-	3	-	-	1	-	10
Adv. L Thubakgale	5	2	-	-	4	-	-	1	-	12
Mr. MM Yates	5	-	2	2	-	-	-	1	-	10
Ms. Z Mpungose	3	-	-	2	4	-	-	1	-	10
Ms. S Mzizi	4	5	2	-	-	-	-	-	-	11
Prof. LD Mosoma	5	-	-	-	-	-	-	1	-	6

*Retained

DIRECTOR'S REMUNERATION

Table 4: Non – Executive Directors Remuneration: (1 Feb 2018 – 30 June 2018)

No	Surname	Total
1	Mr. Andries Nkome	R 25 710
2	Ms. Mpho Sedibe	R 32 566
3	Ms. Tumelo Matlala- Mojapelo	R 25 710
4	Mr. Sihle Shange	R 32 566
5	Mr. Nils Flaatten	R 39 422
6	Mr. Faizal Docrat	R 32 566
	Total	R 188 540

Table 5: Non – Executive Directors Remuneration: Previous Board (1 Jul 2017– 31 January 2018)

No	Surname	Total
1	Ms. Nadira Singh (Retained)	R 126 304
2	Mr. Fungani Khumbule Sibanda (Term expired 31 January 2018)	R 73 702
3	Mr. Haralabos Gouvelis (Term expired 31 January 2018)	R 65 132
4	Mr. Jan Letsepe Thubakgale (Term expired 31 January 2018)	R 92 556
5	Mr. Mike William Yates (Term expired 31 January 2018)	R 70 274
6	Ms. Zandile Mpungose (Term expired 31 January 2018)	R 61 704
7	Ms. Sizo Mzizi (Term expired 31 January 2018)	R 68 560
8	Prof. David Luka Mosoma (Term expired 31 January 2018)	R 71 988
	Total	R630 220

2.3 RISK MANAGEMENT AND INTERNAL CONTROLS

2.3.1 RISK MANAGEMENT STRATEGY

TEDA adopted the Public Sector Risk Management Framework from National Treasury and the King IV report on Corporate Governance to ensure that the risk management processes within TEDA are streamlined to best practices as indicated in the Enterprise Risk Management policy for the CoT and its Entities.

2.3.2 RISK MANAGEMENT PLAN

A strategic risk register was developed by Exco and approved by the Board and was monitored on a quarterly basis. The strategic risk register is a standing agenda item at Exco meetings, and is monitored quarterly and reported to the Board through the Finance and Risk Management Committee. Managers are responsible for the identification and effective management of all risks in their areas of responsibility, and how they will mitigate risks through enhancement of the internal control measures applied in their respective area of operations.

The aim of the risk review is to minimize as much as possible the risks faced by the entity and to fulfill the expectations of the shareholder and other stakeholders. TEDA management owns the responsibility to ensure that risk management strategy and policy are implemented.

In the year under review, the entity had identified eight (8) strategic risks and relevant action plans were put in place to mitigate those risks. The entity also had a total of 16 operational risks for the year under review, of which 81% of those risks are on a low and acceptable level, however, two risks that have a high dependency rate on the CoT were escalated to the strategic risk register during the year, namely:

- Failure to implement MSCOA; and
- Delays in issuing of the long-term lease over farm portion 337 Elandshoek 137Jr, with regards to the implementation of the Agro-processing project.

2.3.3 RISK MANAGEMENT ASSESSMENT PROCESS

TEDA Exco held a strategic risk review session in June 2018 whereby the previous year's strategic risk register was revised in accordance with the 2018/19 business plan. The following 6 strategic risks were identified and will be monitored on a bi-monthly basis in the 2018/19 financial year.

Risk No	Risk Name	Residual Risk Rating
1	Inability to meet the demands of investors	Medium
2	Failure to fully implement the SDA	Medium
3	Inadequate promotion of the CoT as an investment destination.	Medium
4	Failure to implement MSCOA	Medium
5	Inadequate compliance with the governance framework	Low
6	Delays in the implementation of TEDA conceptualized projects	Low

The Risk Management division together with the Office of the Company Secretary will coordinate efforts to highlight key risks to all risk and action owners, to ensure optimal mitigation. Management will implement action plans to mitigate all risks identified in the departmental risk management plan for the financial year.

2.3.2 INTERNAL CONTROLS

Internal controls refer to the policies, practices, and systems that the entity has put in place, to provide reasonable assurance that TEDA will achieve its objectives, prevent fraud and corruption from occurring, protect resources from waste, loss, theft or misuse and ensure that resources are used efficiently and effectively.

TEDA has a system of internal control to provide cost-effective assurance that the entities' goals will be economical, effectively and efficiently achieved. The City's Internal Audit provides the Audit and Performance Committee and Management with quarterly internal audit reports in terms of its approved audit coverage plan. The entity also has functional and effective management structures, such as the Executive Management Committee and its sub-committee, Operation Clean Audit (OPCA) to review, monitor and evaluate programme performance and make corrective measures where necessary.

As per the approved audit coverage plan, internal audit completed fourteen (14) audit projects to assess amongst others, the adequacy and effectiveness of internal controls. Therefore, the table below represents the overall control assessment from the audit work completed as at quarter four (4) of the 2017/18 financial year:

As can be seen in the table, the entity has maintained stable performance in its overall controls implementation. Where implementation has been inadequate has been as the result of external factors beyond the entity's control.

Audit Focus Areas / Process Areas	Overall Controls Assessment		
	Control Design	Control Implementation	Trend
Project and Contract Management	😊	😊	Improved
Stakeholder Management	😊	😐	Improved
Service Delivery Agreement Compliance between the entity and CoT	😐	😞	N/A
Human Capital Management <ul style="list-style-type: none"> - Recruitment; - Payroll; Termination & overtime; and - Leave Management 	😊	😊	Improved
Supply Chain Management	😊	😊	Improved
Operational Review <ul style="list-style-type: none"> - Marketing, Communication and Events; and - Investment Promotion and Funding 	😊	😐	Improved
Annual Audit of Performance Information	😊	😊	Neutral
Quarterly Performance Information Review (Q3)	😊	😊	Improved
😊- Adequate/Effective 😐- Requires Improvement 😞- Inadequate/Ineffective <i>Trend = either improving; neutral; deteriorating or N/A= not applicable</i>			

2.4 ENTITY'S SUPPLY CHAIN PROCESSES AND PROCEDURES

2.4.1 SUPPLY CHAIN MANAGEMENT PROCESS

Supply chain management (SCM) is an integral part of financial management and its role is to provide support in terms of goods and professional services procured by TEDA. Goods and services are procured through a system that is fair, equitable, transparent, competitive and cost-effective. Historically disadvantaged individuals and black economic empowerment are the chief driving forces when allocating contracts.

SCM is divided into the following five phases:

- **Demand management:** Demand management deals with identifying the need for goods and services, ensuring that requirements are linked to the budget, the stakeholder analysis, specifications or terms of reference, preferential procurement strategies, evaluation criteria, lead and delivery times, the cost of goods and services, and the necessary approvals for the acquisition of goods and services. In this phase, the end user plays the biggest role and is assisted by the Procurement Unit. To facilitate this process, a specification committee is appointed which consists of the end user, supply chain management and any other relevant role players.
- **Acquisition management:** In this phase, a decision is made on how to approach the market. The total cost of ownership is determined. Bid documents are compiled. Bids are invited and evaluated, and contracts are signed. This phase is executed by the Procurement Unit with some assistance from the end user and other role players. To facilitate this process, a bid evaluation committee is appointed which consists of the end user, supply chain management and any other relevant role players. A tender committee (or bid adjudication committee) is also appointed to evaluate the adjudicated contracts.
- **Logistics management:** This phase elaborates on the requisitioning of goods in storage (inventory management) for issuing to end users on request. These items are kept in storage due to the repetitive or frequent nature of requests for them, which makes it impractical to invite price quotations for each request. Orders are placed with suppliers that are registered on a supplier database. The process of placing, receiving and dispatching orders falls within the ambit of this phase.

- **Disposal management:** In this phase, unserviceable, redundant or obsolete movable items are discarded. A disposal committee is appointed to recommend a proper disposal strategy. Disposal management is conducted in accordance with delegated powers or authority.
- **Supply chain performance:** This final phase focuses on monitoring projects at their completion stage, i.e. whether the desired objectives and goals have been achieved.

SCM also takes care of the effective, efficient, economic and transparent use, management, safeguarding and maintenance of assets. Various types of forms are utilised to ensure proper control while relocating and/or moving assets around. Assets are physically assessed annually so as to determine their useful life. This is accomplished by inspecting the physical condition of the assets.

2.4.2 SUPPLY CHAIN MANAGEMENT CAPACITY IN TEDA

Currently, SCM is carried out by the following three permanent staff members:

DESIGNATION	RESPONSIBILITY
Senior Manager: Supply Chain Management	Supply chain performance and policy development
Manager: Supply Chain Management	Tender administration
Supply Chain Management Practitioner	Acquisition and Asset Management

2.4.3 APPROVAL OF SUPPLY CHAIN MANAGEMENT POLICY IN LINE WITH THE MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT 56 OF 2003)

All SCM policies are approved by the Board through the Finance, Risk and Governance Committee. Before approval is granted or the policy is adopted, care is taken to ensure that the policy is aligned with all relevant legislative frameworks such as the SCM Guide for Municipal Accounting Officers, the Municipal Finance Management Act, 2003 (Act 56 of 2003) the Municipal Supply Chain Model, the Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) and Treasury regulations as well as practice notes and circulars, etc.

The table below lists the SCM committees and their related functions

Table 6: TEDA's supply chain committees and functions

SUPPLY CHAIN MANAGEMENT COMMITTEE	GUIDELINES	FUNCTIONS AND PURPOSE OF COMMITTEE	NUMBER OF MEETINGS PLANNED	ACTUAL MEETINGS	REASONS FOR DEVIATION	INTERVENTION/ ACTION TAKEN
Bid Specification Committee	Supply Chain Management Policy	<p>A bid specification committee compiles the specifications for each procurement of goods or services by the municipal entity. A bid specification committee is composed of one or more officials of the municipal entity, preferably the manager responsible for the function involved, and it may, when appropriate, include external specialist advisors.</p> <p>No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.</p>	15	15	None	Not applicable
Bid Evaluation Committee	Supply Chain Management Policy	<p>A bid evaluation committee must be cross-functional and must consist of officials from the end user that requires the good, works or services, and at least one supply chain management official.</p> <p>The Bid Evaluation Committee must evaluate bids in accordance with the specifications and criteria specified in the bid</p>	15	15	None	Not applicable

SUPPLY CHAIN MANAGEMENT COMMITTEE	GUIDELINES	FUNCTIONS AND PURPOSE OF COMMITTEE	NUMBER OF MEETINGS PLANNED	ACTUAL MEETINGS	REASONS FOR DEVIATION	INTERVENTION/ ACTION TAKEN
		documentation for a specific procurement and evaluate each bidder's ability to execute the contract. It checks, in respect of the recommended bidder, whether municipal rates and taxes and municipal service charges are not in arrears, and it submits a report and recommendations to the Bid Adjudication Committee with regard to awarding the bid or any other related matters.				
Bid Adjudication Committee	Supply Chain Management Policy	<p>The Bid Adjudication Committee must be cross-functional, and at least one member should be a supply chain management practitioner.</p> <p>A bid adjudication committee must consist of at least four TEDA senior officials and a technical expert in the relevant field or an end user. The chairperson of the committee should be the Chief Financial Officer. Neither a member of a bid evaluation committee nor an advisor or person that assists the bid evaluation committee may be a member of a bid adjudication committee.</p>	1	1	None	Not applicable

SUPPLY CHAIN MANAGEMENT COMMITTEE	GUIDELINES	FUNCTIONS AND PURPOSE OF COMMITTEE	NUMBER OF MEETINGS PLANNED	ACTUAL MEETINGS	REASONS FOR DEVIATION	INTERVENTION/ ACTION TAKEN
		<p>The Bid Adjudication Committee must consider the report and recommendations of the Bid Evaluation Committee and make a recommendation to the Accounting Officer.</p> <p>The Bid Adjudication Committee must ensure that all necessary bid documents have been submitted, that disqualifications are justified and that valid and accountable reasons and motivations were furnished for passing overbids.</p> <p>It must ensure that scoring has been fair, consistent and correctly calculated and applied and that declarations of interest have been noted.</p>				

Table 7: TEDA Bid Adjudication Committee structure and non-compliance with the requirements

VALUE OF PURCHASE	PROCUREMENT METHOD AND REQUIREMENTS	DELEGATED AUTHORITY	OVERSIGHT ROLE	PROCUREMENT REQUIREMENTS DEVIATIONS	REASONS	INTERVENTION/ ACTION TAKEN
0 to R2 000	Petty cash	CFO	CEO	n/a	n/a	n/a
R2 001 to R10 000	Verbal quotation	CFO	CEO	n/a	n/a	n/a
R10 001 to R30 000	Three formal written quotations and tax clearance compliance	CFO	CEO	n/a	n/a	n/a
R30 001 to R200 000	Three formal written quotations and Preferential Procurement Policy Framework Act (PPPFA), tax clearance compliance	CFO	CEO			
Unlimited	Competitive bidding process (tenders): Preferential Procurement Policy Framework Act (PPPFA, tax clearance compliance	CEO	Board of Directors	n/a	n/a	n/a

3. SERVICE DELIVERY PERFORMANCE

3.1 PERFORMANCE AGAINST TEDA'S SCORECARD FOR 2017/18

3.1.1 PERFORMANCE OVERVIEW

In the year under review, the entity achieved 17 out of 17 key performance indicators in accordance with the amended 2017/18 balanced scorecard below.

Performance highlights for the year are as follows:

- TEDA had an annual target of Rand Value of landed investment projects into the City of Tshwane of R 1.5 billion for the 2017/2018 financial year. The target was achieved and exceeded as the entity evidenced the attraction of investment worth R3 602 400 000 with a potential of 1850 number of job opportunities. This resulted from the following work:
 - TEDA facilitated the launch of Rosslyn Hub phase 1. The development of Rosslyn Hub is in two main phases, with phase 1 being the subject of the rand value of investment for this year as it commenced in the year 2018. The rand value of the investment is worth R1.6 billion and will generate 1850 direct jobs & a total of 8 500 jobs, including indirect and induced. The project has a high catalytic impact and socio-economic value in terms of creating sustainable growth, equity and job creation for the City of Tshwane.
 - In addition, the entity also realized 2 new, quality investment projects worth R 2 billion and R2.4 million.
- As part of the mandate to facilitate trade and investment into the City of Tshwane, TEDA conducted research studies in the following:
 - Funding entities and their funding instruments available in the country for City of Tshwane investment opportunities.
 - Trade intelligence report for the German Chamber of Commerce for the identification of export opportunities in the SADC region.
 - In preparation of trade and investment mission to the Netherlands, the entity prepared a research study to analyse the horticulture sector in the Netherlands. The horticulture sector was identified as one of the leading sectors in the trade of floriculture and has 44% of the global trade.

- A trade intelligence report on Partnership for Action on Green Economy (Leveraging Trade in Organic and Biodiversity-based Agricultural products through South African value chains) was produced. The report was part of preparations for the Trade Mission to the Netherlands undertaken in February 2018.
- A further total of 15 new projects have been attracted into the investment pipeline in the period under review and likely to be realized within the next 24-36 months.
- The following foreign trade missions were facilitated in the period under review:
 - TEDA embarked on one (1) foreign buying trade mission. The entity led a delegation to the BME Symposium which took place from 8 – 10 November 2017 in Berlin, Germany. Ten (10) South African companies participated at the BME Symposium and were exposed to German buyers interested in sourcing South African products.
 - A dti funded trade exhibition of 6 Tshwane companies at the annual Spring Fair exhibition in Birmingham in February 2018.
 - A trade mission attended by 5 Tshwane companies to the Netherlands in February 2018.
 - A trade delegation of aerospace companies to China in March 2018.
 - TEDA collaborated with the South African Capital Equipment Export Council and led a trade mission to Tanzania from 13-19 May 2018. The entity was accompanied by six companies in the mining and retail sector.
 - TEDA undertook an investment promotion mission to Germany and Belgium. The purpose of the mission was to recruit foreign direct investment into the automotive, components and aerospace sectors. The sectors form part of the key priority sectors for the City of Tshwane and therefore TEDA.
- TEDA participated at six (6) exhibitions and trade shows as follows:
 - TEDA and City of Tshwane participated at the Sectoral Pavilion at the Gauteng Infrastructure Investment Conference (GIIC) from 27 – 28 July 2017. This was the second installment of the GIIC which is a government-led interactive conference that enables delegates to have a 360-degree view of Gauteng infrastructure strategies, developments, investments, and opportunities. Two of the City's projects were exhibited, the Tshwane BPO Park and Tshwane Automotive City.

- Participated at the BME Symposium by staging an exhibition and distributing 500 booklets with information on Tshwane Companies. The event took place from the 8th – 10th November 2017.
- Participated at the Africa Agri Indaba in Cape Town on 20 -22 November 2017 where an exhibition stand was staged and 200 booklets with information on Tshwane based companies were distributed.
- Lastly, the entity participated at the Italy-South Africa Matchmaking and Exhibition Event on Aerospace from the 4 – 5 December 2017
- A dti funded trade exhibition of 6 Tshwane companies at the annual Spring Fair exhibition in Birmingham in February 2018.
- TEDA attended and exhibited at the first annual industry symposium of the Commercial Aviation Association of Southern Africa (CAASA) in May 2018. The symposium was held at Lanseria and focused on encouraging and nurturing growth in the commercial aviation sector. The agency has established a relationship with CAASA to jointly promote the aerospace industry and has signed an MOU.
- Six capacity building workshops were held as follows:
 - United Nations Page Organic Workshop whereby 26 companies attended the workshop. The workshop took place from the 20 – 21 November 2017 in the TEDA business lounge.
 - TEDA in collaboration with the DTI jointly hosted a Global Exporter Passport Programme (GEPP) training session for 30 participants. The programme aims to prepare companies to be export ready and sustainable in export markets.
 - TEDA Led Delegation to the African Agri Investment Indaba 2017. Three (3) Tshwane based companies were identified and participated at the Indaba and B2B meetings were facilitated.
 - TEDA hosted the South African Electro-technical Export Council (SAEEC) delegation on 19 February 2018. The delegation comprised of 20 potential buyers of energy-related equipment who were also attending the Africa Energy Indaba.
 - Hosted the innovation workshop with the focus on Industry 4.0 on 8 March 2018 in partnership with SEEDLab.
 - An Export Compliance Workshop from 4-7 June 2018 was hosted. The workshop was attended by 30 companies with the purpose of training companies with the necessary South African customs and tax as well as international export compliance in order to export efficiently. The workshop was facilitated by the International Trade and Chamber Consultants.

The impact of all these initiatives is measured consistently through back-to-office reports which are accompanied by business relations established and deals concluded. These are submitted to the Board for scrutiny and further advice.

- TEDA successfully secured the assistance of the Gauteng Infrastructure Financing Agency (GIFA) regarding the prequalification process for the Agro-Processing Hub project. This is part of the investor solicitation and aimed at testing investor appetite ahead of the planned master-lease option for the Hub. The adverts have been concluded and briefing sessions with respondents are continuing.
- Regarding the Tshwane Bioenergy facility project, the preceding year ended with a pre-feasibility study. TEDA has successfully applied to Gauteng Infrastructure Financing Agency (GIFA) for financial assistance of R6 million to continue with the project. The assistance was directed at infrastructure feasibility at the Daspoort Waste Water Treatment Plant which was completed. The Daspoort Waste Water Treatment Plant that will locate Bio-Energy project offers green energy, innovation, and competitiveness for the City. The project will enable the City of Tshwane to direct organic waste from the Fresh Produce Market to the project site. This is to allow extraction of biomethane - a processed and compressed natural gas – which will be provided to Tshwane Rapid Transit Buses Depot for the gas buses operating in the local commuter routes.
- The development of the Clothing and Textile hub commenced with an investigation to define the viability of establishing Tshwane Clothing and Textile Hub within the boundaries of Tshwane Municipality. The detailed market and technical study report was completed in quarter 4 of the financial year 2017-18. The report indicates that certain men and women apparels and bed textiles have the highest growth trajectory between 2018 and 2022. These products are recommended to be manufactured in the hub. A locality analysis and site suitability will be conducted in the new financial year. Furthermore, collaboration discussions are in progress between TEDA, Gauteng Economic Development and National Department of Trade and Industry.
- The development pursuit on Groenkloof Nature Reserve began with the development of the Precinct Plan, which was concluded during the 4th quarter.

- The development facilitation for the establishment of the “Super Terminal” – Tshwane Freight and Logistics Terminal in Region 2 is progressing well with TEDA playing a facilitation, coordination and integration role. During quarter 4 the following milestones were achieved:
 - The Heads of Agreement (HOA) between Mzanzi Rail Technologies, Transnet and TEDA were reviewed and signed by all members of the tripartite agreement.
 - The Project Steering Committee (PTC) meeting was convened to clearly introduce and present a status quo of the project, define strategic focus areas, roles, and responsibility of each stakeholder.
 - TEDA as part of the HOA commitment has packaged and submitted a funding application to Gauteng Infrastructure Financing Agency (GIFA) to define and understand the market and socio-economic imperatives.

- In light of the scarce water resource and declining agricultural activities within the borders of Tshwane. TEDA commissioned an investigation to define opportunities of alternative farming methodologies such as controlled environment agriculture (CEA). The investigation assessed the viability of establishing a vertical farming facility in Tshwane. This facility will produce a variety of fresh produce within the parameters of the available technology. It is envisaged that the facility will be limited to controlled environment agriculture by using existing warehouses or factories in the City, where arable land is not required and water resources are strained. The detailed feasibility study was achieved in quarter 4 of the 2017/18 financial year.

The report recommended products with the highest growth potential which can be grown in such a facility. Hydroponics using the flood and drain irrigation process is the preferred growing method for vertical farming. A pilot approach has been recommended from the study to include activities like a pilot setup – securing funding, leasing, and refurbishing of a building, procuring pilot size production equipment, obtaining permission for water use and waste management, staff recruitment, training, procuring raw materials and consumables, conducting growing trials and doing market testing. A locality analysis and site suitability will be defined as part of the next logical steps

3.1.2 PERFORMANCE ASSESSMENT (SCORECARD)

Strategic Objective 1: To develop, facilitate and promote viable foreign and local investment in Tshwane

Number	Performance indicator	Annual target	Actual Achievement	Achieved / Not achieved	Comments/Reason for deviation/Corrective measure
1.1	Investment intelligence acquired	Two intelligence reports acquired for planning	2	Target was achieved.	None
1.2	Number of new, quality investment projects attracted into the pipeline	10 investment pipeline projects attracted	10	Target was achieved.	None
1.3	Rand value of landed investment projects into the City of Tshwane	R1.5 billion rand value of landed investment facilitated by TEDA	*R3 602 400 000	Target was achieved.	None
1.4	Number of job opportunities facilitated in Tshwane	350 job opportunities facilitated by TEDA via investment attraction	1850 job opportunities	Target was achieved.	None
1.5	Number of new, quality investment projects realised	2 investment projects realised	2	Target was achieved.	None
1.6	Trade intelligence acquired	2 Trade intelligence reports acquired	2	Target was achieved.	None
1.7	Number of capacity building workshops held for Tshwane companies	3 capacity building workshops held for Tshwane companies	3	Target was achieved.	None
1.8	Number of foreign outward missions facilitated by TEDA	4 foreign outward missions facilitated by TEDA	4	Target was achieved.	None

*The KPI actual achievement was reported as R3.84 billion instead of R3 602 400 000.

Strategic Objective 2: To identify, design, develop and manage projects with strategic economic and social benefits for the greater Tshwane community

Number	Performance indicator	Annual performance target	Annual performance achieved	Achieved/Not achieved	Comments/Reasons for deviation/Corrective measures
2.1	Development of the Agro-processing Hub	Solicitation of prequalification on proposals of the Agro-processing hub	BEC report with recommendations on the prequalifying bidder/proposer	Target was achieved.	None
2.2	Development of Tshwane Clothing and Textile Hub	Detailed market and technical feasibility study of clothing and textile hub	Detailed market and technical feasibility study of clothing and textile hub produced	Target was achieved.	None
2.3	Development of Tshwane Bio-energy facility	Detailed feasibility study	Detailed feasibility study produced	Target was achieved.	None
2.4	Number of Area Based Development studies produced, reviewed or updated	One area-based development studies produced, reviewed or updated	One area-based development study produced	Target was achieved.	None
2.5	Facilitation of Tshwane Freight Terminal and Logistics Hub	Quarterly project reports	4 Quarterly project reports produced	Target was achieved.	None
2.6	Development of Vertical Agriculture within City of Tshwane	Detailed feasibility study	Detailed feasibility study produced	Target was achieved.	None

Strategic Objective 3: To promote Tshwane as a viable investment destination through the implementation of an integrated marketing and communication programme

Number	Performance indicator	Annual performance target	Annual performance achieved	Achieved/Not achieved	Comments/Reasons for deviation/Corrective measures
3.1	Production of quarterly newsletters to promote City as preferred investment destination published	4 editions produced	4 editions produced	Target was achieved.	None
3.2	Number of exhibitions and trade shows participated in	4	4	Target was achieved.	None

Strategic Objective 4: To establish and build TEDA as a strong and effective organisation in the context of good governance best practice

Number	Performance indicator	Annual performance target	Annual performance achieved	Achieved/Not achieved	Comments/Reasons for deviation/Corrective measures
4.1	Clean audit opinion achieved at the end of audit	Clean Audit Opinion achieved at end of audit	Clean audit opinion at end of audit	Target was achieved.	None

3.1.3 PERFORMANCE IMPROVEMENT MEASURES

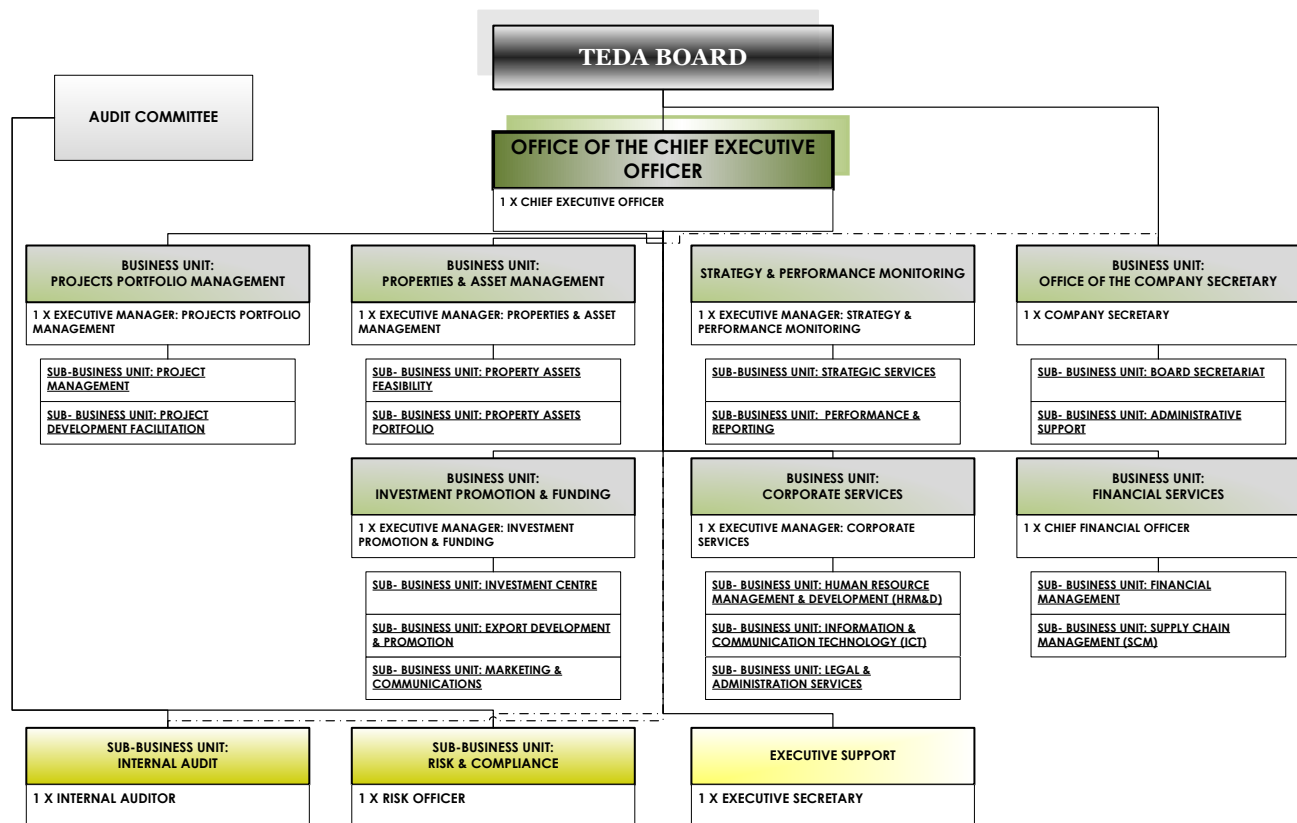
In 2017/18 financial year measures and corrective actions to ensure improved performance were implemented.

The entity is fully committed and geared towards improving its performance in the 2018/19 financial year. In light of the current process of reviewing TEDA's mandate, the entity will be putting more focus on areas which will finally be agreed upon as strategic sites for repositioning TEDA for effectiveness. Some significant work has commenced towards this objective. The current TEDA's 2018/19 business will have to be revised to take into effect the revised mandate. A process to amend such will commence in December 2018 as part of the mid-year budget adjustment. To ensure that TEDA is best positioned to respond to the above development priorities, the entity will ensure good governance and adequate capacity so as to support performance and respond to Vision 2030.

4. ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 TEDA ORGANOGRAM AND STAFF COMPONENT

As at 30 June 2017/18, the entity had a total of 60 posts on the organisational structure with 33 posts filled and 27 vacant. The following diagram illustrates TEDA's high-level organisational structure which was approved by the Board in April 2015.



4.2 MANAGING THE ENTITY'S WORKFORCE

4.2.1 TOTALS FOR INJURIES, SICKNESS, SUSPENSIONS, AND CAPACITY BUILDING/SKILLS DEVELOPMENT AND TRAINING

Injuries	Sickness	Suspensions	Capacity building/skills development and training
0	175	0	23

No injuries at work or suspensions were reported during the period under review. A total of 175 sick leave days were utilised and 23 training interventions took place.

4.2.2 EMPLOYEE EXPENDITURE

For the period under review, the total employee expenditure was R28 429 915.

4.2.3 TEDA'S EMPLOYEE TOTALS AND VACANCIES TURNOVER

Table 8: Number of approved positions filled and vacant

Business Units	No of posts	No of filled posts	No of vacancies	Vacancies %
Chief Executive Officer	7	3	4	42%
Finance Department	8	7	1	20%
Asset Management	6	0	6	100%
Company Secretary	3	3	0	0
Corporate Services	13	8	5	33%
IPF	10	8	2	28%
Projects Portfolio Management	10	4	6	70%
Internal Audit	2	0	2	100%
Risk & compliance	1	0	1	100%
TOTAL	60	33	27	47%

4.2.4 EEA REPORT (FEMALE POSITIONS AND PEOPLE WITH DISABILITIES)

The entity continues to prioritise employment equity and therefore strives to achieve annual equity targets for the race, gender, and disability among staff. The following table shows the employment equity profile of each job level.

JOB LEVELS	BLACK (A/C/I)		WHITE		FOREIGN NATIONALS		GENDER		DISABILITIES		GRAND
	M	F	M	F	M	F	M	F	M	F	Total
Executives	3	1	0	1	0	0	3	2	0	0	5
Senior management	6	1	0	0	0	0	6	1	0	0	7
Middle management	2	5	0	0	0	0	2	5	0	0	7
Specialists	3	4	0	0	0	0	3	4	0	0	7
Support	3	4	0	0	0	0	3	4	0	0	7
Total permanent	17	15	0	1	0	0	17	16	0	0	33
Temps and interns	0	0	0	0	0	0	0	0	0	0	0
Grand total	17	16	0	1	0	0	17	16	0	0	33

4.2.5 HIGHLIGHTS, CHALLENGES, AND INTERVENTIONS

Highlights

- The entity implemented interventions to improve organizational culture such as employee wellness and skills development initiatives for employees on various levels.
- To encourage good performance, the entity implemented the Board approved Rewards & Recognition Programme during the year under review.
- A review of all its employment policies and practices was conducted to ensure full compliance with applicable prescripts. T

- Implemented the necessary systems and processes to ensure compliance with the relevant legislative prescripts and standards such as COID and Employment Equity

Challenges

- There has one resignation at Executive level in the year under review

4.3 TEDA'S TURNAROUND STRATEGY ON RECRUITMENT

TEDA continues identifying and filling critical positions that deemed necessary to deliver on its mandate.

4.4 DISCLOSURES

Table 9: Remuneration of the Executives

Name	Designation	Total cost to company
Solly Mogaladi	Chief Executive Officer	R 2 050 861
Thami Mkhwanazi	Chief Financial Officer	R 1 671 702
*Boledi Seopela	Executive Manager: Corporate Services	R 1 690 804
Karin Liebenberg	Executive Manager: Investment Promotion and Funding	R1 290 428
Lebogang Mahaye	Company Secretary	R 1 409 003
Sello Sefuthi	Executive Manager: Strategy and Performance Monitoring	R 1 166 000
Mogau Leshilo	Executive Manager: Projects Portfolio Management	R 1 465 016
Total		R 10 743 814

*Executive resigned during the year under review

4.5 SKILLS DEVELOPMENT AND TRAINING

During the 2016/17 financial year, TEDA has continued to develop its staff to ensure that the organisation has the skills and expertise available in order to meet the changing demands of its environment. A total of 21 skills development interventions were attended.

Table 10: Training and development

Institution	Degree or diploma	Male				Female				Total
		A	C	I	W	A	C	I	W	
Green building council SA	Green star SA AP New building workshop	2	-	-	-	-	-	-	-	2
Green building council SA	Green star SA AP Interiors	2	-	-	-	-	-	-	-	2
Green building council SA	Green star SA AP Existing building	2	-	-	-	-	-	-	-	2
UNISA	Income tax	3	-	-	-	-	-	-	-	3
Basitsana Training Consultants	Effective Business Writing and Report Writing Skills	1	-	-	-	-	-	-	-	2
CL Skills consultants	Business communication skills programme	1	-	-	-	1	-	-	-	2
University of Pretoria	Total Quality Management	1	-	-	-	-	-	-	-	1
University of Pretoria	Customer service excellence	1	-	-	-	-	-	-	-	1
Basitsana Training Consultants	Strategy formulation & implementation	1	-	-	-	4	-	-	-	5
Jamela Consulting	Change Management	2	-	-	-	-	-	-	-	2
Jamela Consulting	Analytical thinking skills	4	-	-	-	-	-	-	-	4
Jamela Consulting	Finance for non-financial managers	-	-	-	-	2	-	-	-	2

Institution	Degree or diploma	Male				Female				Total
		A	C	I	W	A	C	I	W	
Peniel	Job Analysis & Descriptions, Evaluations & Grading Workshop	-	-	-	-	2	-	-	-	2
Talent hub	Organizational savvy	-	-	-	-	1	-	-	-	1
Proactive college	Municipal Finance Management Programme	4	-	-	-	3	-	-	-	7
University of Pretoria	Minute Taking	1	-	-	-	1	-	-	-	2
Pink elephant	COBIT Foundation	1	-	-	-	-	-	-	-	1
Pelican	Contract & risk management	3	-	-	-	-	-	-	-	6
Bytes People Solutions	MS Project 2013	1	-	-	-	-	-	-	-	1
Proactive college	Monitoring & Evaluation	2	-	-	-	-	-	-	-	2
Peniel	Strategic Human Resources Management, Recruitment and	1	-	-	-	-	-	-	-	1
Bytes People Solutions	MS Project 2013 Essentials	1	-	-	-	-	-	-	-	1
Bytes People Solutions	MS Project 2013 Advanced	1	-	-	-	-	-	-	-	1

4.6 MANAGEMENT OF LEAVE

Table 11: Leave records

Types of leave	2017/18			Days
	Description	Total sick leave	For special and sick leave (medical certificate, death certificate, and study leave information provided)	
Sick leave	n/a	175	Required proof provided	175
Annual leave	n/a	n/a	n/a	105
Special (study) leave	n/a	n/a	Required proof provided	75

A total of 175 sick leave days, 75 study leave days and 105 annual leave days were utilised in the 2017/18 financial year.

4.7 HUMAN RESOURCES

The following vacancies were filled in the 2017/18 financial year

- Senior Manager: Financial Management;
- Supply Chain Officer;
- Senior Manager: Investment Centre;
- Senior Manager: Project Development Facilitation;
- Events Coordinator; and
- Senior Manager: Strategic Services

Table 12: Staff movements

Staff movements	African		Coloured		Indian		White	
	Male	Female	Male	Female	Male	Female	Male	Female
Appointments	4	2	0	0	0	0	0	0
Resignations	1	1	0	0	0	0	0	0
Suspensions	0	0	0	0	0	0	0	0
Sick leave	79	96	0	0	0	0	0	1

The following key-value positions on middle and top management level were vacant:

Table 13: Employee totals, vacancies, and turnover

Position	Status	Plan
Executive Manager: Corporate Services	Vacant	Awaiting finalization of mandate review
Executive Manager: Strategy & Performance Monitoring	Vacant	Awaiting finalization of mandate review
Manager: Performance & Reporting	Vacant	Short-listing
Manager: Budget, reporting & management accounting	Vacant	Suitable candidate commence duties on 01 July 2018

4.8 COMPETENCY LEVELS OF FINANCE AND SUPPLY CHAIN OFFICIALS

Table 14: Progress report on financial competency development

Financial Competency Development: Progress report				
Description	A. Total number of officials employed by the Municipality (Regulation 14(4)(a) and (c))	Consolidated: Competency assessments completed for A (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial officials				
Accounting Officer	1	1	1	1
Chief Financial Officer	1	1	1	Awaiting certificate
Finance Senior Manager	1	1	1	Awaiting certificate
Any other financial officers	1	1	1	Awaiting certificate
Supply Chain Management officials				
Head of Supply Chain Management Unit	0	-	-	-
Supply Chain Management Senior Manager	1	1	1	1
Any other Supply Chain Management officials	1	1	1	1
TOTAL	6	6	6	3

5. FINANCIAL PERFORMANCE

Please refer to Annexure A.

6. AUDIT MATTERS

6.1 PROGRESS ON INTERNAL AUDIT

In terms of section 165 sub-section (2) of the Municipal Finance Management Act, the internal audit unit of a municipality or municipal entity must prepare a risk-based audit plan and an internal audit program for each financial year and advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to the following amongst others:

- Internal controls;
- Risk and risk management;
- Performance Management; and
- Compliance with this Act, the annual Division of Revenue Act and any other applicable legislation

As per approved audit coverage plan, a total of 20 audits were planned from quarter one to quarter four of 2017/18 audit cycle and 14 audits are complete (14 planned and 0 ad-hoc) representing 70% of the planned activity level as at May 2018. Furthermore, 4 of the planned audits are still in progress and 2 of the planned audits for quarter 4 have not yet started.

The table below represents a high-level summary of significant audit findings and observations from the audit work completed as at quarter four (4):

Description	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Ad-Hoc Audits	Year to Date
Planned Audit ¹ .	6	11	14	20	0	20
Finalised Audits ² .	6	7	12	14	0	14
Audits in Progress	0	6	3	4	0	4
Audits not yet started	0	0	0	2	0	2

Note:

1. That total number of planned audits per quarter (from Q1 – Q4) are cumulative
2. That total number of finalised audits per quarter (from Q1 – Q4) are also cumulative

6.2 PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS

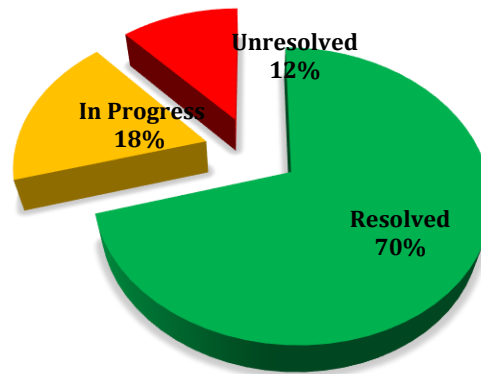
The parent municipality has constituted an oversight governance issues and action reporting structure called Municipal Continuous Audit Monitoring (MCAM). MCAM is a structure which is chaired by the Group Chief Financial Officer of the parent municipality and all Group Heads including Chief Financial Officer and Chief Executive Officers of entities are invited to attend the meeting. The purpose of the MCAM is to monitor progress made on corrective action taken or to be taken in response to issues raised in the AG (SA) management letter and also Internal Audit previous findings to ensure that those issues are ultimately resolved. The committee further focuses on the performance of risk and CoT and entities abilities to deal with emerging and materialised risk in pursuit of clean administration, sound governance, and financial management.

Group Audit & Risk of the city has a role as part of Municipal Continuous Audit Monitoring (MCAM) to validate issues of which management has reported that such issues are resolved in order to give reasonable assurance that those issues are indeed resolved /or not. Further, collaborate in seeking opportunities for continuous improvement and sustainable service delivery.

Below is a summary table and graph of progress made with regard to the implementation of action plans to address the AG (SA) log and the Internal Audit log for quarter two (2) and quarter three (3) respectively per management assertions and also per internal audit validation:

Summary of Status of AG (SA) issues as at January 2018					Summary of Status of Internal Audit issues as at June 2018				
Total no. of AG (SA) issues log	Resolved by management assertions	In Progress	Resolved by IA validation	Unresolved items	Total no. of IA issues log	Resolved by management assertion	In Progress	Resolved by IA validation	Unresolved items
9	9	0	9	0	17	12	3	10	2
	100%	0%	100%	0%		70%	18%	83%	12%

Tshwane Economic Development Agency Status of Internal Audit Issues Log as at April 2018



TEDA management has a responsibility to report the status of an action plan to address the issues raised both in the AG SA audit report and internal audit reports.

Of particular importance to note is that TEDA obtained a clean audit report by AG SA for the year ended June 2017, furthermore for 2017/18 financial year there were no issues to be followed-up /or validated by internal audit. In addition, it should be noted that there are significant improvements with regard to the implementation of controls as a number of areas highlighted above reflect to be effective, except for few areas such as compliance /or effective implementation with the Service Delivery Agreement entered into with the parent municipality.

It is anticipated that the entity will maintain their clean audit report during the 2017/18 financial year except. The threat to this goal remains the issue of non-compliance with MSCOA due to dependency on the City.

6.2 AUDITOR GENERAL

The Auditor General completed with the 2017/18 regulatory audit in November 2018 and TEDA has therefore obtained a Clean Audit for the 2017/18 financial year.

Table 15: Audit Opinions

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Audit Opinion	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Clean audit	Clean audit

The following table depicts the progress against the action plan based on the audit outcome of the 2017/18 audit. The Auditor General also identified areas of improvement for management. Recommendations included improved non-financial performance information controls and reporting. Remedial action has since been taken by management.

Table 16: Action plan based on 2017/18 Auditor-General's report

Classification	Number of findings	Repeat findings	Number of findings resolved	Number of findings not yet resolved
Annexure A: Matters affecting the audit report	0			
Annexure B: Other important matters	3	1	3	0
Annexure C: Administrative matters	0			
TOTAL	3	1	3	0

Table 17: OPCA controls and interventions

Number	Finding	Recommendations by the Auditor General	Background	Action plan	Responsible person	Due date	Progress
ANNEXURE B: OTHER IMPORTANT MATTERS							
1.	Overstatement of Commitments	<p><u>Audit finding</u></p> <p>It was noted that the amount disclosed in the financial statements under note no. 33 include some of the contracts that the entity entered into during the financial year under audit which have been paid before year-end.</p> <p><u>Internal control deficiency</u></p> <p>Management did not ensure that the commitments schedules are adequately reviewed and contracts settled during the year are excluded from the schedule and financial statements.</p> <p>There was a lack of quality review and reasonableness analysis of the commitments note by management before disclosure in the financial statements.</p>	<p><u>Management comment on audit finding:</u></p> <p>Management agrees with the audit finding the amount disclosed under Commitments note no. 33 erroneously included an amount that was paid before year-end and resulted in overstatement and as such the commitments and the annual financial statements will be corrected.</p> <p><u>Management comment on internal control deficiencies</u></p> <p>Management agrees with internal control deficiencies of ensuring that the commitment schedule is adequately reviewed. The error is an isolated event since the commitment register is maintained on the excel spreadsheet inherently susceptible to minor errors and as such the commitment schedule will be reviewed</p>	No further action required as this was an isolated error that was corrected.	Acting Chief Financial Officer	Immediate	No further action required as this was corrected.

Number	Finding	Recommendations by the Auditor General	Background	Action plan	Responsible person	Due date	Progress
		<p><u>Impact</u> Misstatement of commitments disclosure note and will result in the adjustments of financial statements.</p> <p><u>Recommendation</u> Management should review internal controls relating to commitments to ensure that information provided for disclosure in the financial statements is relevant, accurate and reliable.</p> <p>Management should monitor the contract management unit and obtain a list of all the contracts that the entity has entered into to determine the extent of the entity's commitments based on all the approved contracts. The commitments register/schedule must be prepared and reviewed on monthly basis by the SCM or finance manager.</p> <p>Management should adjust the commitments amount disclosed in the financial statements.</p>	<p>and approved monthly by two independent officials and the approver being the Senior Manager.</p> <p><u>Management comment on recommendation</u> Management will continue to review internal controls relating to commitments to ensure that information provided for disclosure in the financial statements is relevant, accurate and reliable.</p> <p>Contract Management will be enhanced in order to determine the extent of the entity's commitments based on all the approved contracts. The commitments register/schedule will be prepared and reviewed on monthly basis by the SCM or Finance Manager.</p>				

Number	Finding	Recommendations by the Auditor General	Background	Action plan	Responsible person	Due date	Progress
2.	Predetermined objectives – Consistency of objectives	<p><u>Audit finding</u></p> <p>During the usefulness test for the Audit of Predetermined Objectives (AOPO) the following consistency issues were identified:</p> <p>Objective 4: Annual Performance achieved in the annual performance report (APR) is named as “Unqualified audit opinion achieved for 2017/18” and on the Business Plan is stated as “Clean audit opinion achieved at end of audit”.</p> <p>This raises the issue of consistency between the APP and the APR and also creates a false impression as the 2017/18 audit is still under review or in process.</p>	<p><u>Management comment on audit finding:</u></p> <p>Management agrees with the finding regarding the consistency in the APR and BP.</p> <p>The KPI reflects the intention to attaining the same outcome as was achieved in 2016/17 financial year and that is why the planned target as per the business plan refers to “at the end of the audit”. Milestones towards these have been the fact that the non-material findings in the 2016/17 audit by AGSA were addressed during the audit. In addition, we have been reporting the fact that the agency has not had UIFW in the various quarterly reports which have been internally audited.</p> <p>Secondly whilst it is acknowledged that the use of different terminology could be read as being inconsistent, conceptually “Clean Audit” refers to “unqualified without repeated findings.”</p> <p>The inconsistency discovered between the APR and BP on Strategic Objective 4 was an isolated</p>	No further action required as the finding was corrected.	Acting Chief Financial Officer	Immediate	No further action required as this was corrected.

Number	Finding	Recommendations by the Auditor General	Background	Action plan	Responsible person	Due date	Progress
		<p><u>Internal control deficiency</u> Performance Management Prepare regular, accurate and complete performance reports that are supported and evidenced by reliable information.</p> <p><u>Recommendation</u> Management should ensure that adequate reviews are conducted on the Business Plan and APR to ensure that there is consistency and no non-compliance with Framework for strategic plans and annual performance plans (FSAPP) paragraph 5.3.6</p>	<p>incidence and management will correct the annual performance achieved on the APR.</p> <p><u>Management comment on internal control deficiencies</u> Management agrees with the internal control deficiencies regarding adequate proper reviews of the BP and APR to eliminate amongst others inconsistencies. Reviews of all completed work is always a primary objective for TEDA. One of the internal controls in place is that of TEDA Exco which strives to ensure that accurate and complete performance reports are evidenced with reliable information.</p> <p><u>Management comment on the recommendation</u> Management agrees with the recommendation. Management will ensure the BP and APR are adequately reviewed for consistency and complies with the Framework for Strategic Plan and Annual Performance Plan.</p>				

Number	Finding	Recommendations by the Auditor General	Background	Action plan	Responsible person	Due date	Progress
3.	Non-compliance with SARS payment dates	<p><u>Audit finding</u></p> <p>During the audit of expenditure and employee cost, it was noted that the entity has incurred fruitless and wasteful expenditure due to penalties charged by SARS. The fruitless expenditure resulted in non-compliance with the SARS requirement for payments to be made within 7 days after the end of the month of submission, the entity submitted and paid 8 days after the end of the month.</p> <p><u>Internal control deficiency</u></p> <p>Performance management</p> <p>Management did not ensure that there is adequate review processes in place to ensure that SARS payments and submissions are made on time.</p> <p>Management did not provide sufficient oversight controls over legislated timelines for submissions to ensure that they comply with SARS submission dates.</p>	<p><u>Management comment on audit finding</u></p> <p>Management agrees with the audit finding that the entity has incurred fruitless and wasteful expenditure due to penalties and interest charged by SARS as a result of late payment for the May 2018 PAYE. The late payment is an isolated incidence which was due to changes in the banking platform from Standard bank to Absa bank where the batch released for payment did not transmit and clear on time into SARS system.</p> <p><u>Management comment on internal control deficiencies</u></p> <p>Management agrees that the review processes of ensuring that SARS payments and submissions are made on time is not adequate. Management has developed an action plan aimed at ensuring that all statutory payments and submissions are processed timeously to eliminate non-compliance with the income tax act.</p>	Ensure that SARS payments and returns are processed before the cut of date.	Acting Chief Financial Officer	On-going	SARS payments and returns as at the reporting date have been processed before the cut of date.

Number	Finding	Recommendations by the Auditor General	Background	Action plan	Responsible person	Due date	Progress
		<p><u>Recommendation</u></p> <p>Management should review internal controls relating to compliance with applicable legislation to ensure that they are effective and compliance with timelines are monitored.</p> <p>Management should monitor the returns submitted to SARS regularly and ensure that they submit and pay 7 days before the cutoff dates to provide for enough time to correct errors and to ensure compliance.</p>	<p><u>Management comment on recommendation</u></p> <p>Management agrees with the recommendation and measures have been put in place to avoid the occurrence of such nature. Payments to SARS for PAYE will be processed and submitted before the cut off dates to provide for enough time to correct errors and ensure compliance.</p>				

7. CONCLUSION

TEDA continues to achieve all Key Performance Indicators and their related targets.

Through the institutional review exercise, TEDA's mandate will be clarified and all ambiguities that currently prevail will be removed, thus paving the way for the entity's effective role as envisaged in the July 2017 statement by the current administration.

Annexure A: Audited Annual Financial Statement as at 30 June 2018

Annexure B: 2017/18 TEDA Final Audit Report



HOUSING COMPANY TSHWANE

ANNUAL PERFORMANCE REPORT (2017 – 2018 FINANCIAL YEAR)

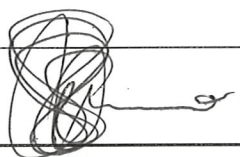
SIGN OFF	
ACTING CHIEF EXECUTIVE OFFICER Ms. O. Nyundu	
DATE:	29 November 2018

TABLE OF CONTENT

	609
1. EXECUTIVE SUMMARY	4
2. PERFORMANCE AGAINST THE ENTITY'S DEPARTMENTAL BUSINESS PLAN	4
2.1 SUMMARY OF PROGRESS AGAINST ENTITY'S BUSINESS PLAN TARGETS	5
3. PERFORMANCE AGAINST THE CORPORATE SDBIP	12
3.1 PERFORMANCE AGAINST THE SDBIP TARGETS	12
3.2 SUMMARY OF PROGRESS ON PROJECTS	13
4. PERFORMANCE ON THE 180 AND 18 MONTH PROGRAMME	14
5. FINANCIAL PERFORMANCE	14
5.1.1 SUMMARY OF FINANCIAL OPERATION RESULTS	14
5.1.2 OPERATING REVENUE	15
5.1.3 RENTAL INCOME	15
5.1.4 OPERATING GRANT	15
5.1.5 OTHER INCOME	16
5.1.6 CAPITAL GRANT TRANSFERS	16
5.2 OPERATING EXPENSES	16
5.2.1 EXPENDITURES	16
5.2.2 EMPLOYEE RELATED COSTS	16
5.2.3 REMUNERATION OF DIRECTORS	16
5.2.4 DEPRECIATION	16
5.2.5 FINANCE CHARGES	17
5.2.6 CONTRACTED SERVICES	17
5.2.7 OTHER EXPENDITURES	17
5.2.8 OTHER MATERIALS	17
5.3 CASH FLOW	17
5.4 STATEMENT OF FINANCIAL POSITION	17
5.5 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE	18
5.5.1 INCIDENTS WHICH LED TO FRUITLESS AND WASTED EXPENDITURE	18
5.5.2 INCIDENTS WHICH LED TO IRREGULAR EXPENDITURE	18
6. GOVERNANCE	18
6.1 BOARD COMPOSITION	19
6.2 BOARD AND COMMITTEE MEETINGS	19
6.3 DIRECTORS REMUNERATIONS	19
6.4 RISK MANAGEMENT AND INTERNAL CONTROLS	20
6.5 HUMAN RESOURCES	20
6.6 STRATEGIC AND INTERNAL CONTROLS	21
7. DEPENDENCIES AND CROSS CUTTING ISSUES	22
8. OPERATION CLEAN AUDIT	23
9. CONCLUSION AND RECOMMENDATIONS	26
ANNEXURE A: ENTITY'S BUSINESS PLAN REPORT	23
ANNEXURE B: STATEMENT OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE	28
ANNEXURE C: RISK REGISTER	32

1	EXECUTIVE SUMMARY
----------	--------------------------

The City seconded Mr. Moroka Kaotsane as ACEO in the fourth quarter and Ms. Obakeng Nyundu as ACOO to capacitate the entity. The appointment of the new board of directors was concluded in February 2018 and the appointment of the Chairperson was concluded in May 2018. The new board of directors has been inducted and is fully operational. The entity has advertised and interviewed candidates for the critical positions identified to keep the entity functional except the position of the Accountant and the CFO.

The CEO and CFO position was re-advertised due to the time lapse of appointment. The appointment process was delayed due to the appointment of the Chairperson of the board of directors which was concluded in May 2018. Due to the approved salary scales, the entity could not match the salaries offered in the market hence no appointment has been made. A turnaround strategy has been developed that will concentrate on the growth of the entity, strengthening the organogram and the re-branding of the company. The Entity's accreditation status is valid until March 2019.

HCT has terminated the contract with the contractor for Townlands due to the contractor's non-performance. The entity is currently in the procurement process of appointing 2 new 8GP PE or 9GB contractor to maximize on the delivery of the project. The development pipeline is underway, Chantelle x39 internal infrastructure installation has been completed and the bulk infrastructure upgrade is underway. The SDP for the Timberlands project has been submitted and currently circulating for comments.

The contractor has been appointed for the bulk infrastructure upgrade for the Sunnyside project. The project progress reports are being generated and will be tabled at the HCT's Projects and Development Committee meetings, and subsequently included in a report to the Board.

There is a report prepared by the Group Property department to transfer all the residential properties managed by them to HCT for consideration by the Council. The strategy is demonstrating the feasibility and the capacitation plan of the entity to manage this stock. The Annual Financial Statements were prepared and submitted to the Auditor-General timeously.

The Adjusted Budget and Business Plan were approved by Council in February 2018. The main objective of this year's budget adjustment was to correct the KPI's so that they are phrased properly and better alignment with the city's SDBIP. The adjusted Business Plan has also included Chantelle X39 internal reticulation because it continued to the current financial year, and the upgrading of bulk infrastructure services at the Sunnyside project.

In terms of the Social Housing Act, 2008 (Act No 16 of 2008), the City of Tshwane Metropolitan Municipality (CoT), does not implement social housing itself. However, the City creates the milieu and facilitates the environment for the delivery of social housing units. Within that, the social housing grants can thus only be accessed by accredited social housing institutions.

Social Housing must adhere to the general principles laid down in the Housing Act, 1997 (Act 107 of 1997). Moreover, the entities must comply with Part 1 Section 2, as well as in relevant sections of subsequent legislation such as the Rental Act, 1999 (Act 60 of 1999). In addition, the policy must be read in conjunction with the White Paper on Housing (1994), the Urban Development Framework (1997) and with the National Housing Code. Social housing must adhere to the general principles laid down in the Housing Act, 1997 (Act 107 of 1997).

The targets set by the Department of Human Settlements is based on projects that are currently pursued with other private social housing institutions the TMM has partnered with, including the Housing Company Tshwane (HCT). The HCT has submitted an expression of interest to the Social Housing Regulatory Authority (SHRA) for the Sunnyside, Timberlands and Chantelle projects for development. The Townlands project has obtained approval and the contractual agreements have been duly signed. The HCT is incessantly working to prepare the remaining 3 projects up to the level where a funding application can be lodged, by preparing the built-environment design and planning work required.

The detailed design for the Chantelle project has been finalized, and is awaiting the approval of the town planning process to be submitted. The detailed design for the Sunnyside project has been finalized and awaiting town planning and financial viability approval. The detail design for the Timberland project has been concluded and the SDP is currently circulating for approval.

2.1 SUMMARY OF PROGRESS AGAINST ENTITY'S BUSINESS PLAN TARGETS

TABLE 1: SUMMARY OF PERFORMANCE AGAINST THE BUSINESS PLAN

Total Nr of targets for the financial year	Number of targets for the quarter	Nr of targets not achieved for the quarter	Nr of targets achieved for the quarter	Nr of targets not achieved year to date	Nr or targets achieved year to date
28	25	4	21	6	22

TABLE 2: BUSINESS PLAN TARGETS

Departmental Division	Departmental Focus Area	Key Performance Indicator	Project Name	Budget	Annual Target	Actual	Comments on work done / Reasons for non-performance	Mitigation plan
Property Development	Deliver and provide new affordable rental units	Number of new social housing units developed	Townlands	R82,438,376	250 units	0 units	3 Blocks are at 1st floor level, 3 foundations and 3 platforms completed. The client (HCT) terminated the contract with the main contractor due to poor performance and non-compliance to the contract Not achieved	The entity is currently in the procurement process of appointing 2 new 8GB PE or 9GB contractor to maximize on the delivery of the project. The tender advert has been issued. The anticipated appointment date is the 03 August 2018.
			Timberland	R5,322,177	Approved detailed designs	Detailed design not approved	The number of units has been revised to 609 units from 574 units. The rezoning application was approved in December 2017. Submission of the SDP to the City. There is a delay from the internal departments in providing comments. Not achieved	Follow ups are being done with the departments to identify challenges and seek resolution. Metroprojects contracted an independent consultant (Revelle) to see it through and possibly fast track it through 8 Department
			Chantelle X39	R34,000,000	20% installation of bulk services – pipe laying, bedding	21% installation of bulk services	21% installation of bulk services Achieved.	N/A
			Chantelle X39	R13,256,025	100% completion of the internal reticulation	100% completion of the internal reticulation	Performance will be sustained Achieved	N/A
			Sunnyside Erf 708 & 709	R7,000,000	Upgrading bulk infrastructure services – site establishment and trenching	Upgrading bulk infrastructure services – site establishment and trenching	Performance will be sustained Achieved.	N/A
Property Manage	Acquisition of brownfields rental stocks from the CoT	Number of rental units transferred from CoT to HCT	Capital Park S & D – 69 units Oosmoot (Villieria)– 60 units	R7,516,939 maintenance provision	284 Self-sufficient Elderly Rental stock units transferred	284 Self-sufficient Elderly Rental	Performance will be sustained Achieved.	N/A

		Claremont – (BeterWag) 50 units Danville S & D – 87 units Danville Flats – 18 units			stock units transferred		
Deliver services by developing and managing affordable rental housing in the City of Tshwane.	Occupancy level in units increased	Eloff	R3,427,313 revenue	96%	97%	Performance will be sustained Achieved.	
		Clarina	R983,880 revenue	97%	97%	Performance will be sustained Achieved.	
		Silwerkroon	R1,350,938 revenue	96%	98%	Performance will be sustained Achieved.	
		Capital Park	R532,164 revenue	96%	95%	The slight non achievement was contributed by the number of units that were not in a lettable condition when they were transferred from the City of Tshwane to the Entity. Not Achieved	The damaged units will be repaired and re-instated to a lettable conditions in the next reporting period.
		Oosmoot (Villoria)	R656,156 revenue	96%	99%	Performance will be sustained Achieved.	
		BeterWag (Claremont 50)	R539,667 revenue	96%	96%	Performance will be sustained Achieved.	
		Danville S & D and Danville Flats	R877,931 revenue	96%	96%	Performance will be sustained Achieved.	

		Turnaround in resolving tenant maintenance requests increased	Eloff, Clarina & Silwerkroon	R755,782	80 % of the tenant maintenance requests are resolved within agreed turnaround time.	95.52%	Performance will be sustained Achieved.	This KPI's will be adjusted and merged in the next financial period
		Turnaround in resolving tenant maintenance requests increased	Capital Park, Oosmoot (Villieria), BeterWag (Claremont 50), Danville S & D and Danville Flats	R755,782	70 % of the tenant maintenance requests are resolved within agreed turnaround time.	95.24%	Performance will be sustained Achieved.	
		Turnaround in resolving tenant complaints increased	Eloff, Clarina & Silwerkroon	R655,782.10 Staff costs	90% of the tenant complaints are resolved within agreed turnaround time.	0%	There were no complaints received instead the complaints received were related to the maintenance which has been recorded in the KPI of the <i>Turnaround in resolving tenant maintenance requests</i> .	
		Turnaround in resolving tenant complaints increased	Capital Park, Oosmoot (Villieria), BeterWag (Claremont 50), Danville S & D and Danville Flats	R655,782.10 Staff costs	75% of the tenant complaints are resolved within agreed turnaround time.	0%	There were no complaints received instead the complaints received were related to the maintenance which has been recorded in the KPI of the <i>Turnaround in resolving tenant maintenance requests</i> .	
	Finance & SCM	Revitalise Urban growth/dismantling poverty and inequality	Development of BEE & SMME's	R65,767,869	40% of total expenditure to be spent on procurement from BEE and SMME's	56.43%	Performance will be sustained Achieved.	
		Stabilise service delivery through the development and implementation Integrated Affordable Rental Housing Strategy	Manage budget processes of the entity in accordance with regulatory frameworks	Budget management	R342,619.28 Staff costs	95% of the annual budget spent	50.57%	Vacant positions not filled and termination of Townlands' contractor Not Achieved.
								The board has re-advertised the position of the CEO & CFO and appointment will be concluded in July 2018 and the successful candidate will commence in August 2018. The entity is currently in the procurement process of appointing 2 new 8GB PE or 9GB contractor to maximize on the delivery of the project. The tender advert has been issued. The anticipated appointment date is the 03 August 2018.

	Stabilize processes to ensure increase in rental revenue.	Rental revenue collected as a percentage of amount billed	Eloff	R3,290,220 Cash flow	Increase rental collection rate of billed units by 6% = 96%	7.92%	Performance will be sustained Achieved.	
			Silwerkroon	R1,296,800 Cash flow	Increase rental collection rate of billed units by 6% = 96%	11.26%	Performance will be sustained Achieved.	
			Oosmoot (Villieria)	R623,348 Cash flow	Increase rental collection rate of billed units by 6% = 95%	11.30%	Performance will be sustained Achieved.	
			Capital Park	R505,556 Cash flow	Increase rental collection rate of billed units by 6% = 95%	12.25%	Performance will be sustained Achieved.	
			BeterWag (Claremont 50)	R495,761 Cash flow	Increase rental collection rate of billed units by 6% = 95%	11.20%	Performance will be sustained Achieved.	
			Danville S & D and Danville Flats	R834,040 Cash flow	Increase rental collection rate of billed units by 6% = 95%	13.73%	Performance will be sustained Achieved.	
	Stabilize processes to ensure increase in levies.		Clarina	R295,164 Cash flow	Increase levies collection rate of billed units by 8% = 30%	-7.25%	Tenants at Clarina have not gone through HCT's vetting process as tenant allocations are done by the City, some of the tenants are unemployed, some depend on social grants Not achieved	Attorneys were appointed to assist with collection. The matter was referred to Gauteng Rental Tribunal and some tenants were summoned to Rental Tribunal for hearing and 7 ruling were concluded. The entity is in the process of evicting defaulting tenants.
	Stabilise service delivery through the development and implementation Integrated Affordable Rental Housing Strategy			R307,801 Staff costs	Achieving Liquidity Ratio of 1:1	Liquidity ratio of 2,22:1	Performance will be sustained Achieved.	

Governance	Promote effective and efficient management of HCT and Social Housing portfolio	<p>Internal Governance Structures and Processes reviewed and approved</p> <p>Policy review and approval i.e. Supply Chain, Delegations of Authority, Human Resources, Marketing & Communication, Management, Financial and Internal control</p>	Strategic review	R355,612 Staff costs	Entity annual strategic review and approval.	Strategic document has been approved	<p>Partially achieved; the strategic review and approval happened in May 2018. However, due to the delay in the appointment finalisation of Board of Directors, policy review did not happen in Q4 and it is envisaged that it will happen in the 1st quarter of the new financial year.</p>	Policy review did not happen in Q4 and it is envisaged that it will happen in the 1 st quarter of the new financial year.
------------	--	---	------------------	-------------------------	--	--------------------------------------	--	--

3.1 PERFORMANCE AGAINST THE SDBIP TARGETS

Not Applicable to the entity.

TABLE 4: SUMMARY OF PERFORMANCE AGAINST THE SDBIP TARGETS

Total Nr of targets for the financial year	Nr of targets for the quarter	Nr of targets not achieved for the quarter	Nr of targets achieved for the quarter	Nr of targets not achieved year to date	Nr or targets achieved year to date
N/A	N/A	N/A	N/A	N/A	N/A

TABLE 5: SDBIP TARGETS NOT ACHIEVED

KPA	Indicator no.	Reason for non-achievement	Corrective measures implemented to date	Planned corrective measures to be implemented	Responsible official for corrective measure	Due date
N/A	N/A	N/A	N/A	N/A	N/A	N/A

3.2 SUMMARY OF PROGRESS ON PROJECTS

The HCT has terminated the contract with the contractor for Townlands due to the contractor's non-performance. The entity is currently in the procurement process of appointing 2 new 8GP PE or 9GB contractor to maximize on the delivery of the project. The development pipeline is underway, Chantelle x39 internal infrastructure installation has been completed and the bulk infrastructure upgrade is underway. The SDP for the Timberlands project has been submitted and currently circulating for comments. The contractor has been appointed for the bulk infrastructure upgrade for the Sunnyside project.

TABLE 6: SUMMARY OF PROJECTS

Total Nr of Projects	Nr of projects that achieved planned non-financial milestones for the quarter	Nr of projects that did not achieve planned non-financial milestones for the quarter	Nr of projects that achieved planned non-financial milestones year to date	Nr of projects that did not achieve planned non-financial milestones year to date
5	4	1	3	2

TABLE 7: NON ACHIEVED MILESTONE TARGETS ON PROJECTS AND CORRECTIVE MEASURES

Projects in the Business Plan	Corrective measures implemented for non-achieved milestone	Corrective measures to be implemented	Date of implementation	Responsible official
Townlands	The client (HCT) terminated the contract with the main contractor due to poor performance and non-compliance to the contract	The entity is currently in the procurement process of appointing 2 new 8GB PE or 9GB contractor to maximize on the delivery of the project.	3 August 2018	Acting COO
Timberlands	Follow ups are being done with the departments to identify challenges and seek resolution	Metroprojects contracted an independent consultant (Revelle) to see it through and possibly fast track it through 8 Departments	31 July 2018	Acting COO

4 PERFORMANCE ON THE 180 DAY AND 18 MONTH PROGRAMME

The entity does not have a 180 day and 18 month programme.

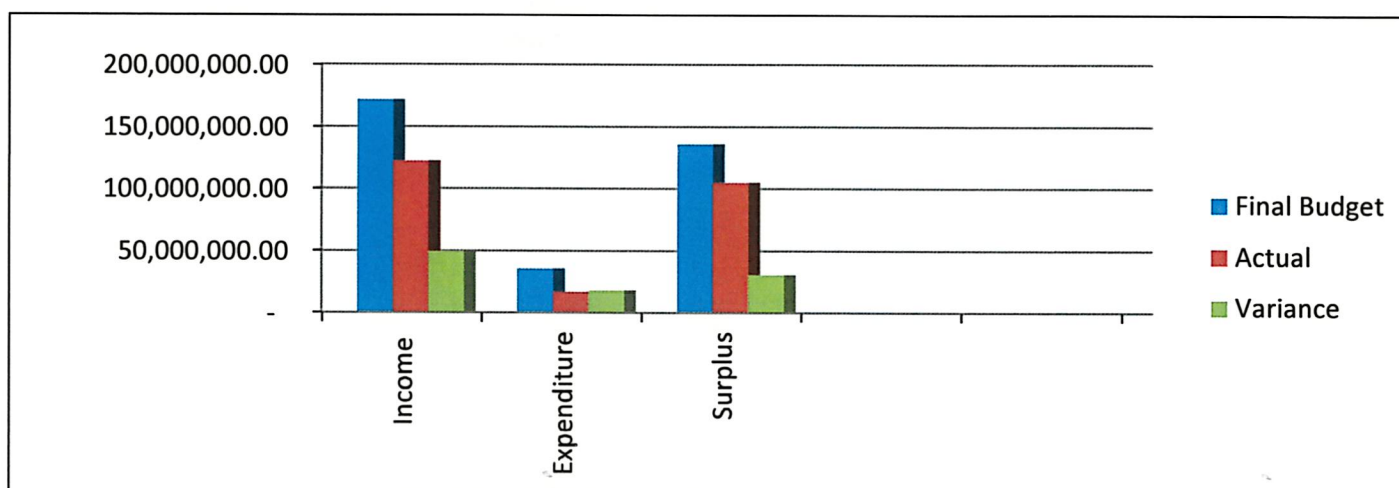
TABLE 8: SUMMARY OF PERFORMANCE ON THE 18 MONTH PROGRAMME

Programme/project	Non-achieved targets year to date	Reasons for non-achievement	Corrective measures	Date corrective measures for	Responsible official
N/A	N/A	N/A	N/A	N/A	N/A

5.1 REVENUE

5.1.1 SUMMARY OF FINANCIAL OPERATING RESULTS

The financial performance of the entity for the financial year 2017/2018 resulted into an accumulated surplus of R105 million. This was attributed to the capital grant expenditure recognized on both Townlands and Chantelle project for the development Social Housing units and reticulation of bulk infrastructure and infrastructure upgrade. Below is the graphical presentation of operating results:



ITEM	FINAL BUDGET	ACTUAL	VARIANCE
Income (incl grants)	171,822,359	122,368,024	49,454,335
Expenses	35,755,251	17,296,365	18,458,883
SURPLUS	136,067,108	105,071,656	30,995,452

5.1.2 OPERATING REVENUE

Recorded variances from the budget were from revenue categories such as rental revenue, operational grant, interest income, capita grant transfers and other revenue. The variances can be explained as follows:

5.1.2.1 RENTAL INCOME

For the period under review, the Company realized revenue of R8, 4 million as compared to the budgeted amount of R8, 5 million. The variance of R132, 145 was as a result of improved vacancy rate on units under management.

5.1.2.2 INTEREST EARNED – EXTERNAL INVESTMENT

The entity earned interest of R17, 536 as compared to the budgeted amount of R14, 073. The variance of R3, 463 was as a result of higher amount of cash in the bank which was received from the City towards the end of financial year.

5.1.2.3 OPERATIONAL GRANT

620

The entity recognized an operational grant of R31 million since the accounting treatment has been amended from conditional grant to unconditional.

5.1.2.4 OTHER INCOME

The entity realized revenue of R67, 690 as compared to the budget figure of R65, 553. The variance of R2, 137 was as a result of sale of tender documents for Chantelle project.

5.1.2.5 CAPITAL GRANT TRANSFERS

The entity realized capital grant revenue of R82 million as compared to the budget figure of R131 million. The variance of R49 million was due to the contractor's non-performance on Townlands project. As a mitigation strategy, the contractor has been terminated and the new contractor will be appointed in August 2018 to fast track the progress on the project.

5.2 EXPENDITURE

Major expenditure variances were recorded from broad expenditure categories such as employee related costs, remuneration of directors, finance charges, depreciation, contracted services, other materials and other expenditures.

5.2.1 EMPLOYEE RELATED COSTS

The entity has spent R6, 8 million as compared to the budgeted figure of R11, 9 million. The variance of R5, 1 million was due to vacant senior management positions not filled. The new board has re-advertised the position of the CEO and CFO and interviews for the position of the CEO was conducted in June 2018. The appointment will be concluded in August 2018 and new incumbent will commence in September 2018.

5.2.2 REMUNERATION OF DIRECTORS

The entity has spent R811, 820 on Directors' remuneration as compared to the budgeted amount of R 1, 2 million. Directors' remuneration is lower than the budgeted amount since there were no board meetings during the period of February and April 2018. The term of the old board came to an end in January 2018 and the new board was only inducted in May 2018 hence the variance.

5.2.3 DEPRECIATION

For the period under review, the entity has recorded depreciation of R897, 076 as compared to the budgeted amount of R971, 944. The variance of R74, 868 was as a result of assets not board for new employees. The assets will be bought once the recruitment process has been finalised for new employees.

5.2.4 FINANCE CHARGES

For the period under review, the entity has paid R 241, 127 as compared to the budgeted amount of R239, 811 in finance charges with the variance of R1, 316. This relates to the loan with National Housing Finance Corporation (NHFC).

5.2.5 CONTRACTED SERVICES

The entity has spent R3, 4 million on contracted services as compared to the budgeted amount of R13, 8 million. The variance of R10 million is due to some maintenance on buildings under management which was not implemented as per the budget and non- implementation of the rental strategy. Management tried to accelerate the implementation of maintenance plan from April to June 2018 but the time was not enough due lead time on procurement processes.

5.2.6 OTHER EXPENDITURES

The entity has spent R4, 3 million on other expenditures as compared to the budgeted amount of R6,281 million. The variance of R2, 4 million was as a result of reduced operating expenditure.

5.2.7 OTHER MATERIALS

The entity has spent R761, 722 on other materials as compared to the budgeted amount of R749 037. The variance of R12, 685 was as a result of increased expenditure on consumables used on buildings under management.

5.3 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

The entity did not have irregular, fruitless and wasteful expenditure for the fourth quarter but for the financial year the following were incurred.

5.3.1 INCIDENTS WHICH LED TO FRUITLESS AND WASTEFUL EXPENDITURE:

- Management opened Project bank account for Townlands project and the account was never linked to the other accounts, could not be accessed on the internet banking and accumulated interest on bank charges to the amount of **R4.07**. Management realized the interest after the end of the financial year and this has resulted into fruitless and wasteful expenditure. The investigation has been concluded in August 2017 and amount has been recovered from the responsible officials.
- The other fruitless and wasteful expenditure relates to interest and penalty charged by SARS on the VAT assessment. During the prior financial year 2016/2017, the entity submitted VAT 401 return with the refund from SARS and normally SARS will have to conduct an assessment before money can be paid back to the entity. During the process of the assessment SARS started charging the entity interest and penalty on the amount. Management submitted a request to SARS to waive the interest and penalty on the assessment but because the assessment is still in progress SARS could not be approved until when the assessment is concluded. The entity had to pay SARS the amount on the assessment together with the penalty to get the Valid Tax Clearance since this was hindering the entity to receive the grant from both COT and SHRA. The interest and penalty amounts to **R201, 951.14** and **R1, 306.43**. The total fruitless and wasteful expenditure amounts to **R203, 257.57**.
- Late payment of VAT in February 2018 for the period of December and January. On the 27 February 2018, the Bookkeeper loaded the VAT 401 on the SARS e-filing and uploaded the payment into the entity's ABSA account. The Finance Manager authorised the payment from the bank and contacted the Acting Chief Executive Officer (ACEO) for the final release. However, there was a misunderstanding between the ACEO and Finance Manager since the ACEO released only the interbank transfer instead of the VAT. All of us were under the impression that the VAT was paid on the 27 February 2018 but only realized on the 1 March 2018 that the payment was never released by the ACEO. SARS was contacted the same day to explain the situation but unfortunately nothing could be done since the interest and penalty had already been levied on the HCT's statement of account. This will be reported to the board for investigation. The total fruitless and wasteful expenditure amounts to **R421, 105.34**.
- Total fruitless and wasteful expenditure for the financial year amounts to **R624,366.98**

5.3.2 INCIDENTS WHICH LED TO IRREGULAR EXPENDITURE:

The irregular expenditure emanates from the previous financial year where MIH was initially appointed for pre-construction phase and later appointed for the rerouting of the sewer pipe through deviation. The basis of Irregular was that the initial appointment was for a different scope of work where the entity was supposed to have followed the proper SCM processes. The Irregular expenditure amounts to **R759, 159**.

6. GOVERNANCE

6.1 BOARD COMPOSITION

The new Board of Directors officially resumed their duties in May 2018 and attended the induction organized by the shareholder and the strategic/strategy planning session of HCT in the same month. The Board meets regularly, at least once quarterly and retains full control over the company. The Board remains accountable to City of Tshwane Metropolitan Municipality, the sole Shareholder. A Service Delivery Agreement (SDA) concluded in accordance with the provisions of the MSA governs the entity' relationship with the City of Tshwane. The Board provides Quarterly, and Annual Reports on its performance and service delivery to the parent municipality as prescribed in the SDA, the MFMA and the MSA.

THE BOARD HAS FOUR COMMITTEES, NAMELY:

- a. Finance, Risk and Ethics Committee;
- b. Human Resources and Remunerations Committee;
- c. Development and Projects Committee; and
- d. Ethics Committee.

6.2 BOARD AND COMMITTEE MEETING

BOARD COMMITTEE	NUMBER OF MEETINGS	
	QUARTER 4	YEAR TO DATE
Board meeting (normal)	0	1
Board meeting (special)	3	6
Annual General meeting	0	1
Human Resources	2	3
Finance Risks and Ethics	0	3 (2 special)
Development & Projects	0	1
Ethics Committee	0	0
Strategic Plan Review	1	2
Special Committee (Turnaround Strategy)	1	1
Special Committee (CEO Interview)	1	1

6.3 DIRECTORS REMUNERATION

None-Executive Director	Quarter 4	Year to date
Mr. T.S Phetla	0	76,754.32
Dr R.W Rowland	0	68,595.94
Adv A.J Singh	0	76,288.33
Dr M Matlou	0	64,628.70
Adv T.S Kholong	58,198.72	144,837.11
Dr E. Monhla	70,254.08	70,254.08
Ms. L. Mashao	85,800.00	85,800.00
Mr. S. Makhari	68,310.84	68,310.84
Ms. H. Mokoena	58,594.64	58,594.64
Prof R. Tshaka	43,048.72	43,048.72
Mr. T. Maluleka	54,708.16	54,708.16
Total	438,915.16	811,820.84

Executive Director (Senior Management)	Quarter 4	Year to date
Ms L. Makibinyane	221,421.90	885,687.60
Mr K.W Ramotshela	154,475.31	617,901.24
Mr J. Mokadikwa	100,140.70	400,563
Mr A. Campbell	-	55,546.91
Mr J Mkhonto		302,367.74
Total	476,037.91	2,262,066.49

6.4 RISK MANAGEMENT AND INTERNAL CONTROLS

The HCTs' Company Secretary (Cosec), is the entity's Risk Champion. He monitors the risk register on a quarterly basis. The current risk register is aligned to HCT's 2017/18 Business Plan and identifies risks which may have a negative impact on the HCT's achievement of quarterly targets.

Management has a responsibility to mitigate or eliminate the risk. At the previous Risk Committee meeting, the HCT was encouraged to compile their risk mitigation/elimination plan in a clear and understandable language. The Risk Register is tabled at the CoT's Finance and Risk Committee, APC meetings as well as HCT Board meetings. The filling of the position of Chief Financial Officer (CFO), has been identified as an action that would mitigate the HCT's legal compliance risk and contribute towards the achievement of a clean audit.

The HCT has scored very well in the reliability of its internal-controls. To prevent future irregular, fruitless and wasteful expenditure, only the CEO has the authority to effect a deviation. The Auditor General has concluded an audit in November 2017, for the previous financial year 2016/17, and the entity has received an unqualified audit opinion.

6.5 HUMAN RESOURCES

Units	Nr of posts	Nr of filled posts	Nr of vacancies	Vacancies %	Challenges	Intervention/Action to be taken
Office of the Chief Executive Officer	6	2	4	7%	The organizational structure and job descriptions needs to be revised and graded. The current approved salary scales are not competitive to the market which is resulting in a high staff turnover.	The new organogram will be developed and job descriptions amended. Assistance has been requested from the Group Human Capital Management Department to refine the Job descriptions and grading.
Office of Chief Finance Officer	8	4	4	7%		
Office of the Chief Operations Officer	6	3	3	6%		
Office of the Property Development Manager	2	2	0	0		
Office of the Property Manager	25	22	3	0.1		
Office of the Client Service Manager	8	4	4	7%		
TOTAL	55	37	18	33%		

Current Employment Equity Profile					
	African	Coloured	Indian	White	Total
Male	16				16
Female	20			1	21
Total	36	0	0	1	37
Actual %	65%	0%	0%	2%	67%
Target %	89,08%	3,64%	3,64%	3,64%	100%
Gap	13	2	2	1	18
Target Total	49	2	2	2	55
Change Totals					
Staff Levels:					
Senior Management	4	1	0	0	5

6.6 STRATEGIC AND OPERATIONAL CHALLENGES

The HCT has strategic positions that are vacant which is impacting on the performance of the entity. The organogram of the entity needs to be revised and the job descriptions need to be enhanced. A skills audit and matching needs to be conducted in order to maximize the potential of the employees and developing a growth plan.

A turn-around strategy has been commissioned and will be submitted to the City Manager for endorsement. Capital funding is required for the development of new rental units and refurbishment of the existing buildings in order to have the buildings in good shape and reduce the maintenance costs incurred.

TABLE 9: CHALLENGES

Challenges		Interventions implemented	Assistance required
1.	Reduced budget allocation for operational purposes.	Submission of draft adjusted budget.	Full Commitment of the CoT to fund the capex projects.
2.	HCT Organogram	The entity is going to develop an organogram that is aligned to the approved turnaround strategy	Appoint a Human Resource consultant to strengthen the job description and grading
3.	Staff Turnover	Approval has been obtained from the board to conduct a Salary Benchmarking exercise and Grading.	Appoint a Human Resource consultant to strengthen the job description and grading
4.	Lack of capacity within the Supply Chain division	The entity has interviewed candidate s for the Supply Chain Manager and appointment has not been made due to the fact the approved salary scale is lower than what the market is offering.	Appoint a Human Resource consultant to assist with the salary benchmarking exercise.
5.	Non- payment of Clarina levies)	Management had engagements with the residents and the committee to inform, educate and motivate to pay their levies. Phone calls were made; several letters of demand were sent. After assessing the employment status of residents, 20 employed tenants were handed over to the lawyer for action.	The City to assist in providing alternative solution for indigents.

7. DEPENDENCIES AND CROSS-CUTTING ISSUES

No	Inter-Departmental Dependency Description	Department & Individuals Assigned Responsibility	Departmental Response	Joint Action (Provide details on how the dependency will be managed)
1	Access to suitable land for social housing development/s	*Group Property *Department of Human Settlement and Housing	Group property is identifying all land parcels suitable for social Housing. The Department of Housing and Settlements is coordinating Social Housing developmental pipeline.	HCT and CoT's Department of Housing and Human Settlements are working closely and much more collaboratively than before.
2	Slow approval processes	* The CoT's Service Departments	The CoT's Service Departments and the HCT have held meetings to establish a working relationship and establish a mechanism of fast tracking approvals.	Providing a programme of works and submit it to the services department. Schedule by-monthly meetings to provide comments and amendments.

8 OPERATION CLEAN AUDIT

TABLE 11: EVIDENCE

Evidence for the quarter submitted with report (Yes/No)	Departmental evidence files updated, centralized and verified in the department (Yes/No)	If no, indicate corrective measure	Departmental project files for the quarter compiled, centralized and verified (Yes/No)	If no indicate corrective measure
Yes	Yes	N/A	Yes	N/A

TABLE 12: OPCA CONTROLS AND INTERVENTIONS

No	AG or internal audit finding not resolved	Corrective action	Responsible official	Due date
1.	Incomplete disclosure of commitments on the Annual Financial	Commitment Register has been created and is being verified against the disclosure in the quarterly financials	FM & SCM	Resolved
2.	Deviations related Townland and Timberlands projects were not fully disclosed on the Annual Financial Statements	Deviations are now being reported in the quarterly Financials once approved by the ACEO and reported to the board.	SCM, FM & ACOO	Resolved
3.	Incompleteness of payables and accruals at year end for both Townlands and Chantelle projects. During the audit of AOPO, management reported 90% completion on detailed design for Townlands and 35% progress on installation of bulk services for Chantelle projects but the Annual Financial Statement were not aligned to progress on projects. Financial Statement and these invoices impacted Trade Payables, Expenses and Assets under construction (PPE). The impact was as	Progress on project is tracked through weekly meetings of the project governance committee which is chaired by the Acting CEO and the financials are aligned to progress on projects. Every CAPEX payment certificate is now aligned to what is being reported on the project and to further align with the AFS Every CAPEX payment certificate is now aligned to what is being	FM, Bookkeeper & ACOO	Resolved

No	AG or internal audit finding not resolved	Corrective action	Responsible official	Due date
	follows: Trade payables - R15 917 307 Assets under construction - R8,630,594 Expenditure - R7,286,713	reported on the project and to further align with the AFS		
4.	Same finding as above but with impact on PPE (assets under construction) Trade payables - R15 917 307 Assets under construction - R8,630,594 Expenditure - R7,286,713	Progress on project is tracked through weekly meetings of the project governance committee which is chaired by the Acting CEO and the financials are aligned to progress on projects. Every CAPEX payment certificate is now aligned to what is being reported on the project and to further align with the AFS. Every CAPEX payment certificate is now aligned to what is being reported on the project and to further align with the AFS.	FM, Bookkeeper & ACOO	Resolved
5.	The cash flows from investing activities relating to property, plant and equipment additions included some of the supplier invoices that were not paid at year end.	The entity still needs further assistance with the cash flow. The reconciliation of the surplus or deficit presented in the statement of financial performance with the net cash flow from operating activities reflected in the cash flow statement does not balance if the assets recorded under payables are excluded from cash flow from investing activities. Management will ensure that assets purchased are paid before the end of the financial year to prevent the finding to be a repeat.	FM	Resolved
6.	Bid awarded to a supplier who does not meet the administrative evaluation criteria. The specification was not clear with regards to Audited financial statements for Close Corporations and this was condoned on the understanding that by law, a Closed Corporation (CC) is not required to audit its financial statements. All winning bidder were awarded 10 points.	Specifications include the requirement for audited financials and where these are not required by law (company is a CC), then their bookkeeper/ auditor must provide such.	ACEO & COO	Resolved
7.	The bid evaluation committee for Townlands projects did not have at least three persons with the technical knowledge of the bid when the functionality of the submitted bids was evaluated. Furthermore, the bid adjudication committee for the bid did not comprise a technical expert of the entity that being the Property Manager.	The SCM policy is aligned with the CIDB requirements for BEC & BAC composition of construction related tenders. Composition of the bid committees is in line with the CIDB and MFMA requirements	ACEO & COO	Resolved

No	AG or internal audit finding not resolved	Corrective action	Responsible official	628 Due date
8.	Management capitalized detailed design and construction costs on Townlands projects at amounts exclusive of input VAT whereas the purpose of the building is to provide residential accommodation which is an exempt supply as far as SARS rules are concerned.	The CAPEX projects are capitalized with VAT since they are related to residential use (no VAT apportionment is being applied)	Bookkeeper, FM & ACOO	Resolved
9.	Suppliers not submitting statements on a monthly basis	Notices have been sent to Suppliers for the submission of statements on the last day of the months. Monthly statement is now being submitted by suppliers	Bookkeeper & FM	Resolved
10.	Inconsistencies in the same supplier invoices submitted by MIH Projects for the Townlands Development Project, one of the invoices had no company logo.	Invoices are being thoroughly inspected for consistency by the Property Development Management, SCM and Finance	ACOO, FM & Bookkeeper	Resolved
11.	SBD4 forms filled out inadequately Declaration of interest form were not satisfactory filled. The supplier did not indicate whether or not they are an employee of the state.	Suppliers who do not fill out the declaration of interest form (SBD4) satisfactory is disqualified at the compliance evaluation stage. The CSD forms are requested from the Suppliers	SCM, Bookkeeper & FM	Resolved
12.	Overstatement of the indicator 100 units completed in Townlands Management has incorrectly disclosed 49 completed foundations as the achieved target for the indicator whereas the unit of measurement for the indicator is completed units	The responsible officials sign declaration forms that the reported actual performance is relevant to the targeted performance. Q2 and Q3 reports reflect status and progress separately.	All departments	Resolved
13.	Overstatement of the indicator detailed designs completed in Timberlands The detailed designs have not yet been received by management as they are still with the engineers and thus it has been concluded that the risks and rewards of the detailed designs have not passed to management. The reported achieved 90% has been based on a narrative submitted by the engineers which cannot be supported by the actual design.	The responsible officials sign declaration forms that the reported actual performance is relevant to the targeted performance. Q2 and Q3 reports reflect status and progress separately.	All departments	Resolved
14.	Incorrect VAT apportionment rate The entity has claimed VAT input on purchases that are to be used for exempt supplies while it has not received SARS approval on the apportionment rate.	The HCT is no longer claiming input VAT on apportionment rate PWC is assisting the entity with the VAT matters	Bookkeeper, FM & PWC consultant	Partially Resolved 30 September 2018
15.	Incorrect VAT returns submitted to SARS Based on the reconciliations performed, input VAT is not claimed from SARS and management carries over the debit balance month to month.	Every 2 nd month the HCT pays what is due to SARS and the VAT 401 i is being populated correctly to allow both SARS and the HCT determine the amounts owed to each other	Bookkeeper & FM	Resolved

During the period under review, the Internal Auditors conducted the Supply Chain Management Audit and the Operational Review (rental, revenue management and repairs and maintenance audits and will be embarking on the corporate governance audit in the first quarter of the new financial year. There were two repeat findings under SCM audits namely; Fruitless and Wasteful expenditure (interest and penalties charged by SARS) and Irregular expenditure (Re-routing of the sewer). Management will be tightening and strengthening the internal controls and procedures to avoid repeat of such incidents going forward.

In addition to above, there has been commitment from the City through the offices of the CFO and the Chief Audit Executive to strengthen the capacity of the HCT by bringing in capacity in the City towards a clean audit.

9 CONCLUSION AND RECOMMENDATIONS

HCT's performance has improved during quarter 4 of the current financial in comparison to the same period in the previous financial year. HCT has achieved 82% of its targets. Housing Company Tshwane's 2017/18 performance outlook is encouraging, provided the Shareholder (City of Tshwane) fully commits itself to the funding of catalytic projects in the subsequent quarters of the new financial year. Making the City of Tshwane a "livable city" remains the most relevant goal for the HCT. The high demand for decent rental accommodation is a powerful driver for the aggressive growth path which HCT is embarking on to provide affordable, well-located and sustainable social/rental solutions.

ANNEXURES

ANNEXURE A: ENTITY'S BUSINESS PLAN REPORT

Departmental Division	Departmental Focus Area	Key Performance Indicator	Project Name	Budget	Annual Target	Actual	Comments on work done / Reasons for non-performance	Mitigation plan 631
Property Development	Deliver and provide new affordable rental units	Number of new social housing units developed	Townlands	R82,438,376	250 units	0 units	3 Blocks are at 1st floor level, 3 foundations and 3 platforms completed. The client (HCT) terminated the contract with the main contractor due to poor performance and non-compliance to the contract Not achieved	The entity is currently in the procurement process of appointing 2 new 8GB PE or 9GB contractor to maximize on the delivery of the project. The tender advert has been issued. The anticipated appointment date is the 03 August 2018.
			Timberland	R5,322,177	Approved detailed designs	Detailed design not approved	The number of units has been revised to 609 units from 574 units. The rezoning application was approved in December 2017. Submission of the SDP to the City. There is a delay from the internal departments in providing comments. Not achieved	Follow ups are being done with the departments to identify challenges and seek resolution. Metroprojects contracted an independent consultant (Revelle) to see it through and possibly fast track it through 8 Departments
			Chantelle X39	R34,000,000	20% installation of bulk services – pipe laying, bedding	21% installation of bulk services	21% installation of bulk services Achieved.	N/A
			Chantelle X39	R13,256,025	100% completion of the internal reticulation	100% completion of the internal reticulation	Performance will be sustained Achieved	N/A
			Sunnyside Erf 708 & 709	R7,000,000	Upgrading bulk infrastructure services – site establishment and trenching	Upgrading bulk infrastructure services – site establishment and trenching	Performance will be sustained Achieved.	N/A
			Capital Park S & D – 69 units Oosmoot (Villieria)– 60 units Claremont – (Beter/Wag) 50 units Danville S & D – 87 units Danville Flats – 18 units	R7,516,939 maintenance provision	284 Self-sufficient Elderly Rental stock units transferred	284 Self-sufficient Elderly Rental stock units transferred	Performance will be sustained Achieved.	N/A
Property Management	Deliver services by developing and managing	Occupancy level in units increased	Eloff	R3,427,313 revenue	96%	97%	Performance will be sustained Achieved.	N/A

affordable rental housing in the City of Tshwane.			Clarina	R983,880 revenue	97%	97%	Performance will be sustained Achieved.	N/A	632
			Silwerkroon	R1,350,938 revenue	96%	98%	Performance will be sustained Achieved.	N/A	
			Capital Park	R532,164 revenue	96%	95%	The slight non achievement was contributed by the number of units that were not in a lettable condition when they were transferred from the City of Tshwane to the Entity. Not Achieved	The damaged units will be repaired and re-instated to a lettable conditions in the next reporting period.	
			Oosmoot (Villeria)	R656,156 revenue	96%	99%	Performance will be sustained Achieved.	N/A	
			BeterWag (Claremont 50)	R539,667 revenue	96%	96%	Performance will be sustained Achieved.	N/A	
			Danville S & D and Danville Flats	R877,931 revenue	96%	96%	Performance will be sustained Achieved.	N/A	
					Turnaround in resolving tenant maintenance requests increased	Eloff, Clarina & Silwerkroon	R755,782	80 % of the tenant maintenance requests are resolved within agreed turnaround time.	
Turnaround in resolving tenant maintenance requests increased	Capital Park, Oosmoot (Villeria), BeterWag (Claremont 50), Danville S & D and Danville Flats	R755,782			70 % of the tenant maintenance requests are resolved within agreed turnaround time.	95.24%	Performance will be sustained Achieved.		
Turnaround in resolving tenant complaints increased	Eloff, Clarina & Silwerkroon	R655,782.10 Staff costs			90% of the tenant complaints are resolved within agreed turnaround time.	0%	There were no complaints received instead the complaints received were related to the maintenance which has been recorded in the KPI of the <i>Turnaround in resolving tenant maintenance requests.</i>		
Turnaround in resolving tenant complaints increased	Capital Park, Oosmoot (Villeria), BeterWag (Claremont 50), Danville S & D and Danville Flats	R655,782.10 Staff osts			75% of the tenant complaints are resolved within agreed turnaround time.	0%	There were no complaints received instead the complaints received were related to the maintenance which has been recorded in the KPI of the <i>Turnaround in resolving tenant maintenance requests.</i>		

Finance & SCM	Revitalise Urban growth/dismantling poverty and inequality	Development of BEE & SMME's		R65,767,869	40% of total expenditure to be spent on procurement from BEE and SMME's	56.43%	Performance will be sustained Achieved.	N/A	633
	Stabilise service delivery through the development and implementation Integrated Affordable Rental Housing Strategy	Manage budget processes of the entity in accordance with regulatory frameworks	Budget management	R342,619.28 Staff costs	95% of the annual budget spent	50.57%	Performance will be sustained Achieved.	N/A	
	Stabilize processes to ensure increase in rental revenue.	Rental revenue collected as a percentage of amount billed	Eloff	R3,290,220 Cash flow	Increase rental collection rate of billed units by 6% = 96%	7.92%	Performance will be sustained Achieved.	N/A	
			Silwerkroon	R1,296,800 Cash flow	Increase rental collection rate of billed units by 6% = 96%	11.26%	Performance will be sustained Achieved.	N/A	
			Oosmoot (Villieria)	R623,348 Cash flow	Increase rental collection rate of billed units by 6% = 95%	11.30%	Performance will be sustained Achieved.	N/A	
			Capital Park	R505,556 Cash flow	Increase rental collection rate of billed units by 6% = 95%	12.25%	Performance will be sustained Achieved.	N/A	
			BeterWag (Claremont 50)	R495,761 Cash flow	Increase rental collection rate of billed units by 6% = 95%	11.20%	Performance will be sustained Achieved.	N/A	
			Danville S & D and Danville Flats	R834,040 Cash flow	Increase rental collection rate of billed units by 6% = 95%	13.73%	Performance will be sustained Achieved.	N/A	

Governance	Stabilize processes to ensure increase in levies.		Clarina	R295,164 Cash flow	Increase levies collection rate of billed units by 8% =30%	-7.25%	Tenants at Clarina have not gone through HCT's vetting process as tenant allocations are done by the City, some of the tenants are unemployed, some depend on social grants Not achieved	Attorneys were appointed to assist with collection. The matter was referred to Gauteng Rental Tribunal and some tenants were summoned to Rental Tribunal for hearing and 7 ruling were concluded. The entity is in the process of evicting defaulting tenants.
	Stabilise service delivery through the development and implementation Integrated Affordable Rental Housing Strategy	Entity asset liquidity maintained to an acceptable level		R307,801 Staff costs	Achieving Liquidity Ratio of 1:1	Liquidity ratio of 2.22.:1	Performance will be sustained Achieved.	N/A
	Promote effective and efficient management of HCT and Social Housing portfolio	Internal Governance Structures and Processes reviewed and approved Policy review and approval i.e. Supply Chain, Delegations of Authority, Human Resources, Marketing & Communication, Management, Financial and Internal control	Strategic review	R355,612 Staff costs	Entity annual strategic review and approval.	Strategic document has been approved	Partially achieved ; the strategic review and approval happened in May 2018. However, due to the delay in the appointment finalisation of Board of Directors, policy review did not happen in Q4 and it is envisaged that it will happen in the 1 st quarter of the new financial year.	N/A

ANNEXURE B: STATEMENT OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE

635

HOUSING COMPANY TSHWANE - TABLE F2 MONTHLY BUDGET STATEMENT - FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE) - M12 JUNE

Description	Ref	2016/17 Audited Outcome	Current Year 2017/18 Original Budget	Adjusted Budget	Year-TD actual	Year-TD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue by Source	1								
Rental of facilities and equipment		5,478	10,176	8,374	8,506	8,374	132	1.6%	8,374
Interest earned - external investments		–	25	14	18	14	3	24.5%	14
Interest earned - outstanding debtors		136	106	145	145	145	(0)	-0.1%	145
Transfers and subsidies		30,629	31,275	31,275	31,275	31,275	(42)	-0.1%	31,275
Other revenue		209	87	66	68	66	2	3.1%	66
Gains on disposal of PPE		–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		36,452	41,669	39,874	40,012	39,917	95	0.2%	39,874
Expenditure By Type	-								
Employee related costs		8,004	14,594	11,882	6,814	11,882	(5,068)	-42.7%	11,882
Remuneration of Directors		1,325	1,377	1,298	812	1,298	(486)	-37.4%	1,298
Debt impairment		729	–	–	–	–	–		–
Depreciation & asset impairment		215	324	972	897	972	(75)	-7.7%	972
Finance charges		285	240	240	241	240	1	0.5%	240
Other materials		–	1,452	749	762	749	13	1.7%	749
Contracted services		8,888	11,191	13,802	3,377	13,802	(10,425)	-75.5%	13,802
Other expenditure		5,344	9,046	6,813	4,361	6,813	(2,451)	-36.0%	6,813
Loss on disposal of PPE					33				
Total Expenditure	3	24,790	38,224	35,755	17,296	35,755	(18,459)	-51.6%	35,755
Surplus/(Deficit)		11,662	3,445	4,118	22,715	4,118	18,597	451.9%	4,118
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		26,824	110,626	131,949	82,357	131,949	(49,592)	-37.6%	131,949
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–		–
Surplus/(Deficit) before taxation		38,486	114,072	136,067	105,072	136,067	(30,995)	-22.8%	136,067
Taxation		–	–	–	–	–	–		–
Surplus/(Deficit) for the year		38,486	114,072	136,067	105,072	136,067	(30,995)	-22%	136,067

HOUSING COMPANY TSHWANE - TABLE F4 MONTHLY BUDGET STATEMENT - FINANCIAL POSITION - M12 JUNE

Vote Description	Ref	2016/17	Current Year 2017/18	Adjusted Budget	Year TD Actual	Full Year Forecast
		Audited Outcome	Original Budget			
R thousands						
ASSETS						
Current assets						
Cash		39,397	11,892	11,732	62,360	11,892
Consumer debtors		127	241	252	148	241
Other debtors		53,338	167	219	105	167
Total current assets		92,861	12,300	12,203	62,613	12,300
Non-current assets						
Investment property		13,500	13,500	—		13,500
Property, plant and equipment		45,761	194,943	212,815	142,519	194,943
Intangible		11	5	5	5	5
Other non-current assets		—	—	—	—	—
Total non-current assets		59,272	208,448	212,821	142,525	208,448
TOTAL ASSETS		152,133	220,748	225,024	205,137	220,748
LIABILITIES						
Current liabilities						
Borrowing		315	315	315	315	315
Consumer deposits		553	527	527	607	527
Trade and other payables		77,072	953	877	26,831	953
Provisions		335	577	645	417	577
Total current liabilities		78,275	2,372	2,363	28,171	2,372
Non-current liabilities						
Borrowing		1,542	1,227	1,227	1,227	1,227
Total non-current liabilities		1,542	1,227	1,227	1,227	1,227
TOTAL LIABILITIES		79,817	3,599	3,590	29,397	3,599
NET ASSETS	1	72,316	217,149	221,433	175,740	217,149
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		67,702	212,536	207,797	162,104	212,536
Reserves		—	—	9,023	9,023	—
Share capital		4,614	4,614	4,614	4,614	4,614
TOTAL COMMUNITY WEALTH/EQUITY	1	72,316	217,149	221,433	175,740	217,149

HOUSING COMPANY TSHWANE - TABLE F5 MONTHLY BUDGET STATEMENT - CASH FLOWS - M12 JUNE
637

Description	2016/17	Current Year 2017/18						
	Audited Outcome	Original Budget	Adjusted Budget	Year-TD actual	Year-TD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates	5,827	8,095	7,568	8,568	7,568	1,000	13.2%	7,568
Government - operating	44,891	31,275	31,275	31,275	31,275	0	0.0%	31,275
Government - capital	35,634	110,626	131,949	104,153	131,949	(27,796)	-21.1%	131,949
Interest	18	131	159	163	159	4	2.2%	159
Dividends	–	–	–	–	–	–		–
Payments								
Suppliers and employees	(46,996)	(24,225)	(24,328)	(47,517)	(24,328)	(23,190)	95.3%	(24,328)
Finance charges	(285)	(240)	(240)	(240)	(240)	–		(240)
Transfers and Grants	–	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES	39,089	125,662	146,383	96,402	146,383	(3,603)	-2.5%	146,383
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	–	–	–	–	–	–		–
Payments								
Capital assets	(18,390)	(122,175)	(143,056)	(73,121)	(143,056)	69,935	-48.9%	(143,056)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(18,390)	(122,175)	(143,056)	(73,121)	(143,056)	(69,935)	48.9%	(143,056)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	–	–	–	–	–	–		–
Payments								
Repayment of borrowing	(316)	(315)	(315)	(315)	(315)	(0)		(315)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(316)	(315)	(315)	(315)	(315)	0		(315)
NET INCREASE/ (DECREASE) IN CASH HELD	20,383	3,172	3,012	22,965	3,012	19,953	662.5%	3,012
Cash/cash equivalents at the year begin:	14,164	8,720	8,720	39,396	8,720	30,676		8,720
Cash/cash equivalents at the year- end:	34,547	11,892	11,732	62,361	11,732	50,629	431.5%	11,732

HOUSING COMPANY TSHWANE - TABLE F3 MONTHLY BUDGET STATEMENT - CAPITAL EXPENDITURE - M12 JUNE

Description	2009/10	Current Year 2017/18						
	Audited Outcome	Original Budget	Adjusted Budget	Year-TD actual	Year-TD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Capital expenditure by Asset Class/Sub-class								
Other assets	–	121,825	142,756	73,121	142,756	69,635	48.8%	142,756
Operational Buildings	–	580	739	162	739	577	78.0%	739
Municipal Offices	–	580	739	162	739	577	78.0%	739
Housing	–	121,245	142,017	72,959	142,017	69,058	48.6%	142,017
Social Housing	–	121,245	142,017	72,959	142,017	69,058	48.6%	142,017
Computer Equipment	16	100	100	–	100	100	100.0%	100
Computer Equipment	16	100	100	–	100	100	100.0%	100
Furniture and Office Equipment	50	250	200	–	200	200	100.0%	200
Furniture and Office Equipment	50	250	200	–	200	200	100.0%	200
Total Capital Expenditure	67	122,175	143,056	73,121	143,056	69,935	48.9%	143,056
Funded by:								
National Government		–	–	–	–	–		–
Provincial Government		70,626	60,949	29,145	60,949	31,804	52.2%	60,949
Parent Municipality	26,824	40,000	71,000	43,814	71,000	27,186	38.3%	71,000
District Municipality		–	–	–	–	–		–
Transfers recognised - capital	26,824	110,626	131,949	72,959	131,949	58,990	0	131,949
Public contributions & donations		–	–	–	–	–		–
Borrowing		–	–	–	–	–		–
Internally generated funds	3,651	11,548	11,107	162	11,107	10,945	98.5%	11,107
Total Capital Funding	30,474	122,175	143,056	73,121	143,056	69,935	0	143,056

No	Strategic and Business Objectives	Date Risk Identified	Risk Description	Root Cause	Consequence	Impact		Likelihood		Inherent Risk		Existing Control	Perceived Control effectiveness			Residual Risk	Management Action plan
1	Provide new Social Housing units on a sustainable basis	19-Jul-17	Inability to provide social housing units and affordable housing units	1. Delays in obtaining approved plans and designs from the relevant authorities. 2. Inadequate funding. 3. Lack of Capacity in Supply Chain 4. Poor contract management 5. Appointment of incompetent service providers' i.e. professional team, main contractors 6.Lack of community consultation and buying.	1. Non accreditation from Social Housing Regulatory Authority (SHRA). 2. Poor service delivery. 3. Reputational damage.	Severe/Catastrophic	5	Almost Certain	5	Critical	25	1. Property development policy. 50% 2. Funding secured for 200 units for 2017/18 financial year. 90% 3. SLA with developers. 4. Secondment of senior SCM official. 5. Contract management policy 10% 6. Conditional accreditation on level 2 has been granted by SHRA. 7. Supply Chain Policy 50% 8. Service Delivery Agreement with CoT.	Satisfactory	0.50	High	13	1. Continues meeting with relevant department when required. 2. Request more funding 2.Development of 300 hundred social housing units 3. Appointment SCM manager 4. Development of templates for contract management and enforce the conditions on the contract with the contractor. 5. Develop a stakeholder management policy 6. Review SCM policy to identify all gaps and enhance the process within SCM
2	Promote effective and efficient management of HCT and Social Housing Portfolio	19-Jul-17	Lack of critical skills within the organization	1. Imbalanced composition of the skills mix within the organization 2. Uncertainty on the future of the entity	1. Adverse audit opinions. 2. Loss of accreditation from SHRA. 3. Closure of the entity	Severe/Catastrophic	5	Almost Certain	5	Critical	25	1. Secondment from key official from COT 2. Approved organizational structure 3. Extension of the board and advertisement of the new board.	Satisfactory	0.50	High	12.5	1.Amend the recruitment and selection policy 2. To conduct skill audit 3. Implementation of the works kills plans and personal development plans. 4. Appointment of CEO, CFO, Manager SCM, Marketing and Communication officer, clerks of works and accountant.
3		19-Jul-17	Lack of maintenance of the stock	1. Insufficient resources (budget, tools of trade, e.g.) 2. Turnaround time within SCM 3. Insufficient skills to deal with reactive maintenance	1. Loss of tenants 2. Building losing value 3. Loss of accreditation 4. Inhabitable buildings	Severe/Catastrophic	5	Unlikely	2	Medium	10	1 Maintenance Policy in place 2. Maintenance Team 3. Maintenance Plan and budget	Very good	0.10	Low	1	1. Appointment of Housing Supervisor X1 2. Request extra budget for planned maintenance. 3. Training of general workers and housing supervisors 4. To develop SoPs

640

No	Strategic and Business Objectives	Date Risk Identified	Risk Description	Root Cause	Consequence	Impact		Likelihood		Inherent Risk		Existing Control	Perceived Control effectiveness			Residual Risk	Management Action plan
4	Strive for Financial sustainability by 2019	19-Jul-17	Inadequate levies and rental revenue.	1. Poor levies collection by HCT because of low levies payment rate by Clarina residents. 2. Indigent tenants transferred with the CoT stock	1. Over-reliance on CoT Operational Grant. 2. Inability to execute the mandate	Severe/Catastrophic	5	Almost Certain	5	Critical	25	1. Rent Collection Policy. 2. Arrears Management Policy. 3. Rental Housing Tribunal.	Satisfactory	0.50	High	13	1. Stricter credit control and stringent levies arrears management processes to be followed. 2. Eviction of tenants who refuse to pay levies.
5		19-Jul-17	Insufficient housing stock on hand	1. Delay in construction of Social housing projects in order to increase number of Greenfields units. 2. Delay in transfer of rental stock from CoT to HCT in order to increase number of brownfields units.	1. Non-achievement of breakeven point. 2. Inability to execute the mandate	Severe/Catastrophic	5	Almost Certain	5	Critical	25	1. Council Resolution for transfer of rental stock from CoT 2. Signed contracts and SLA with contractors and professional teams for the development of housing stock	Satisfactory	0.50	High	13	1. Acceleration of bulk installation and construction of 100 units in Townlands. 2. Acceleration of detailed designs of 574 units social housing project in Timberland. 3. Installation of internal and bulk services of 1074 units social housing project in Chantelle Extension 39.
6	Promote sound governance	19-Jul-17	Lack of IT governance	1. HCT has not been responsible for IT Governance as required by Chapter 5 of King III. 2. IT function not catered for in the structure	1. Noncompliance to relevant Regulations, Acts and Codes of 2. Adverse audit opinion	Severe/Catastrophic	5	Almost Certain	5	Critical	25	1. Quarterly ICT Governance report. 2. Quarterly Compliance Checklist.	Weak	0.70	High	18	1. Request Secondment of IT personnel 2. Review the structure to include IT