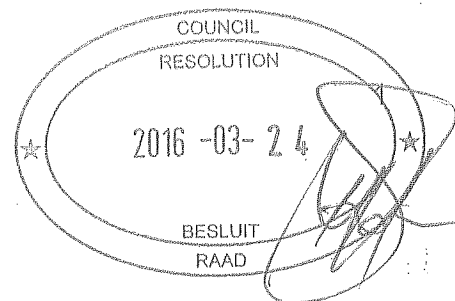


Reference No 37785/1
Mayur Maganlal (0798)
COUNCIL: 24 March 2016



11. CITY STRATEGIES AND PERFORMANCE MANAGEMENT DEPARTMENT
CITY OF TSHWANE ANNUAL REPORT FOR 2014/15 FINANCIAL YEAR
(From the Joint Mayoral Committee Cluster: 13 January 2016, the Mayoral Committee: 20 January 2016 and Council: 28 January 2016)

1. PURPOSE

To re-submit for approval the Consolidated Annual Report and Annual Financial Statements for Financial Year 2014/15 as per Council resolution 2:

"That in terms of S127(3)(b) of the MFMA the outstanding components and any amendments be submitted to Council as soon as possible after the receipt of the AGSA report"

2. STRATEGIC OBJECTIVES

The report addresses the following strategic objective:

- 2.1 Promote good governance and active citizenry

3. BACKGROUND

The City of Tshwane Annual Report for 2014/15 financial year was tabled at Council on 28 January 2016. The Annual Report, however, did not contain the report of the AGSA, as the AGSA tabled its report directly to Council at the meeting of 28 January 2016.

In all other material respects the Annual Report for FY 2014/15 complied with S121 and S127 of the MFMA.

Council resolved (resolution 2) that the outstanding components be submitted to Council as soon as possible after the AGSA report was received. This report therefore addresses resolution 2 of Council and incorporates the outstanding components into the attached final version of the 2014/15 Annual Report.

4. OUTSTANDING COMPONENTS OF THE ANNUAL REPORT AS AT JANUARY 2016, AND THEIR TREATMENT

The Annual Report tabled at Council on 28 January 2016 had the following contents as summarised below:

1. Chapter 1 : forewords of the Executive Mayor and the City Manager, the report of the Audit and Performance Committee and the municipal overview of the City Manager;
2. Chapter 2: Political and administrative governance matters, including risk and audit and the roles of council committees;

3. Chapter 3: Strategic, flagship and catalytic projects and back to basics initiatives of the City;
4. Chapter 4: Service delivery performance in terms of key sectors and contains in component I the performance scorecards of the City as per the IDP and SDBIP and those of the municipal entities as per their approved business plans;
5. Chapter 5: Organisational development performance and focuses on HR matters, training and development, employee management and declarations of the municipality and its municipal entities;
6. Chapter 6: The consolidated financial performance of the municipality and its three entities. The detailed financial statements was attached as an annexure; and
7. Chapter 7: The report of the Auditor General of the prior financial year and the year under review. This chapter was incomplete as the AGSA report was not available on time to include it into the report tabled at Council.

Since the Council meeting of January 2016, and the receipt of the AGSA report, the following changes have been made in the annual report, as attached in the annexure to this report:

- *Chapter 1, the EM and CM forewords have been updated to take into consideration the AGSA audit opinion.*
- *Chapter 7 has been updated with the AGSA report, and requirements of S121(3)g, and has been reviewed by the AGSA.*
- *In addition the AFS has been updated after review by the AGSA. The updated AFS are attached in the annexure to this report.*

5 SUBMISSION OF THE ANNUAL REPORT FOR PUBLIC COMMENTS IN TERMS OF S127(5)(A) OF THE MFMA

The Annual Report was made available to public libraries and customer care centres, and notices were placed in newspapers on 5 February 2016. Three community meetings were held as follows to facilitate discussions on the Annual Report.

REGIONS	DATE	TIME	VENUE	Speakers
Region 5 and 7	23 February 2016	17:00 – 20:00	Bronkhortspruit Recreation Centre	MMC's
Region 3, 4 and 6	24 February 2016	17:00 – 20:00	Sammy Marks Library Hall	MMC's
Region 1 and 2	29 February 2016	17:00 – 20:00	Father Mkhathswa Centre	MMC's

Comments and feedback received related to communities raising needs for consideration in the plans of the City, and did not necessitate any changes to the contents of the Annual Report for FY 2014/15. The AGSA reviewed the Annual Report and did not require any changes to the contents of the report.

The performance results therefore remain as reported to Council in January 2016 as follows:

- The City achieved 70% of the SDBIP targets and 73% of the IDP targets through the following:
 - Installing 9 358 new metered water connections
 - Installing approximately 36 kilometres of storm water drainage systems
 - Installing 9 152 new electricity connections to address the electricity backlog
 - Rolling out approximately 62 kilometres of road infrastructure
 - Formalising 16 informal settlements/townships
 - Developing 48 community residential units
 - Creating 44 516 new income-earning opportunities
 - Facilitating R2,1 billion of investment in Tshwane
 - Supporting 5 649 SMMEs
 - Developing 13 parks in line with the two parks per ward programme
 - Executing 2 950 policing initiatives
 - Installing 402 new Wi-Fi sites
- The financial results remain as reported to Council in January 2016.
 - City achieved 93.8% expenditure of its adjusted MTREF (R4 114 917 583).
 - Service charges (93.9%) and assessment rates (100%) are on target.
 - Repairs and maintenance ended on 95.4% of the budget.
 - The actual expenditure on remuneration compared to total expenditure decreased from 26.72% in FY2013/14 to 25.20% in 2014/15.
 - The period under review closed with an accounting accumulated surplus of R18.984 billion compared to R17.805 billion of 2014.

6. COMMENTS OF THE STAKEHOLDER DEPARTMENTS

6.1 COMMENTS OF THE CHIEF FINANCIAL OFFICER

Cognisance is taken of the contents of the report.

Having due regard to the contents of the report, the Group Financial Services Department has no objections to the re-submission the 2014/15 Consolidated Annual Report and Annual Financial Statements for approval.

There are no financial implications emanating as a result of this report for the City of Tshwane.

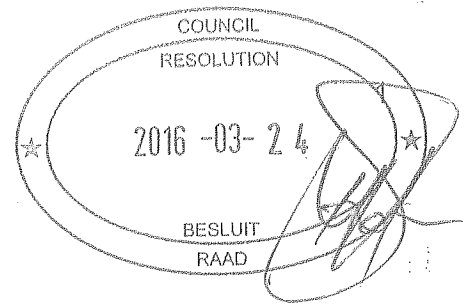
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The Annual Reports of Municipalities and Municipal Entities are presented in compliance with section 121(1) of the Municipal Finance Management Act, 56 of 2003 and section 46 of the Systems Act, 32 of 2000 for consideration in accordance with section 129 of the MFMA.

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Mayur Maganlal (0798)
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6.1 COMMENTS OF THE CHIEF FINANCIAL OFFICER

Cognisance is taken of the contents of the report.

Having due regard to the contents of the report, the Group Financial Services Department has no objections to the re-submission of the 2014/15 Consolidated Annual Report and Annual Financial Statements for approval.

There are no financial implications emanating as a result of this report for the City of Tshwane.

6.2 COMMENTS OF THE GROUP LEGAL COUNSEL

To re-submit for approval the Consolidated Annual Report and Annual Financial Statements for Financial Year 2014/15 as per Council resolution 2:

"That in terms of S127 (3) (b) of the MFMA the outstanding components and any amendments be submitted to Council as soon as possible after the receipt of the AGSA report"

The Annual Reports of Municipalities and Municipal Entities are presented in compliance with section 121(1) of the Municipal Finance Management Act, 56 of 2003 and section 46 of the Systems Act, 32 of 2000 for consideration in accordance with section 129 of the MFMA.

Section 121 of the Municipal Finance Management Act requires that each municipality to prepare an annual report. Such a report should be tabled to Council no later than 7 months after the end of the financial year by the mayor. Section 127(5) of the MFMA requires the Accounting Officer to immediately after the annual report has been tabled at the Council, make public the annual report for public comments, and to submit the annual report to the Auditor General, the Provincial treasury and the provincial department.

This report presents updates made to the Annual Report and AFS after the receipt of the AGSA report. The contents were reviewed by the AGSA and commented on by the public. Having regard to the contents of this report

Therefore, Group Legal Services Department wishes to express a view that same is legally in order and may be submitted to the Council.

7. IMPLICATIONS

7.1 HUMAN RESOURCES

The AGSA audited HR. The information contained in this report reflects information audited by the AGSA through the HR audit processes.

7.2 FINANCES

The AFS was audited by the AGSA. The annexure to this report contains the consolidated AFS for the City as at March 2016 after review by the AGSA during the public comments process.

7.3 CONSTITUTIONAL AND LEGAL FACTORS

This report complies with the requirements of MFMA section 126, and the Annual Report Process Plan that was approved by Mayco. As indicated in the approved process plan, Circular 63 was used as a guideline in the development of the report. It is submitted to Council for approval.

Once Council has adopted an oversight report, this report together with the oversight report must be submitted to the Provincial Legislature by the Accounting Officer Manager in terms of S132 of the MFMA

7.4 COMMUNICATION

Once Council has adopted an oversight report, the Accounting Officer must in accordance with S21A of the Municipal Systems Act make public the oversight report.

7.5 PREVIOUS COUNCIL OR MAYORAL COMMITTEE RESOLUTIONS

The Annual Report was tabled at Council in January 2016. Council resolved as follows:

- 1 That the draft Annual Report as tabled in terms of S127(3)(a) of the MFMA be approved

- 2 That in terms of S127 (3)(b) of the MFMA the outstanding components and any amendments be submitted to Council as soon as possible after the receipt of the AGSA report.
- 3 That all substantive questions be submitted to the Section 79 Standing Committee Public Accounts for adequate scrutiny and comprehensive responses, including remedial actions where necessary.
- 4 That the Accounting Officer be authorised to process the Annual Report in accordance with Section 127(5)(a) of the MFMA.
- 5 That a further report be submitted to Council in March 2016 in accordance with Section 129(1) of the MFMA.

8. CONCLUSION

This report presents updates made to the Annual Report and AFS after the receipt of the AGSA report. The contents were reviewed by the AGSA and commented on by the public. No changes were necessitated by the public comments. Minor amendments were made to the AFS as attached, however, these did not change the final results as tabled to Council in January 2016.

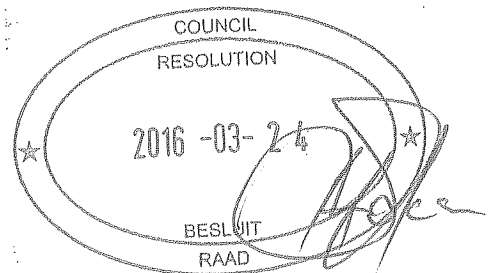
The annexure of the municipal entities are re-attached for purposes of completeness. No changes were made to them.

The Mayoral Committee on 16 March 2016 resolved to recommend to Council as set out below:

During consideration of this item by Council on 24 March 2016, and after Councillors P Sutton, RK Mathebe and LA Erasmus addressed Council in this matter, it was resolved as set out below:

ANNEXURES:

- A. Consolidated Annual Report for the City of Tshwane
- B. Consolidated Annual Financial Statements for the City of Tshwane
- D. Annual Report HCT
- E. TEDA annual report
- F. TEDA AFS
- G. SWA annual report
- H. SWA financial statements



RESOLVED:

That the Annual Report as updated with the Auditor General South Africa (AGSA) report and reviewed by the Auditor General South Africa (AGSA) be approved.

(Remarks:

At the Council meeting of 24 March 2016 –

1. The Speaker enquired as to whether there was any individual from the Public Gallery who wished to exercise his or her right in terms of Section 130(1)(b) of the MFMA on this item and there was no such indication from the Public.

2. Councillors M Aucamp (DA) and PD Uys (FF+) on behalf of their respective political parties requested that their dissenting vote on the approval of this report be registered.)



2014/2015

City of Tshwane Annual Report



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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 including a person acting as the accounting officer.
Annual report	In relation to a municipality or a municipal entity, an annual report as contemplated in section 121 of the Municipal Finance Management Act.
Auditor-General of South Africa	The person appointed as the Auditor-General in terms of section 193 of the Constitution, and including 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, sanitation, electricity and solid waste removal.
Backlog	Services/goods that have accumulated over time that are still undelivered/unattended/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 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.
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.

Term	Definition
Local community or community	In relation to a municipality, 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) a municipality with an executive mayor, the councillor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act; or (b) a municipality with an 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 section 72 of the MFMA 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 that 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 – (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 (Act 56 of 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 time frame 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 – (a) projections for each month of – (i) revenue to be collected by source; and (ii) operational and capital expenditure by vote; (b) service delivery targets and performance indicators for each quarter; and (c) any other matters that may be prescribed;

Term	Definition
	and includes any revisions of such plan by the mayor in terms of section 54(1)(c) of the Municipal Finance Management Act.
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 in order to support effective management.</p> <p>Evaluation is a process of assessing relevance, efficiency, effectiveness, impact and sustainability.</p>

ACRONYMS

ABBREVIATION	FULL NAME
ACCSF	African Capital Cities Sustainability Forum
AGSA	Auditor-General of South Africa
AOPO	Audit of Predetermined Objectives
APC	Audit and Performance Committee
CAPEX	Capital Expenditure
CCMDD	Central Chronic Medicine Dispensing and Distribution
CEU	Continuing Education Unit
CFO	Chief Financial Officer
CM	City Manager
COGTA	Cooperative Governance and Traditional Affairs Department
CPD	Continuing Professional Development
CSPM	City Strategies and Performance Management
CSU	City Sustainability Unit
CTMM	City of Tshwane Metropolitan Municipality
DCM	Deputy City Manager
DIRCO	Department of International Relations and Cooperation
ECD	Early Childhood Development
ECDI	Early Childhood Development Institute
ED	Executive Director
EEPF	Entrepreneur Empowerment Property Fund
EMS	Emergency Medical Services
EPI	Expanded Programme on Immunisation

ABBREVIATION	FULL NAME
EPR	Electronic Patient Register
EPWP	Expanded Public Works Programme
GBA	Gross Building Area
GBCSA	Green Building Council of South Africa
GIB	Global Infrastructure Basel
GLA	Gross Lettable Area
GPF	Gauteng Partnership Fund
GPSACR	Gauteng Department of Sports, Arts, Culture and Recreation
GVA	Gross Value Added
HCT	Housing Company Tshwane
HR	Human Resources
ICT	Information and Communication Technology
IDP	Integrated Development Plan
IGR	Intergovernmental Relations
IMCI	Integrated Management of Childhood Diseases
IRPTN	Integrated Rapid Public Transport Network
IT	Information Technology
KPA	Key Performance Area
KPI	Key Performance Indicator
LGSETA	Local Government Sector Education and Training Authority
MDG	Millennium Development Goal
MEC	Member of the Executive Committee
MFMA	Local Government: Municipal Finance Management Act
MFMA	Municipal Finance Management Act
MHS	Municipal Health Services
MMC	Member of the Mayoral Committee
MoU	Memorandum of Understanding
MPAC	Municipal Public Accounts Committee
MSA	Local Government: Municipal Systems Act
MTREF	Medium-term Revenue and Expenditure Framework
MTS	Municipal Transitional Settlement
NBI	National Business Institute
NCD	Non-Communicable Disease
NDP	National Development Plan
NDPG	Neighbourhood Development Partnership Grant

ABBREVIATION	FULL NAME
NLSA	National Library of South Africa
NMT	Non-Motorised Transport
OPCA	Operation Clean Audit
PCF	Premier's Coordinating Forum
PHC	Primary Healthcare
PMTCT	Prevention of Mother-To-Child Transmission of HIV
POE	Portfolio of Evidence
PPP	Public-Private Partnership
PR	Proportional Representation
QPR	Quality Process and Result
SALGA	South African Local Government Association
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SED	Strategic Executive Director
SHI	Social Housing Institution
SHRA	Social Housing Regulatory Authority
SLA	Service-Level Agreement
SMART	Specific, Measurable, Attainable, Realistic and with deliverable Timeframe (criteria)
SMME	Small, Medium and Micro-sized Enterprise
Stats SA	Statistics South Africa
STG	Standard Treatment Guideline
SWA	Sandspruit Works Association
TBS	Tshwane Bus Services
TEDA	Tshwane Economic Development Agency
TICC	Tshwane International Convention Centre
TLMA	Tshwane Leadership and Management Academy
TUT	Tshwane University of Technology
VAS	Vitamin A Supplementation
WWF	World Wide Fund for Nature
WWTW	Waste Water Treatment Works

1 FOREWORDS, REPORT OF THE APC AND EXECUTIVE SUMMARY

Contents of this chapter:

- A The Executive Mayor's Foreword
- B City Manager's Foreword
- C Report of the Audit and Performance Committee
- D Executive Summary



Figure 1: Conceptual designs Tshwane House

A EXECUTIVE MAYOR'S FOREWORD

It is with a sense of fulfillment that I present a detailed reflection of the work undertaken during the 2014/15 financial year, under the collective leadership of an executive, administration and legislature working in tandem to improve the lives of the residents our city – the Capital City.

This , the Integrated Annual Report accounts for our work over the said period, guided by our long term strategic development narrative espoused in Tshwane Vision 2055 and detailed in the action levers of our revised Integrated Development Plan.

During the year under review remained alert and cognizant of the many global and domestic challenges that we faced as we navigated our drive in the pursuit to ignite excellence.

Real to our commitment to a developmental local government our tenure remained characterized by rigorous engagement with the people , improved governance and acceleration of major job creation , economy and poverty eradicate initiatives – the focus aimed at changing the face and all facets of our city outlook towards 2055

At the end of June 2015, this Council had served 49 months in office. The Integrated Development Plan (IDP) that was approved in May 2011, to be implemented from 2011 to 2016, had been in implementation for 48 months, with only 12 months to complete the Council term, at a very exciting time in the City's and country's history.

In the past two years the city has been a construction mega-site , with big and small projects raising dust, as we continued to not only transform the physical landscape by laid the foundations of a new social and economic order .

Strategic projects such as Tshwane House, Operation re-claim, the A Re Yeng Rapid Bus Transit System, the Free WiFi project and Re Aga Tshwane have kept both political leadership and the administration busy, raising dust, building new infrastructure, whilst renewing and replacing the old infrastructure, thus changing the city for better, forever

The City has shown that we are living our norms and standards, and that quick turnaround times are not an unachievable ideal.

We pride ourselves with our sustained ability to have delivered the following elementary developmental actions

- Maintenance of Basic water and sanitation infrastructure is accelerated, improved street lighting and maintenance.
- Fast track the implementation of electrification programme in the identified areas, up scaling of public spaces programme, theme park, sporting facilities, etc.
- Improved maintenance of roads, traffic signalling surfacing of gravel roads and rapid response to community concerns
- Upscale involvement in crime prevention – ward deployment of Municipal Police Officers and cooperation with other law enforce agencies in programme like Operation Fiela
- Develop a city wide strategy for beneficiary administration to manage informal settlement and Relocation of informal settlements along TRT and strategic land parcels
- Dealing with challenges of land invasion and other issues like the illegal selling of RDP houses, Acceleration of low cost housing construction in the city as well as making Homelessness to be a priority area
- Operation and maintenance plan of cemeteries (Fencing of communal cemeteries construction of public ablution facilities , access roads and grass cutting)
- Address the challenges of waste management , Water resource management and the diversification of energy supply in the light of our global sustainable commitment and our economic growth ambitions

The Kuka Maoto programme, service delivery innovation worth not forgetting became flagship our rapid response and activism which we launched and perfected - The programmes demonstrated that through a dedicated developmental cadre we can undermine the inefficiencies of bureaucracy, and push the boundaries to address the daily service hindrances and constraints that affect the quality of life of people.

Through Kuka Maoto, the routine chores such as the cutting of grass, fixing broken streetlights, filling potholes, repairing leaking pipes and unblocking blocked storm water systems, has become the minimum must-do.

In the 2014/15 financial year the City pulled out all the stops to address governance matters to continue to achieve unqualified audits. **We have set new heights for our competitiveness and entrenched oversight, and focused on strategic risk management and mitigation.**

In so doing we continue to identify, address and clean out corrupt activities in the city, and achieved an unqualified audit for FY 2014/15.

Like the rest of the country, towards the latter part of the financial year we began to observe the global commodities prices slumps, particularly of global prices on gold, and the shivers it was making with regard to

job security in the mining and other sectors. On the one hand, interest rates are on an upward climb, presenting with further challenges towards the last year of this council term.

We however remained steadfast on our path to continue to create jobs and economic opportunities in all we do – and through our resolute actions we aim beyond overcoming, but prosperity.

The development compact we have sealed with business, industry and the small and micro enterprises continues to make the right impact it is making to the local economy and the lives of ordinary people in the City.

We are indebted to our strategic partners, who continue to invest in the City, growing our economy, creating jobs, and building skills, thus punching with us to turn around the scourge of poverty and underdevelopment in our city.

The Tshepo 10 000, our revolutionary youth economic programme having brought hope to the thousands of its beneficiaries, as emerging youth cooperatives rendering goods and services to the city will continue to receive the requisite support .

Our hard work remains recognized at home and abroad and we are proud to highlight of the following our accolades achieved in our pursuit of excellence.

1. The first and only African city to be admitted to the Cities Climate Leadership Group (C40), in the Innovator Category, announced alongside the UN Climate Summit in New York in September 2014.
2. The Best Metropolitan Municipality of the Year from the Human Settlement Department at its annual Govan Mbeki Awards.
3. The Best Metropolitan Municipality for Integrated Human Settlements 2014 at SALGA's National Members Assembly (NMA).
4. At the Local Governments for Sustainability (ICLEI) World Congress in Seoul, South Korea, the City was awarded the Global Earth Hour Capital 2015, as South Africa's Earth Hour Capital in recognition of our initiatives of nearing us closer to becoming the leading green capital in Africa.

All of our accomplishments are the result of the combined efforts of all City officials, our strategic partners and residents who have contributed by whistle-blowing, and volunteering their services to ensure that the City of Tshwane continues to ignite excellence.

The City achieved 73% of its SDBIP targets and 70% of the IDP targets for the year, and it remains thus our determination to push the boundaries to ensure the delivery of quality services to our people.

We acknowledge that whilst the lives of the majority of our people are changing for better, we should remain alive of the forth tribulations and a long way in the fight against poverty, unemployment and inequality.

I would like to acknowledge the efforts of the City's leadership and administration, for their hard-work and perseverance in Igniting Excellence; will once again stress that, 'Excellence is not measure, but a habit'.

As we commit to work together, I wish to thank all residents, stakeholders, and partners of the City of Tshwane for your on-going support.

CLLR KD RAMOKOGPA

EXECUTIVE MAYOR

B CITY MANAGER'S FOREWORD

INTRODUCTION

The 2014/15 Annual Report of the City of Tshwane provides a summary of the year under review.

The completed financial year was a significant one in that it marked 21 years of democracy in South Africa, was the penultimate year of the Council's five-year political term, and was the financial year preceding the highly contested 2016 local government elections.

Despite the external environment challenges, the 2014/2015 financial year was a successful one with progress being made in various quarters to further entrench the City of Tshwane's reputation as one of the most innovative cities in the country and Africa.

STRATEGIC VISION AND PERFORMANCE

The Tshwane Vision 2055 was approved in September 2013 and remains the roadmap to attain a liveable, resilient and inclusive City where all citizens can enjoy a high quality of life, have access to social, economic and enhanced political freedoms, and where citizens are partners in the development of the African Capital City of Excellence.

In addressing the triple challenges of unemployment, poverty and inequality, the City aims to strengthen its competitiveness, promote good governance and entrench governance oversight, obtain a clean audit, and focus on strategic risk management and mitigation.

The City's performance is assessed against its annual strategic objectives, which were amended during the year under review in order to ensure effective implementation of the National Development Plan as well as better align with the Tshwane Vision 2055 outcomes.

The City's overall performance against stated objectives was good, with many citizens receiving tangible benefits through City initiatives and programmes. However, more work is still required to reach the desired levels of excellence in service delivery.

KEY ACHIEVEMENTS, STRATEGIC AND CATALYTIC PROJECTS

Catalytic projects are projects intended to drive and catalyse the City's developmental agenda. These include Tshwane House, the Tshwane Rapid Transit System (A Re Yeng), the African Gateway, the West Capital Precinct Development, Symbio City, the Government Boulevard, the African Union and Tshwane International Convention Centre (AU and TICC), the New City in the East and Security of Revenue related projects. All of these projects are at an advanced stage and are being regularly monitored.

Free WiFi, a truly ground breaking project initiated by the City of Tshwane and catching on in the rest of the world, has been a hallmark of the City's administration of the last few years. In the year under review, the City installed another 402 free WiFi sites, with 1 million users making use of the facility as at end of the calendar 2015.

Furthermore, progress has also been made in other City programmes, most notably strategic land parcels, the development of parks in wards, housing delivery, formalisation of informal settlements, upgrading of hostels, and the provision of refuse bins in regions.

Since the nature of risk management entails constant review of the mitigation actions deployed to manage strategic risk, the identified risks will be annually reviewed to assess the efficacy of their management going forward.

EMPLOYMENT CREATION

The City has made enormous strides in creating work opportunities for unemployed and unskilled Tshwane residents this financial year, with a specific focus on the unemployed youth. The Expanded Public Works Programme (EPWP) and Tshepo 10 000 initiatives were the key vehicles used to address 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 40 000 EPWP work opportunities for the period, and significantly exceeded that target.

In 2014 and 2015 the City won the best project Metropolitan & District/ Local category with its Youth and Greening EPWP Project called “Vat Alles”, at the National Department of Public Works’ Kamoso Awards. The City hopes to sustain the good work done into the future in order to successfully deal with unemployment within our span of control.

QUALITY BASIC SERVICES

Despite the lingering economic challenges experienced throughout the world, the City of Tshwane continued implementing its developmental agenda, with construction vehicles and road works being a key characteristic of the year under review. At times, the City felt like a construction site, a necessary but temporary annoyance for a brighter future. Much has been achieved during the year, but more still needs to be done before we can switch from an overall investment mode to a mode of maintaining and improving the investments made.

As part of improving the quality of life of the citizens of Tshwane, the City continues to ensure the provision of quality basic services to its residents. These include –

- safer neighbourhoods;
- provision of plastic bags to informal areas;
- provision of sanitation services to households;
- electrification of informal settlements;
- installation of street lights;
- upgrading of water pipelines;
- upgrading of roads and storm water systems;
- formalisation of informal settlements;
- cleaning of parks and open spaces;
- functional traffic signals;
- efficient, safe and affordable public transport; and
- the facilitation of the provision of housing opportunities.

In the year under review, the City achieved 70% of the IDP and 73% of the SDBIP targets through the following:

- Installing 9 358 new metered water connections
- Installing approximately 36 kilometres of storm water drainage systems
- Installing 9 152 new electricity connections to address the electricity backlog
- Rolling out approximately 62 kilometres of road infrastructure
- Formalising 16 informal settlements/townships
- Developing 48 community residential units

- Creating 44 516 new income-earning opportunities
- Facilitating R2,1 billion of investment in Tshwane
- Supporting 5 649 SMMEs
- Developing 13 parks in line with the two parks per ward programme
- Executing 2 950 policing initiatives
- Installing 402 new Wi-Fi sites

KEY STRATEGIC RISKS AND CHALLENGES

The top five strategic risks of the municipality have been identified and managed as indicated below.

- Infrastructure Sustainability - The City implemented an approved integrated maintenance and new development plan, as part of an Infrastructure master plan to mitigate the risk of ageing and inadequate sustainable infrastructure.
- Financial Sustainability - Revenue collection strategy and credit control policies inclusive of cut-off processes were intensified to deal with financial sustainability risk
- Community unrest was one of the identified risks which was mitigated through various initiatives such as implementation of Norms and Standard, Several Izimbizos, new Digital Izimbizos (on -line conversation platform) with the community on Twitter, enhance economic opportunities through Tshepo 10 000 and community participation during IDP and Budget process
- Delay on timeous delivering of commitments and projects was seen as one of the risks that was supposed to be addressed, to this effect the City Implemented of non-negotiables through the 180 days and 18 months program among other.
- Fraud, bribery and corruption – The implementation of fraud hotline, Code of Conduct, Anti-Fraud and Corruption workshops for employees and communities were intensified to mitigate against fraud, bribery and corruption

FINANCIAL MANAGEMENT

Ever increasingly more robust measures have been put in place to ensure tighter financial management within the City of Tshwane. E-procurement, for example, was in its planning phase for the year under review and should be implemented in the next financial year. Financial management systems were also reviewed in the year that was, with necessary incremental upgrading of systems having commenced and set to continue into the future.

The liquidity position of the City and the group over-all is still of concern. Although total revenue increased by 9.83% compared to the previous year, the outstanding balance owed by debtors of more than R4 billion due for more than 365 days is not acceptable, and steps have been taken to improve this situation. The increase in impairment of consumer debtors resulted in a decrease in current assets. 94% of the capital budget was spend on infrastructure development (R4,114 billion), reflecting directly in the 73% achievement of planned IDP outcomes and resulting in an increase in non-current assets.

The automated credit control module which will go live in the new financial year will stream line credit control processes and increase their effectiveness. The process of appointing a new service provider to continue with the Security of Revenue Project is reaching finality and we expect to see significant financial gains into the future as this project gains traction.

GOVERNANCE

Through its municipal entities (Housing Company Tshwane, Sandspruit Works Association and the Tshwane Economic Development Agency), the City has extended and improved its ability to reach its strategic

objectives. The City and its entities enjoy a single administration for audit, risk and performance committees, yielding improved auditing results for the 2014/2015 financial year.

In order to ensure alignment of the City's vision with the activities of municipal entities, the City has required the respective chief executive officers to participate in a number of City forums. These include top management meetings, meetings of the Mayoral Committee and its Clusters, meetings of the Municipal Public Accounts Committee, and participation in the Audit and Performance Committee and the respective oversight committees.

All three municipal entities are required to report regularly on their progress against business plans and service delivery agreement obligations. The newly established Shareholder Unit has played a key role to ensure that municipal entities perform key administrative and governance functions, are accountable to City of Tshwane structures and that all entities maintain compliance with relevant applicable legislation and contractual obligations.

The City also undertook a comprehensive programme of AOPO turnaround to ensure that multi-level reviews are done within departments and municipal entities, ensuring that management is held accountable for effectively managing the resources they are provided and for achieving committed targets and deliverables.

AUDIT OUTCOMES

For the fifth year in a row, the Auditor-General of South Africa (AGSA) has provided the City of Tshwane with an unqualified audit report for the year under review, an achievement the City celebrates.

CONCLUSION

The City that will be handed over to the new Council of 2016, is a better one than it was 5 years ago, and is poised to make further strides if the momentum built can be well utilised into the next 5 years. I do not deny that much work needs to be done to achieve the Tshwane Vision 2055 goals but I believe that those goals are attainable.

I extend my heartfelt thanks to the Mayoral Committee, Council, the Audit and Performance Committee and all dedicated officials who worked tirelessly to ignite and achieve excellence. I also wish to thank our visionary Executive Mayor for his support in providing my team and I the opportunity to deliver quality services to all those who reside and work in the Capital City of Excellence.

MR JASON NGOBENI
CITY MANAGER

C REPORT OF THE AUDIT AND PERFORMANCE COMMITTEE FOR THE REPORTING PERIOD ENDED 30 JUNE 2015

1 INTRODUCTION

The Audit and Performance Committee (Committee) is an independent committee of the City of Tshwane Metropolitan Municipality and its municipal entities (the City) and was established in terms section 166(1) of the Local Government: Municipal Finance Management Act (MFMA), the Local Government: Municipal Planning and Performance Management Regulations and through a Council Resolution. This report reflects on the work of the Committee for the reporting period ended 30 June 2015.

2 TERMS OF REFERENCE AND EFFECTIVENESS

Besides the abovementioned legislation, the Committee functions per its Terms of Reference which were reviewed and approved by Council on 30 October 2014. The mandate of the Committee as outlined in its Terms of Reference is to provide governance oversight over the financial and performance reporting of the City. The Committee conducted its affairs in compliance with this mandate and has discharged its roles and responsibilities accordingly.

The effectiveness of the Committee and its individual members is assessed on an annual basis. For the year under review, all members were considered competent and they contributed meaningfully to the evaluation and interrogation of the various reports submitted to it.

3 COMPOSITION, MEETINGS AND ATTENDANCE

All appointed members are external professionals independent of the political and administrative structures of the City. Mr. PS Fourie acted as Chairperson from 29 November 2013 up to 27 August 2015. WE Huma was appointed as Chairperson effective 27 August 2015.

During the 2014/15 year, the Committee had thirteen (13) meetings consisting of ordinary and special meetings that focused on both audit and performance management. Member attendance of these meetings was as below:

Members	Total meetings attended
Fourie, PS (Acting Chairperson)	13/13
Gounden, S	13/13
Makinta, SM (Ms.)	10/13
Mnisi, PR	10/13
Mzizi, P (MS)	12/13
Noxaka, P (Ma)	12/13

Members	Total meetings attended
Rangongo, MG	12/13
Sebeelo, MK	12/13
Sebesho, L (MS)	11/13

There were eight (8) properly constituted meetings of the Risk Committee during the 2014/15 reporting period. Member attendance of these meetings is as outlined below:

Members	Total meetings attended
Sebeelo, MK (Chairperson)	8/8
Mnisi, PR	5/8
Mzizi, P (MS)	8/8
Rangongo, MG	8/8

4 ROLES AND RESPONSIBILITIES

In line with the roles and responsibilities set out in its Terms of Reference, the Committee reports as follows:

A. Effectiveness of Internal Controls

The Committee has overseen Internal Audit's written assessment of the effectiveness of the City's systems of internal control, including internal financial controls. This written assessment formed the basis for the Committee's recommendations to Council which enabled Council to report thereon in the City's Consolidated Annual Report.

Per the reports provided by Management, Internal Audit and the External Audit, the Committee is of the view that the City's internal control environment requires improvement as some matters reported in prior reporting periods have not been satisfactorily addressed. Management gave assurance that corrective action will be implemented in respect of all internal control weaknesses highlighted and the Committee will continue to monitor these.

B. Compliance with Laws and Regulations

The Committee took cognisance of the City's systems for detecting contraventions with laws and regulations and Management was urged to continue its efforts to improve the City's adherence procedures, processes and systems. Other than contraventions reported under the combined assurance framework, the Committee is therefore not aware of any other matters of non-compliance.

C. Financial Statements and Accounting Practices

The Committee reviewed the financial statements for the reporting period and was satisfied that they are appropriate and comply with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa (DoRA).

After interrogating the Acting Group Chief Financial Officer's Report on the financial sustainability of the City, the Committee took cognisance of the consolidated operating results and the steps taken by the City to manage its liquidity requirements. The Committee noted that material losses mainly from unaccounted water and electricity losses and the material impairment of receivables remain areas of concern that require continuous attention. The Committee also emphasised the need for an effective strategy to manage the high number of defaulting consumers. The significant uncertainties arising from legal claims against the City were also flagged as a concern.

D. Performance

The Committee reviewed the City's performance during the year through the quarterly reports presented to it. The progress of initiatives and projects undertaken to deliver services to the City's residents were duly noted. The Committee also considered the Annual Report in order to form an opinion on the City's annual overall performance. The achievement of 70% of the City's IDP targets and 73% of those in the SDBIP was duly acknowledged.

The actions taken to improve the City's performance management framework through a comprehensive plan that focuses on addressing reliability and usefulness issues raised in the previous year were noted. Although positive progress was acknowledged, the Committee emphasised the need to improve management's performance accountability so that information required to monitor and substantiate achievements can be pro-actively defined, managed and timeously provided to Internal Audit, the Committee and Council.

The Committee re-iterated the need to better integrate the business and individual performance management practices to improve the City's performance culture. The Committee believes that an integrated approach to managing performance will enable the City to enhance performance accountability, employee development, and recognition and appropriately sanction inadequate performance.

E. Internal Audit

The Committee evaluated the performance of Internal Audit and noted the ongoing improvements in the function's ability to discharge its responsibilities. The Committee supported efforts to enhance the function's capacity in 2015/16 and believes that this will contribute to more effective and responsive actions to address the City's internal control challenges.

F. Risk Management

Through its Risk sub-committee, the Committee considered the City's processes and systems of risk management and found them to not have been entirely effective and highlighted the impact that this has on Internal Audit's efficiency and effectiveness. The Committee noted the initiatives on Business Continuity Management, Insurance Management, Occupational, Health and Safety, Risk Appetite Framework and Risk Management Information System to enhance and integrate the City's system of risk management into the business processes and ensure that an appropriate risk culture is accelerated and embedded.

G. External Audit

The Committee satisfied itself that the staff members of the AGSA were independent of the City. The Committee concurs with and accepts the conclusions and the audit opinion of the AGSA on the consolidated annual financial statements, and recommends that the consolidated financial statements be read together with the report of the AGSA.

H. Quality of in year management reports

It should be noted that the Committee is one element of the combined assurance framework and therefore relies on the reports of management as well as the internal and external auditors in arriving at its conclusions. The Committee was not always satisfied with the timing, content and quality of some quarterly reports presented to it during the year under review. Management was urged to develop quality control processes to ensure that all reports are reviewed and approved by the Accounting Officer before being presented to the Committee for consideration.

5 APPRECIATION

The Committee would like to express its appreciation to the Accounting Officer, Internal Audit, the AGSA and all other role players for the robust and constructive engagements held during the year under review.

WE HUMA

CHAIRPERSON OF THE AUDIT AND PERFORMANCE COMMITTEE

D EXECUTIVE SUMMARY

INTRODUCTION

The executive summary provides salient information on the consolidated annual report for the City of Tshwane for the 2014/15 financial year. The consolidated annual report contains the performance information of the municipality and its entities. The three municipal entities that operated in the financial year concerned were Housing Company Tshwane (HCT), the Tshwane Economic Development Agency (TEDA) and Sandspruit Works Association (SWA).

STRATEGIC CONTEXT

The long-term vision of the City of Tshwane is:

In 2055, Tshwane is a liveable, resilient and inclusive city whose citizens enjoy a high quality of life, have access to social, economic and enhanced political freedoms, and where citizens are partners in the development of the African capital city of excellence.

Service delivery in Tshwane is aligned with Tshwane Vision 2055 and the Integrated Development Plan (IDP).

On 27 August 2013, the Council approved Tshwane Vision 2055, which sets out the City's vision and long-term strategic agenda.

The Vision has set six outcomes which need to be achieved over the next four decades. These are:

- Outcome 1: A resilient and resource-efficient city
- Outcome 2: A growing economy that is inclusive, diversified and competitive
- Outcome 3: A city with quality infrastructure development that supports liveable communities
- Outcome 4: An equitable city that supports happiness, social cohesion, safety and healthy citizens
- Outcome 5: An African capital city that promotes excellence and innovative governance solutions
- Outcome 6: South Africa's capital city with active citizens who are engaging, aware of their rights and who present themselves as partners in tackling societal challenges

In line with legislation, the IDP outlines the priorities and key programmes for the Council term. The 2014/15 IDP was the third revision of the 2011/16 IDP which was adopted by the Council in May 2011. Further, supporting plans such as the Service Delivery and Budget Implementation Plans and business plans, along with the capital and operating budgets, were developed to ensure strategic allocation of resources across Tshwane. The Council approved an adjusted MTREF and SDBIP in February 2015 in line with legislation.

The following were the strategic objectives contained in the IDP, approved by the Council in May 2014:

- Providing sustainable services infrastructure and human settlements

- Promoting shared economic growth and job creation
- Ensuring sustainable, safer communities and integrated social development
- Promoting good governance and an active citizenry
- Improved financial sustainability
- Continued institutional development, transformation and innovation

The progress on these strategic objectives have been captured in Council-approved annual reports for the 2011/12, 2012/13 and 2013/14 financial years.



Figure 2: Launch of African Capital Cities Sustainability Forum

MUNICIPAL MANAGER'S OVERVIEW

This section provides an overview on service delivery, financial health, organisational development and the Auditor-General's report for the 2014/15 financial year. In addition it highlights the City's key awards, events and strategic partnerships.

1 OVERVIEW OF SERVICE DELIVERY

Chapter 4 of this report contains detailed service delivery reporting for both the municipality and its three entities. The performance of the municipality against its IDP and SDBIP targets, and of the three municipal entities against their business plans, may be found in Component I of this report.

The City of Tshwane is on track with the provision of basic services, despite challenges experienced with the delivery of certain projects due to community-level unrest and poor contractor performance. Measures have been put in place to address poor contractor performance and areas where planned targets were not realised.

Formal performance reporting in the City is based on the targets set in the approved IDP and SDBIP. The City has in addition implemented key priority flagship projects to accelerate transformation of the City and to implement its Vision 2055. Some of these projects are:

- Implementation of the Tshepo 10 000 job creation programme
- Roll-out of free Wi-Fi
- Construction of the Tshwane rapid transit (A Re Yeng) programme
- Implementation of Operation Reclaim (inner city pedestrianisation)

The flagship and strategic projects are presented in Chapter 3 of this report.

ACCESS TO BASIC SERVICES, TRANSPORT AND HOUSING OPPORTUNITIES AT THE BEGINNING OF 2014/15 FINANCIAL YEAR¹

Access to water is fairly high in Tshwane. The Census 2011 indicated that in 2011, 89,2% of households have access to piped water inside a yard, with 7,4% accessing water through communal standpipes. Between 2011 and 2013 the City provided 9 845 households with water connections. It has continued to provide rudimentary water services in the form of Jojo tanks and water tankers to households in informal areas.

Census 2011 data indicated that 79,4% of households have access to either waterborne sanitation or chemical toilets. During the 2012/13 financial year, 9 845 additional waterborne sanitation connections were provided by the City with 1 700 UDS (chemical) sanitation devices provided.

Concerted efforts have been made to ensure adequate supply of waste management facilities and infrastructure. Since the beginning of the Council term, the focus has been on replacing 85 ℓ refuse bins with 240 ℓ bins in all old townships. Progress on this is continuing and the City is providing waste removal services

¹ As per the 2014/15 IDP

to all formalised and proclaimed areas of Tshwane. Supplementary to this, informal areas have continued to receive rudimentary waste removal service in the form of the collection of plastic bags, removal of communal skips and clearing of illegal dumping sites.

The Census 2011 results recorded that 88, 6% of households in Tshwane have access to electricity for lighting. By 2013 the City had provided an additional 21 121 electricity connections in formal areas and in areas where backlogs were identified.

The City faces public transport challenges as a result of the inefficient land use practices of the past which have perpetuated urban sprawl and distanced the majority of the poor from economic opportunities. The challenges with regard to public transport are centred on reliability, convenience and safety of public transport services, the lack of coordinated and integrated public transport modes, and inadequate non-motorised transport facilities. These challenges exist side by side with aging road network infrastructure and backlogs in terms of road provision, especially in the townships and rural areas of Tshwane.

To address the above, the City has invested in expanding its road network, specifically reducing the roads infrastructure backlogs. Development of the TRT (A Re Yeng) system is central to addressing the transport infrastructure backlog, and it is supplemented by the construction of non-motorised transport facilities, especially in the inner city.

Meeting the demand for housing remains one of the City's biggest challenges, shown by the existence of 150 informal settlements at the beginning of the 2014/15 financial year². To address the challenge of informality, the City has continued to provide rudimentary services to all informal areas. 31 Informal settlements were formalised to meet proclamation requirements between the 2011/12 and 2012/13 financial years. An additional eight informal settlements were provided with serviced stands in preparation for meeting the proclamation requirements in future. In total, 11 281 households benefitted from the City's formalisation programme, with 12 181 houses being transferred to owners, thus ensuring security of tenure by the beginning of the 2014/15 financial year.

A concerted effort has been made to provide alternative tenure options through providing community residential units and social housing.

PROGRESS ON SERVICE DELIVERY TARGETS FOR THE 2014/15 FINANCIAL YEAR

73% of the SDBIP and 70% of the IDP targets were realised in the year under review. The following was achieved:

- 2 072 households were provided with sanitation connections.
- 49 informal settlements were provided with access to sanitation services and 50 with rudimentary water. All other informal settlements have access to basic services through standpipes.
- All formal households received access to weekly kerbside waste removal.

² The total number of informal settlements in Tshwane is based on the count done per region between November and December 2013.

- 12,07 km of TRT bus lanes were provided.
- Just over 62 km of roads and 37 km of storm water systems were provided.
- 16 informal settlements/townships were formalised.
- 48 community residential units were developed.
- More than 44 000 income-earning opportunities were facilitated.
- The City over-achieved on its investment facilitation to realise R2,1 billion as opposed to the R1,8 billion planned.
- 5 649 SMMEs were supported by the City.
- Safety incidents were reduced and policing interventions increased as planned.
- 402 Wi-Fi sites were implemented.

2 AWARDS AND EVENTS

INTRODUCTION

In its drive to become an African capital city of excellence, the City has hosted a range of events. In our drive towards excellence, the City received awards during the financial year, such as the Best Metropolitan Municipality Award. These are briefly discussed below.

21 ICONS CELEBRATE 21 YEARS OF FREEDOM

The City hosted the 21 Icons South Africa charity auction and gala dinner on 28 February 2015. Inspired by the life of Nelson Mandela, the 21 Icons project celebrates the lives of men and women who shaped the world around them for the better and who continue Mandela's legacy.

The auction was hosted by the Executive Mayor of Tshwane, Councillor Kgositso Ramokgopa, and esteemed guests included representatives of the Department of Arts and Culture, celebrities and well-known media personalities.

As one of the sponsors, the City of Tshwane saw this project as an ideal fit because of its aim to increase innovative and sustainable arts, culture and heritage projects that contribute meaningfully to society and promote social cohesion, nation-building and national healing.

BEST METROPOLITAN MUNICIPALITY OF THE YEAR

The City of Tshwane received the award for the Best Metropolitan Municipality of the Year from the Human Settlements Department at its annual Govan Mbeki Awards. These awards promote and instil a culture of excellence in the human settlement sector in order to deliver quality human settlements and dignity to South Africans.

The awards encourage all stakeholders to respond to the entrenchment of spatial patterns at all geographic scales that exacerbate social inequality and economic inefficiency. In addressing these patterns, the awards take into account the unique needs and potential of various rural and urban areas in the context of emerging development corridors in Southern Africa.



Figure 3: MMC for Housing, Councillor Joshua Ngonyama, receiving the award for best metropolitan municipality of the year

INAUGURAL AFRICAN CAPITAL CITIES SUSTAINABILITY FORUM

The City of Tshwane hosted Sustainability Week from 23 to 28 June 2015 as an awareness-raising and engagement mechanism on sustainability matters. The African Capital Cities Sustainability Forum (ACCSF) was launched in alignment with the City of Tshwane's membership of the C40 Cities Climate Leadership Group. The City of Tshwane was announced as the 70th member of the C40 during the financial year, joining as an innovator city, a category reserved for cities that have shown leadership in climate action.

The inaugural event featured an international speaker panel of thought leaders and was attended by mayors and other leadership executives from African capital cities, city stakeholders, project developers and financiers, researchers and consultants, business executives and service delivery suppliers.

A major outcome of the launch of the inaugural ACCSF was the signing of the Tshwane Declaration. It was also agreed that the City of Tshwane will host ACCSF for a further two consecutive years.



Figure 4: African mayors signing the Tshwane Declaration



Figure 5: Youth and green economy dialogue at the Tshwane University of Technology

TSHWANE OPEN GOLF TOURNAMENT

The City hosted a successful Tshwane Open golf tournament at Pretoria Country Club from 12 to 15 March 2015. This popular tournament, which boasts local and international golfers and is now in its third year, is aligned with Tshwane Vision 2055 which focuses on increasing tourism, stimulating job creation, increasing business investment and creating a legacy in Tshwane.

In the past two years, the Tshwane Open tournament has facilitated significant growth in global awareness of the City of Tshwane. The broadcast platform reached more than 201 million households in 2013 and more than 217 million households in 2014.

A number of golf clinics were held, including one hosted by the Mabopane Driving Range in the north of Tshwane that was attended by children from five local schools. They were given golf instruction by several Sunshine and European Tour professionals. At least R30 000, consisting of funds generated from ticket sales as well as sponsorship from the Sunshine and European Tours and the players' partners wives, was donated to the Wings of Hope Centre for Children with Disabilities in Mabopane, Region 1.



Figure 6: Some of the children who participated in the golf clinic in Mabopane

OFFICIAL OPENING OF CRICKET OVAL IN HAMMANSKRAAL

The City of Tshwane, in partnership with West Indies batsman Brian Lara, celebrated the official opening of the cricket oval in Hammanskraal on 28 October 2014.

The opening of the cricket oval is geared to meet the social, sporting and recreational needs of the Hammanskraal community. The youth now have the opportunity to practice and play cricket, soccer, softball, hockey, tennis and other sports at one facility.



Figure 7: Official opening of the cricket oval in Hammanskraal on 28 October 2014

YEAR OF CHINA IN SOUTH AFRICA

The City of Tshwane partnered with the Department of Arts and Culture on 15 March 2015 to hold the concert for the grand opening of the Year of China in South Africa. The National Department of Arts and Culture has requested the City to extend the partnership from 2014 concerning the China and South African cultural seasons to 2015 in accordance with the agreement reached by President Xi Jinping and President Jacob Zuma.

TSHWANE GREEN RIDE

The Tshwane Green Ride 2014 was organised by the City of Tshwane to promote the use of non-motorised transportation through cycling. It took place on Saturday, 25 October 2014, with a 31 km ride that started at the Central Sports Ground in Mamelodi (adjacent to HM Pitje Stadium). More than 200 riders registered for the event.

The Green Ride was launched by the acting Executive Mayor. The Gauteng MEC for Roads and Safety, Dr Ismael Vadi, also attended.

A cycle repair workshop was held in Mamelodi two days before the Green Ride. There are potential local business opportunities in bicycle repair, especially as this mode of transport becomes more popular.



Figure 8: Gauteng MEC for Roads and Transport with City of Tshwane MMCs on the Tshwane Green Ride

3 STRATEGIC PARTNERSHIPS

INTRODUCTION

In order to achieve the vision and outcomes of Tshwane Vision 2055, it is important that the City work in partnership with key stakeholders. This section briefly highlights some of the strategic partnerships entered into between the City and stakeholders in order to realise the outcomes of Tshwane Vision 2055.

PARTNERSHIP TO DELIVER AFFORDABLE RENTAL ACCOMMODATION

The City of Tshwane has signed a memorandum of understanding (MoU) with the Gauteng Partnership Fund (GPF) to ensure delivery of affordable rental accommodation. Some projects were facilitated through GPF's Entrepreneur Empowerment Property Fund (EPPF). EPPF is an incubator programme designed to promote participation in the affordable rental property market of companies owned by previously disadvantaged people.

The programme is intended for companies owned 100% by historically disadvantaged individuals and it provides rental or delayed ownership schemes to households with an income of less than R15 000. There are currently more than 600 units under construction and more than 126 units have been completed through this programme.

Through this MoU, the City, in partnership with the GPF, supports emerging social housing institutions (SHIs) to develop a healthy social housing and rental pipeline. The following has been achieved:

- The City repositioned its social housing entity (Housing Company Tshwane) to ensure its accreditation by the Social Housing Regulatory Authority (SHRA), which it received in July 2014. The City has since transferred well-located portions of land to HCT to develop social housing.

- Partnerships with accredited SHIs (e.g. Yeast City Housing) through providing well-located municipal land for the development of social housing. Yeast is currently building 241 social housing units in the West Capital development project.

North West Housing Corporation

The City has partnered with North West Housing Corporation and the Gauteng Department of Human Settlements to facilitate the transfer of former North West cross-border properties to qualifying beneficiaries.

Department of Military Veterans

The City continues to work with the Department of Military Veterans to ensure the fulfilment of its strategic objective to allocate houses to qualifying military veterans.

CITY OF TSHWANE BECOMES A SELECT MEMBER OF THE GREEN BUILDING COUNCIL OF SOUTH AFRICA'S GREEN BUILDING LEADERSHIP NETWORK

Building-related carbon emissions are an area in which City of Tshwane can have a major influence. Having promulgated the Green Building By-law, the City of Tshwane has become a select member of the Green Building Leadership Network of the Green Building Council of South Africa (GBCSA). This means that the City will be able to leverage on the expertise of the GBCSA to develop the internal skills and competence of City officials and stakeholders to promote the implementation of the Green-Building by-law in Tshwane.

LAUNCH OF PRIVATE-SECTOR ENERGY-EFFICIENCY INITIATIVE

The City of Tshwane brokered a partnership with the National Business Institute (NBI) on its Private-sector Energy-efficiency (PSEE) initiative which aims to support the uptake of energy-efficiency audits among heavy private-sector energy consumers. The PSEE has the potential to contribute to the City's mitigation efforts while also ensuring that businesses are guaranteed security of energy supply at affordable levels.

This initiative has the ability to free up electricity. This can reduce the demand on the grid and help to stave off load shedding, which is driving certain businesses to invest in generators.

The initiative was launched as a Mayoral business breakfast with high-end private-sector energy consumers on Thursday, 18 June 2015.

SLA SIGNED BETWEEN GIB AND CITY OF TSHWANE FOR PRE-FEASIBILITY STUDY ON PHOTOVOLTAIC SYSTEMS FOR THE CITY

The City signed a service-level agreement with Global Infrastructure Basel (GIB). The agreement will assist to finance the pre-feasibility study on photovoltaic systems for the City. This is essential for the City as it reduces its carbon footprint while ensuring a reliable energy supply.

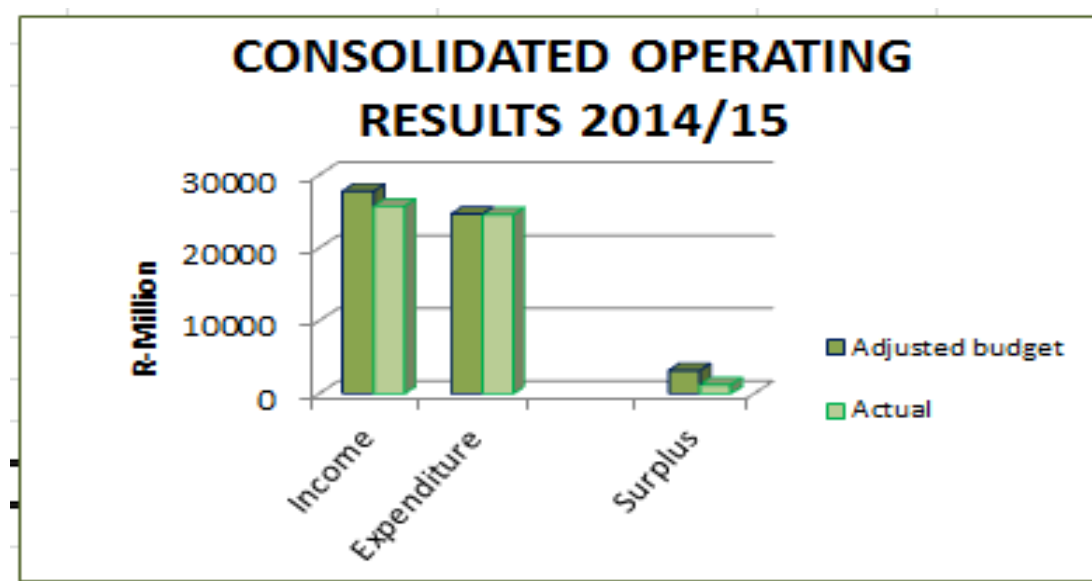
4 FINANCIAL HEALTH OVERVIEW

The City's long-term strategy is to ensure that the City of Tshwane is financially sustainable. Measures have been put in place to systematically maximise efficiencies and minimise the waste of scarce financial resources.

Financial prudence, credit control and managing the external debt burden is critical for implementation of Tshwane Vision 2055, delivery of services and support of development.

OPERATING RESULTS

The consolidated operating results for FY 2014/15 are as follows:



FINANCIAL RATIOS FOR THE GROUP

FINANCIAL POSITION

- Asset management: Capital expenditure to total expenditure is 16.79%.
- Debtor management: 8.13% of bad debts were written off as % of bad debt provision
- Liquidity management: liquidity ratio 11.61
- Liability management: Gearing ratio is 52.26% compared to the benchmark for local government of less than 50% in terms of credit rating companies

FINANCIAL PERFORMANCE

- Distribution losses: Electricity 16.05% and water 18.94%
- Revenue management: 10.06% revenue growth
- Expenditure management: creditors payment period (trade creditors) 46 days
- Grant dependency: own funded capital expenditure to total capital expenditure: 36.27%

CASH FLOW

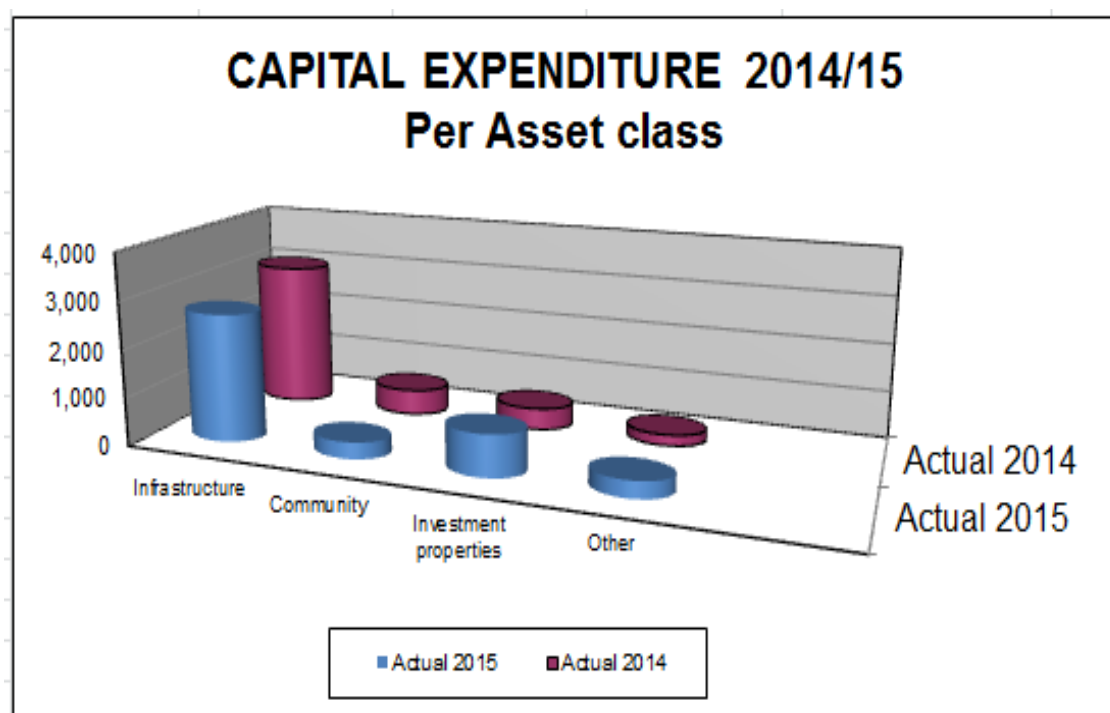
- Cost coverage: 0.10

FINANCIAL POSITION AS AT 30 JUNE 2015

Net assets: R18 983 830 billion as compared to R17 805 167 billion in June 2014.

CAPITAL EXPENDITURE

Actual expenditure incurred during the period 1 July 2014 to 30 June 2015 amounts to R4 114 917 583, which is 93.8% of the adjusted budget.



5 ORGANISATIONAL DEVELOPMENT OVERVIEW

Skilled, committed and satisfied employees are central to ensuring efficient and fast-tracked service delivery. The City has therefore put in place measures to improve employee satisfaction levels and is busy with finalising a retention strategy.

The Department of Labour has approved the City's Employment Equity Plan.

In the last financial year, the City reduced funded vacancies, which is contributing to the achievement of employment equity targets.

Improvements have been made regarding control of leave, and the City is implementing the e-leave system to address matters of efficiency and integrity of information. By June 2015 189 officials had met the minimum competency requirements as set out in the MFMA, out of the 254 that had attended the training.

Details on organisational development performance may be found in Chapter 5 of this report.

6 AUDITOR-GENERAL'S REPORT FOR THE 2014/15 FINANCIAL YEAR

The report of the Auditor General has not yet been received for incorporation into the annual report.

MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

1 SPATIAL AND DEMOGRAPHIC CONTEXT

The City of Tshwane is the largest of the three metropolitan municipalities in Gauteng in terms of geographic space, occupying 6 345 km². Due to the vastness of the area, urban sprawl places a burden on infrastructure provision.

The City's more than 3 million³ residents are distributed over the seven regions instituted by the City of Tshwane to improve service delivery to its residents through a regionalisation model⁴.

In the 2011 census, the growth rate of Tshwane was determined to be 3,1%, which is less than the 3,6% recorded for the period of 2001 to 2006.

As indicated in the figure below, the fastest growing population group in Tshwane is the Asian community. The second fastest growing population group is the African group which on average grew at rate of 3.8 percent per year. The White population group recorded negative growth for the period 1997 – 2005 and only regained the positive growth trajectory (though marginal) from 2006 to 2014.

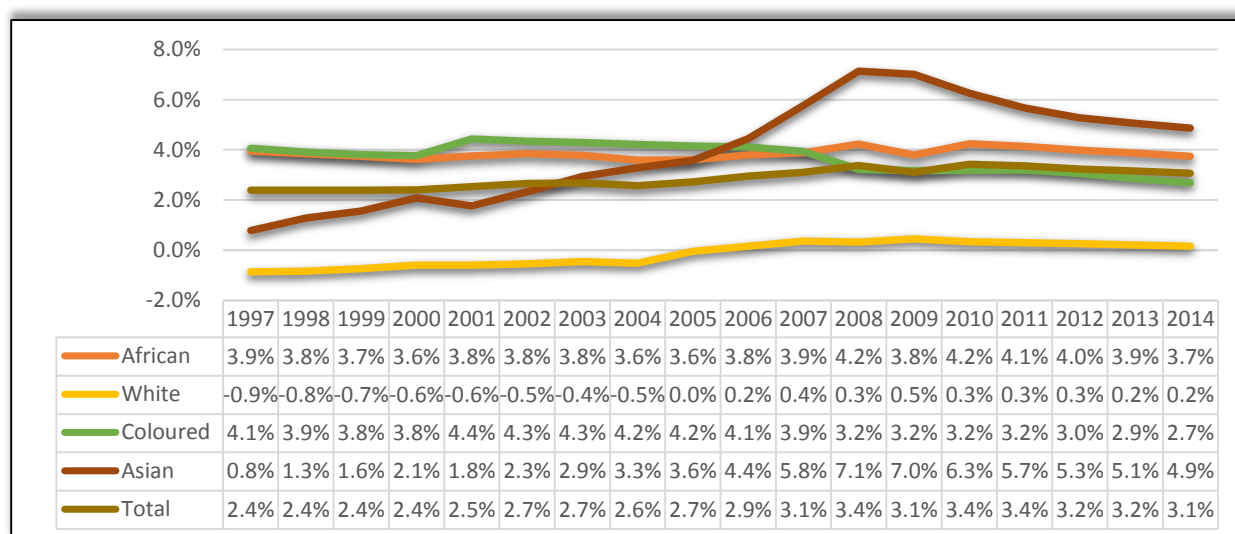


Figure 9: TSHWANE POPULATION GROUP GROWTH RATES 1997 - 2014

Source: IHS Global Insight

³ Source: Stats SA – 2013 mid-year population estimates

⁴ Source: Stats SA – Simulating key estimates for local municipality socio-economic development models 2007–2012

Region 1 has the largest population in Tshwane accounting for approximately 28 percent of the total population. Region 5 and 7 are the least populated regions in Tshwane, accounting for approximately 3.1 and 4 percent respectively in the total Tshwane population. However, region 4, 5 and 7 have witnessed the largest population growth percentage over the 1996 – 2014 period. These were estimated at 4.9 percent, 3.6 percent and 4.6 respectively whilst the city's most populated region (1) experienced the least growth on its population numbers i.e. 2.2 percent over the same period. The large concentration of economic opportunities in region 4, primarily within the financial and professional services sectors, has is one potential justification for the large population growth percentage in comparison with all other 6 regions in Tshwane

In terms of the gender breakdown in the seven regions, it is evident that there are slightly more females compared to males.

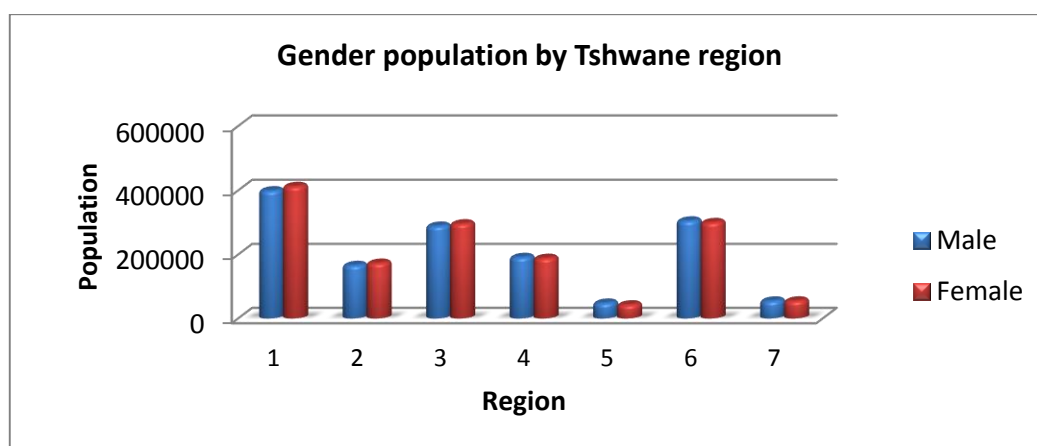


Figure 10: Gender composition per region in Tshwane

The figure below indicates the 2014 population pyramid for the City of Tshwane. As indicated in the figure, there is a youth bulge in Tshwane's population profile; this is likely due to the large student population in the City resulting from the large concentration of higher education institutions. Approximately, 61 percent of Tshwane's population is younger than 35, with 35 percent being between the ages of 15-34. Senior residents (65+ age group) in Tshwane only account for approximately 6 percent of the total population. On average, the gender breakdown is evenly distributed across all age bands as depicted in the figure.

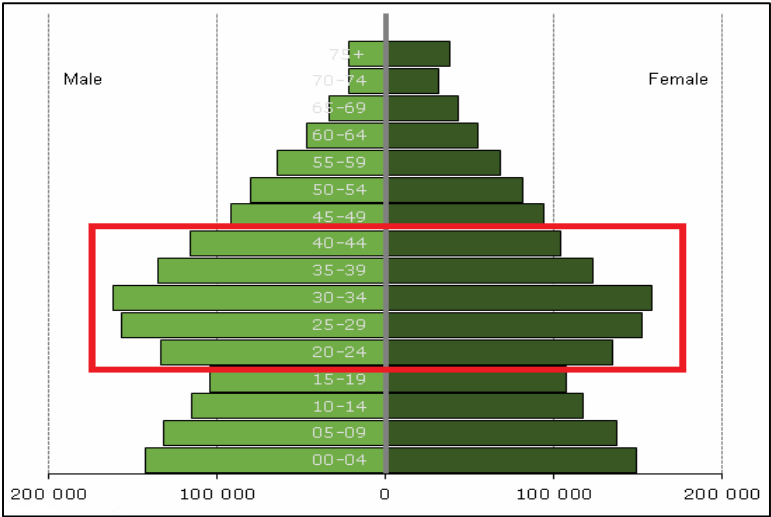


Figure 11: TSHWANE POPULATION PYRAMID, 2014

Source: IHS Global Insight

The majority of the population of Tshwane is made up of young people aged between 30 and 39 years with the majority of the population falling within the working age group (15 to 64 years).

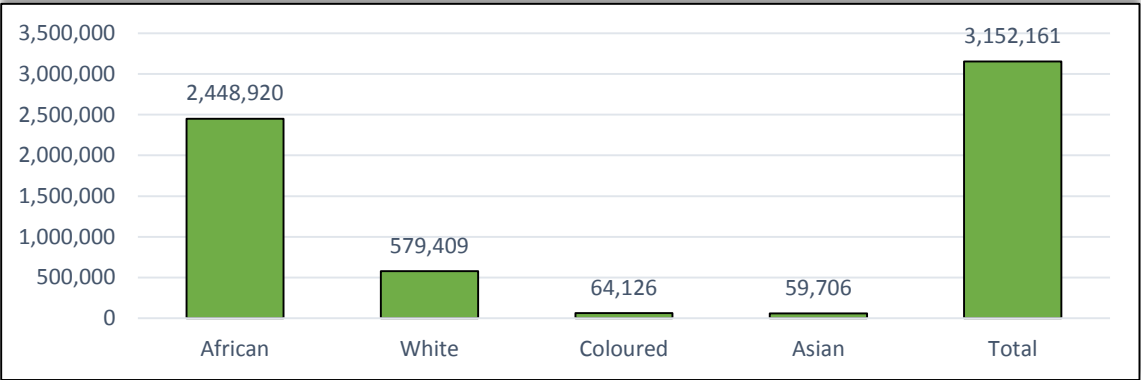


Figure 12: Population by Race, 2014

Source: IHS Global Insight

In terms of ethnic composition, Tshwane has a predominantly black population concentrated in Regions 1 and 2. This can be attributed to the historical black administrative area enforced by the Black Community Development Act of 1984. Regions 3, 4 and 6 have a larger representation of the white population, but show a fairly balanced ethnic composition. The Indian population lives mostly in Regions 3 and 4. The coloured population is less prevalent in Tshwane and mostly resides in Region 6. The following graph shows the ethnic composition of Tshwane.

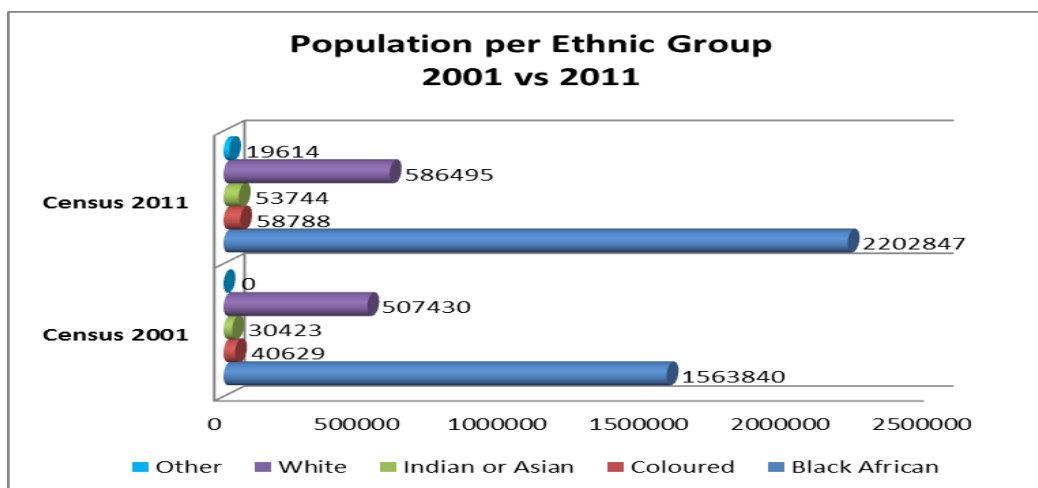


Figure 13: Population per ethnic group

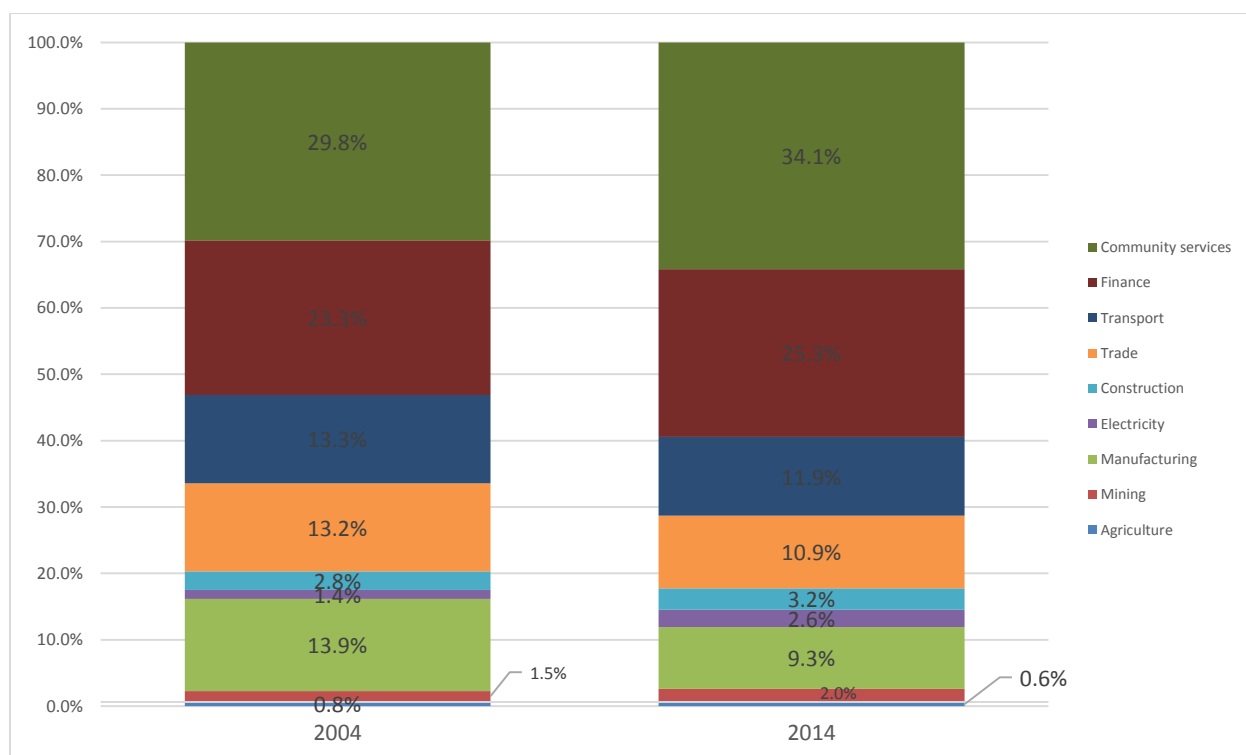
2 THE ECONOMY

Tshwane is the fastest-growing municipality in South Africa, with its gross value added (GVA) recorded at more than R275 billion (in current prices) in 2012. The growth in GVA has yielded an increase in per capita income from R63 660 to R71 912 between 2010 and 2012; at the same time, annual household income increased from R194 287 to R219 980 for the same period (Department of Trade and Industry, February 2014).

According to Global Insight, The economic output of the City of Tshwane has expanded at an annual average of 4.0 percent per annum over the last five years, outstripping the national GDP growth average by at least one percentage point between 2010 and 2014. Overall no city in the Gauteng City Region outperformed the growth rates recorded by the CoT in the last five years.

The City of Tshwane is the fourth biggest municipality in South Africa and second biggest in Gauteng in terms of gross value added by region with gross value add of R243.4 billion. In 2014, City of Tshwane contributed 25 percent to the provincial economy. Moreover, Tshwane accounted for 9 percent of the Country's economic compared as compared to 15 percent for the City of Johannesburg.

Tshwane has a diversified, vibrant economy with significant community services, finance and transport. Tshwane has a large government sector (community services), reflecting the presence of national and provincial departments and parastatals. The sector recorded 34 percent contribution to Tshwane's GVA in 2014. The five main sectors in 2014 were community services (34.0 percent), finance (25.4 percent), transport (11.8 percent), Trade (11.1 percent) and manufacturing (9.3 percent). Overall, the significant sectors of growth in Tshwane include government, social and personal services, construction, trade, transport and finance with the green economy and research and innovation and development representing crucial multi-dimensional and dynamic sectors of growth.



Source: IHS Global Insight, 2015

Figure 14: Contribution to GVA at 2010 Prices

The City of Tshwane is divided into seven administrative and functional regions that have been created to assist with a multidimensional approach to improve service delivery. The Regionalization Model has assisted the City to better organise, coordinate and align the interaction between government and the people.

The Regional contribution to Tshwane's GVA only changed marginally over the period. Region 3 is still relatively dominant in Tshwane in terms of GVA contribution with a 32 percent contribution although this has fallen from 36 percent from 2014. Region 6 is the second largest contributor at 23 percent, this contribution has not changed over the last ten years. Region 5 (old Nokeng tsa Taemane) and Region 7 (old Kungwini) are the regions with the lowest contributions to Tshwane's economy, the regions contributed 2 and 3 percent respectively.

The City has a well-established manufacturing sector with the automotive industry being a key player in this sector. The City boasts the highest concentration of automotive industries, including original equipment manufacturers (OEMs), in South Africa. It also has a significant services sector, with national government departments and various private businesses being supported by legal, financial and other services. Its retail sector is concentrated in the CBD and various malls. Tshwane is also in a unique position in terms of innovation and learning, with various tertiary training institutions, research institutions such as the CSIR and HSRC, and the Gauteng Blue IQ Innovation Hub being located in Tshwane.

The current unemployment rate as reported in the 2013 Quarter 3 Labour Force Survey issued by Stats SA is 20,1%, which is down from 24,8% in the same period in 2011. Notably, growth in the formal employment sector has been marginal between 2010 and 2012 — approximately 70 000 people entered the formal employment sector. On the other hand, the informal sector provides employment to more than 142 000 people in Tshwane (Department of Trade and Industry, February 2014).

The increase in employment numbers in both the formal and informal sectors coincides with the reduction in poverty levels, which have been on a steady decline from 25,1% to 22,6% between 2010 and 2012. Even with the city having the lowest poverty rates in the province, the Department of Trade and Industry reports that the inequality levels in Tshwane as measured by the Gini coefficient index were at 0,63 in 2012. This means that the gap between the rich and poor has increased, particularly between 1996 and 2012⁵. The 2011 Quality of Life Survey conducted by the Gauteng City Region indicated that poverty in Tshwane exists mainly in the previously disadvantaged areas of the city. These poverty pockets also correlate with areas that are deprived of social and economic opportunities.

To address the challenge, the City is channelling resources to these areas in a balanced manner to reduce deprivation and poverty. Towards 2016, the City will continue to intensify its efforts to support indigents to ensure that they have access to basic services.

⁵ SERO Report of 2012 says that the poverty levels in Tshwane were the lowest in 1996 with an index of 0,58 and 0,60 in 2000. In 2012 the Gini-coefficient index for the City was calculated at 0,63 (Department of Trade and Industry).

2 GOVERNANCE

INTRODUCTION

The legitimacy of an accountable government is one that is transparent and accessible. This chapter reports on governance in the City of Tshwane. The following key aspects are reported on:

- Political and administrative governance mechanisms
- Public accountability and participation
- Corporate governance

A POLITICAL AND ADMINISTRATIVE GOVERNANCE

1 POLITICAL GOVERNANCE

The governance model comprises the legislature, made up of the Speaker of Council, the Chief Whip, and section 79 portfolio and standing committees, the executive consists of the Executive Mayor and the members of the Mayoral Committee (MMCs), and the administration is led by the City Manager. The intention of the model is to ensure that the City executes its functions through the leadership of the Executive Mayor while the legislature oversees the activities of the executive for transparency and accountability.

LEGISLATURE

The legislature is made up of the Council, the Speaker of Council, the Chief Whip and two sets of Council committees, namely section 79 portfolio committees and standing committees.

COUNCIL

The Council consists of 210 elected councillors, of which 105 are ward councillors and the remainder proportional representative (PR) councillors. The role of the Council, in line with the Municipal Systems Act, 2000 (Act 32 of 2000), is to engage in meaningful discussion on matters of development related to Tshwane. The key functions of the Council are as follows:

- Approving legislation
- Overseeing the planned and implemented interventions of the City
- Ensuring community and stakeholder participation

The Council is responsible for the approval of by-laws, IDPs, budgets and tariffs. Through its various committees, it monitors and scrutinises delivery as carried out by the City of Tshwane.

→
POLITICAL LEADERSHIP OF THE CITY OF TSHWANE

EXECUTIVE MAYOR



Cllr Kgosientso Ramokgopa

SPEAKER



Cllr AWM Mosupyo-Letsholo

CHIEF WHIP



Cllr Jabulani Mabona

Table 1 : Allocation of Council seats

SUMMARY OF COUNCIL SEAT ALLOCATION					
	PARTY		WARD SEATS	PR SEATS	TOTAL SEATS
1.	African Christian Democratic Party	ACDP	0	1	1
2.	African National Congress	ANC	68	50	118
3.	African People's Convention	APC	0	1	1
4.	Azanian People's Organisation	AZAPO	0	1	1
5.	Congress of the People	COPE	0	2	2
6.	Democratic Alliance	DA	37	45	82
7.	Pan Africanist Congress of Azania	PAC	0	1	1
8.	Freedom Front Plus	FF+	0	4	4
	TOTAL SEATS		105	105	210

SPEAKER OF COUNCIL

The role of the Speaker of Council is specified in section 160(1)(b) of the Constitution and section 36 of the Municipal Structures Act. The person elected as chairperson of the Council is designated the Speaker. The Speaker is also the head of the legislative arm of the Council.

The Speaker performs the duties and exercises the powers delegated in terms of the Municipal Structures Act. The Speaker is also responsible for ensuring that Council committees (section 79 committees) are established and function effectively and efficiently.

The Speaker is obliged to –

- preside at meetings of the Council;

- perform the duties and exercise the powers delegated to the Speaker in terms of section 59 of the Municipal Systems Act;
- ensure that the Council meets at least monthly;
- maintain order during meetings; and
- ensure that Council meetings are conducted in accordance with the rules and orders of the Council.

CHIEF WHIP OF COUNCIL

The Office of the Chief Whip of Council is established in terms of Gazette 23964, dated 18 October of 2002 , which was further condoned by the then MEC for Local Government as a Section 12 notice.

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

The main functions of the Chief Whip are to –

- ensure proper representation of political parties in the various committees;
- maintain sound relations with the various political parties represented in the Council; and
- 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 of Tshwane:

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

PORTFOLIO COMMITTEES OF THE COUNCIL

As part of the core of this Council's model and commitment to the separation of powers, 16 Section 79 oversight and/or standing committees have been established and adopted by the Council. They have the following responsibilities:

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

Table 2: Chairpersons of section 79 committees in the City of Tshwane

Name	Committee
Samuel Mashola	Community Safety
Refiloe Kekana	Finance
Nomthandazo Maseko	Sport and Recreation
Aaron Maluleka	Economic Development and Planning
Ryder Mokgothadi	Infrastructure
Selopi Tlometsane	Agriculture and Environment
Joe Mkhize	Corporate and Shared Services
Conference Ntuli	Roads and Transport
Derick Mosito	Housing and Human Settlement
Alphina Ndhlovana	Health and Social Development
Johnny Mohlala	IDP and Planning

Standing committees

Standing committees are permanent committees established to deal with Council-related matters. Some decision-making powers are delegated to them, and they are required to submit reports to the Council. Councillors chair all standing committees except for the Audit and Performance Committee, which is chaired by an independent person in accordance with the prescriptions of the Municipal Finance Management Act.

Oversight Committees

The CoT has adopted a governance model which ensures a clear separation of powers and functions between Council (Legislature) and the executive in order to enhance and strengthen the Council's oversight role. This governance model requires the institution of section 79 oversight committees, chaired by full-time councillors, appointed by Council and, in turn, reporting to the Speaker and Council.

The Office of the Speaker is thus accountable for oversight of the above through the monitoring and evaluation of executive compliance. To coordinate effective oversight at a political level, the Speaker conducts performance assessments with the chairpersons of the section 79 oversight and standing committees with a view to assist, improve and enhance the oversight function incumbent on the respective chairpersons within their respective committees.

The Office of the Speaker has 12 Section 79 Oversight Committees and 4 Standing Committees which ensure that the Council scrutinises the work of the CoT in line with the SDBIP and Performance Agreements.

Table 3: Chairpersons of standing committees

Chairperson	Committee
Oscar Mathafa	Municipal Performance Audit
Dolly Ledwaba	Civilian and Oversight
Noki Makitla	Petitions
Joan Muller	Rules and Ethics
Sizwe Mthetwa	Public Place and Street Names

EXECUTIVE MAYOR AND MAYORAL COMMITTEE

The Executive Mayor, Councillor KD Ramokgopa, assisted by the Mayoral Committee, heads the executive arm of the City.

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.

The Executive Mayor of Tshwane is supported by a team of ten MMCs, each with a different portfolio focusing on particular departments in the Municipality. The City of Tshwane is governed by the Executive Mayor, assisted by members of the Mayoral Committee, the Speaker and the Chief Whip of Council who also perform critical roles in managing the Council.

Each MMC is responsible for and chairs a particular portfolio committee consisting of a number of councillors. The Mayoral Committee considers the reports of the portfolio committees and submits them to the Council for approval.

The Mayoral Committee is chaired by the Executive Mayor and consists of the following members:

Table 4: Members of the Mayoral Committee

MEMBER	PORTFOLIO
Councillor Thembi Mmoko	Corporate and Shared Services
Councillor George Matjila	Roads and Transport
Councillor Jacob Masango	Infrastructure Development
Councillor Joshua Ngonyama	Housing and Human Settlement
Councillor Subesh Pillay	Economic Development Planning
Councillor Terence Mashego	Community Safety and Emergency Services and Leader of Executive Business
Councillor Nozipho Tyobeka Makeke	Sport, Recreation, Arts and Culture
Councillor Dorothy Mabiletsa	Group Finance
Councillor Eulanda Mabusela	Health and Social Development
Councillor Petunia Mashaba	Agriculture and Environmental Management

Councillor Terence Mashego



MMC for Community Safety and Emergency Services and Leader of Executive Business

Councillor Thembi Mmoko



MMC for Corporate and Shared Services

Councillor Dorothy Mabiletsa



Councillor Subesh Pillay



MMC for Economic Development and Planning

Councillor Nozipho Tyobeka-Makeke



MMC for Sport, Recreation and Culture

Councillor Joshua Ngonyama



MMC for Housing and Human Settlements

Councillor George Matjila



MMC for Roads and Transport

Figure 15: Mayoral Committee of the City of Tshwane

LEADER OF EXECUTIVE BUSINESS

The Leader of Executive Business is the interface between the executive and legislative branches. Councillor T Mashego, the MMC for Emergency Services and Metro Police Services, also serves as the Leader of Executive Business.

The roles and responsibilities of the Leader of Executive Business include the following:

- Representing the executive branch on Council-related matters
- Ensuring that executive business is effectively passed to the Council via the Programme Committee

- Consulting with the Speaker when the Speaker intends calling a special meeting of the Council outside of the schedule of Council meetings
- Consulting with the Speaker for the purposes of including time to discuss matters of public importance on the Council agenda
- Determining which matters are referred to the Speaker and thereafter to section 79 committees and the Council

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 the Council in carrying out its responsibilities in terms of the MFMA. The APC's responsibilities in terms of section 166 of the MFMA encompass the following:

Internal audit which includes:

- Ensuring that the charter, independence and activities of the internal audit function are clearly understood and respond to the objectives of the City and the legal framework
- Reviewing and approving the internal audit charter, including internal audit strategic plan and operational plan
- Confirming that the annual audit plan makes provision for critical risk areas in the City and its entities
- Evaluating the performance of internal audit activity in terms of the agreed goals and objectives as captured in the audit plan
- Requesting external quality assurance reviews of the internal audit function on a regular basis (at least every five years)

External audit which includes:

- Reviewing annual external audit plans, audit fees and other compensation
- Reviewing reports and monitoring management's implementation of audit recommendations and the Council's resolutions
- Reviewing the report on the financial statements and matters raised therein for reasonability and accuracy
- Liaising with the external auditors on any matter that the APC considers appropriate to raise with the external auditors
- Ensuring that the external auditors have reasonable access to the management and Chairperson of the APC

Financial statements which includes:

- Reviewing the annual financial statements to provide the City, or in the case of a municipal entity, the Council and the board of directors of the entity, with an authoritative and credible view of the financial position of the City or municipal entity

- Reviewing the quarterly financial information to be provided to the Council and other users of such information
- Advising the Council in respect of matters that may impact significantly or negatively on the financial position of the City and its entities

Internal controls which includes:

- Establishing whether management has relevant policies and procedures in place and that these are adequate, effective and regularly updated
- Regularly determining whether appropriate processes are followed and complied with
- Considering measures applied to changes required for the design or implementation of internal controls
- Assessing steps taken by management to encourage ethical and lawful behaviour as well as financial discipline and accountability regarding the use of public resources

Performance management which includes:

- Reviewing and commenting on compliance with statutory requirements and performance management best practices and standards
- Reviewing and commenting on the alignment of the Integrated Development Plan, the budget, the Service Delivery and Budget Implementation Plan and performance agreements
- Reviewing and commenting on the relevance of indicators to ensure that they are specific, measureable, achievable and time-bound (SMART) and also relate to services performed by the City and its entities
- Reviewing the quarterly performance reports submitted by Internal Audit
- Reviewing and commenting on the annual reports of the City and its entities within the stipulated time frames

Information technology governance which includes:

- Advice on IT governance, as well as control, access to and safeguarding of information on the City and its entities
- Advice on the appropriateness of disaster recovery and continuity plans for IT risks, regular testing, and evaluation of plans, systems and processes
- Oversight and monitoring compliance with the public sector corporate governance of the Information and Communication Technology Policy Framework

Compliance with laws and regulations which includes:

- Ensuring that the City and its entities comply with all applicable laws and regulations by obtaining regular updates from management and legal advisors regarding compliance matters
- Ensuring that all regulatory and compliance matters have been considered in the preparation of financial statements
- Reviewing the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation of and follow-up on disciplinary action in reported instances of non-compliance

Combined assurance which includes:

- Ensuring that a combined assurance model is applied to establish a coordinated approach to all assurance activities
- Monitoring the appropriateness of the combined assurance model and ensuring that all the significant risks facing the City and its entities are adequately addressed
- Monitoring the relationship between the assurance providers

2 ADMINISTRATIVE GOVERNANCE

Mr J Ngobeni (City Manager), is the Accounting Officer as defined by the Municipal Structures Act. The City Manager is responsible for managing the financial affairs and service delivery of the Municipality.

The Office of the City Manager provides strategic and operational support to the City Manager in the execution of his duties as defined in Chapter 7 of the Municipal Systems Act, 2000. The Office of the City Manager further ensures that all senior managers sign performance agreements that are aligned with the IDP and SDBIP and monitors the performance of departments on the implementation of the budget and IDP.

To provide governance and strategic support, administrative processes and systems are harmonised to ease business processes for which the City Manager is held accountable.

The City Manager is supported by Deputy City Managers and other senior managers. The senior management of the City of Tshwane was constituted as follows for FY 2014/15.

Table 5: Senior management

Position	Name
City Manager	Jason Ngobeni
Group Information and Communication Technology	Dumisani Otumile
Group Legal Services	Bruno Seabela
Group Audit and Risk	Obed Tenga
Acting Chief Financial Officer	Umar Banda (acting)
Chief of Police: Tshwane Metropolitan Police Department	Steven K Ngobeni
Strategic Executive Director: Community and Business Safety	Daniel Manganye
Strategic Executive Director: Corporate and Shared Services	Cynthia Ramulifho
Strategic Executive Director: Emergency Services	Joan K de Beer
Deputy City Manager: Strategy Development and Implementation	Lindiwe Kwele
Strategic Executive Director: Economic Development	Tembeka Mhleka
Strategic Executive Director: City Planning and Development	Makgorometje Makgata
Strategic Executive Director: Communication, Marketing and Events	Nomasonto Ndlovu
Strategic Executive Director: City Strategies and Performance Management	Mayur Maganlal
Executive Director: Tshwane Convention Bureau	Neliswa Nkani (acting)
Deputy City Manager: Operations	Mokgokela Frans Boshelo
Strategic Executive Director: Health and Social Development	Mpho Kekana
Strategic Executive Director: Environmental Management	Mthobeli Kolisa
Strategic Executive Director: Sport, Recreation, Arts and Culture	Doctor N Tshwale
Deputy City Manager: Infrastructure Services	Lisa N Mangcu

Position	Name
Strategic Executive Director: Housing and Human Settlements	Amolemo Mothoagae
Strategic Executive Director: Services Infrastructure	James Murphy (acting)
Strategic Executive Director: Transport	Hilton D Vorster (acting)
Strategic Executive Director: Tshwane Rapid Transport	Clifford Malimabe (acting)
Deputy City Manager: Service Delivery Coordination and Transformation	Ndhivo Lukhwareni
Regional Executive Director: Region 1	Nkagisang Ndlovu (acting)
Regional Executive Director: Region 2	Godfrey Mnguni (acting)
Regional Executive Director: Region 3	Kgomotso Mohlala
Regional Executive Director: Region 4	Tebello Masehe (acting)
Regional Executive Director: Region 5	Nomsa Mabasa
Regional Executive Director: Region 6	Sello Chipu (acting)
Regional Executive Director: Region 7	Robert Maswanganyi (acting)
Political Support Offices	
Strategic Executive Head: Office of the Executive Mayor	Dorah Nteo (acting)
Strategic Executive Head: Office of the Chief Whip	Kgaugelo Mkhwebana
Strategic Executive Head: Office of the Speaker	Mapiti Matsena

* The structure was subsequently changed by a council resolution in FY 2015/16.

3 MUNICIPAL ENTITIES

The City of Tshwane has three municipal entities: Housing Company Tshwane (HCT), Sandspruit Works Association (SWA) and Tshwane Economic Development Agency (TEDA). The municipal entities are accountable to the Municipality. Each municipal entity has a multi-year business plan that is approved by the Council.

The table below lists the municipal entities of the Tshwane and their chief executive officers.

Table 6: CEOs of municipal entities for FY 2014/15

Entity	CEO
Housing Company Tshwane (HCT)	Nkululeko A Ngubane (acting)
Sandspruit Works Association (SWA)	Lisa Mangcu (acting during the FY)
Tshwane Economic Development Agency (TEDA)	Solly Mogaladi

THE SHAREHOLDER UNIT

The performance and operations of the three Municipal Entities, is monitored by the shareholder unit in the Office of the Executive Mayor. The Shareholder Unit (SHU) is tasked with the reviewing, monitoring and “overseeing” of the affairs, practices, activities, behaviour and conduct of the MEs to satisfy the City of Tshwane that, the ME’s affairs and businesses are being conducted in the manner expected and in accordance with the normal commercial, legislative and other prescribed or agreed norms.

Through enterprise governance, the SHU ensures that the entire accountability framework of the MEs to the City of Tshwane is monitored through both dimensions of the enterprise governance, conformance and performance that need to be in balance.

The Shareholder Unit ensures that proper governance structures and processes are strengthened in the entities, through the following;

- Clean Audit – managing the process of addressing all the matters/issues that have been raised by the Auditor General;
- Contribution toward the Tshwane 2055 Vision;
- Ensure that entities internal control process and proper reporting;
- Enhance leadership and create stability in the entities through capacitation of the Boards , Executives Directors and Executive Management;
- Board Induction (New Non- Executive Directors);
- Board Evaluation or Assessment (Performance of the Boards);
- Convening of the Annual General Meeting (Shareholders Meeting);
- Financial Suitability of entities;
- Review existing policies pertaining to entities (Remuneration, Governance of Municipal Entities etc.);
- Review of Service Delivery Agreements (SDA) and Shareholder Compacts

SANDSPRUIT WORKS ASSOCIATION (SWA)

INTRODUCTION

Sandspruit Works Association (SWA) is a registered Section 21 non-profit company. It provides water and sanitation services in the northern region of Tshwane and thus has the function of a water services provider in terms of the Water Services Act, 1997 (Act 108 of 1997). The supply area of Sandspruit Works Association includes Ga-Rankuwa, Mabopane and Winterveld. The principal activity of the company is to develop, prepare,

install and maintain water and sanitation services as well as related services to these areas. It also fulfils the complete operational, financial, marketing, human resources and legal functions.

The vision of SWA is:

To become the preferred water service provider that innovatively meets the water services provision challenges and needs of all its customers in a financially sustainable manner.

CORPORATE GOVERNANCE

The board of directors has incorporated the City of Tshwane's corporate governance protocol into its Board Charter, which *inter alia* regulates its relationship with the City of Tshwane as its sole member and parent municipality.

The entity practices are, in most material instances, in line with the principles set out in the King III Report. However, ongoing steps are being taken to align practices with the Report's recommendations and the Board continually reviews progress to ensure that corporate governance is improved.

The board of directors of SWA, as stipulated in the King Code III and the Code of Conduct for Directors referred to in section 93L of the Municipal Systems Act, 2000 as amended, are listed below.

Table 7: SWA Board of Directors

Board member	Capacity: Executive/Non-Executive	Race	Gender
Adv. KD Garlipp	Non-executive	White	Male
CV Maboka	Non-executive	Black	Male
KA Eales*	Non-executive	White	Female
LN Bokaba	Non-executive	Black	Male
TL Moromane	Non-executive	Black	Female
Adv. B Malatji^	Non-executive	Black	Male
Z Kabini^	Non-executive	Black	Female
Zwe Ndlala^	Non-executive	Black	Male
MJ Taetsane	Executive Director	Black	Male

*: Resigned during second quarter of the year

^: Appointed in May 2015

The Sandspruit Works Association board of directors consists of one executive and seven non-executive directors. The board meets regularly, at least quarterly, and retains full control over SWA. The board remains accountable to the City of Tshwane, which is the sole member, and its stakeholders. The directors have a

collective responsibility to provide effective corporate governance that involves a set of relationships between the City of Tshwane, SWA and other relevant stakeholders which include the following:

- Setting the strategic direction and goals of Sandspruit and monitoring management's implementation of that strategy
- Appointing such committees of Sandspruit as may be appropriate to assist in the discharge of its responsibilities and determining their responsibilities
- Ensuring that procedures and practices are in place that protects Sandspruit's assets and reputation
- Monitoring financial outcomes and the integrity of reporting, in particular approving annual budgets and longer-term strategic and business plans
- Ensuring that effective audit and compliance systems are in place to protect Sandspruit's assets and to minimise the possibility of Sandspruit operating beyond legal requirements or beyond acceptable risk parameters
- Monitoring compliance with regulatory requirements and ethical standards

HOUSING COMPANY TSHWANE (HCT)

INTRODUCTION

Housing Company Tshwane is a municipal entity of the City of Tshwane. The City established the entity as its vehicle to develop and manage social housing and other forms of institutional housing in and around Tshwane. Therefore the mandate of the Housing Company Tshwane consists of the following:

- Developing, owning 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 (as revised by the National Department of Human Settlements 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 of Tshwane.

The vision of HCT is "to be a social housing provider of choice in the City of Tshwane".

CORPORATE GOVERNANCE

The board's primary role is to ensure that the company meets its mandate through its planning and operations. To this end, the board gives strategic direction to the company and oversees the company's management.

The board of directors has incorporated the City of Tshwane's corporate governance protocol into its Board Charter, which *inter alia* regulates its relationship with the City of Tshwane as its sole member and parent municipality in the interest of good corporate governance and good ethics.

The following table lists the members of the HCT Board for the 2014/15 financial year.

Table 8: HCT board of directors

Board member	Capacity: Executive/Non-executive	Race	Gender	Board committee membership
Mr TS Phetla	Board chairperson	Black	Male	None
Adv. EM Mphahlele	Board member	Black	Male	Finance, Risk and Ethics Committee
Adv. TS Kholong	Board member	Black	Male	Finance, Risk and Ethics
Adv. AJ Singh	Board member	Indian	Male	Projects and Development Committee
Dr W Rowland	Board member	White	Male	Human Resources Committee
Dr Mtloung*	Board member	Black	Male	Human Resources Committee
Ms N Mbiza*	Board member	Black	Female	Projects and Development Committee
Ms D Masilela	Board member	Black	Female	Human Resources Committee
Dr TJ Mokgoro**	Board member	Black	Male	Finance, Risk and Ethics Committee
Ms M Lehlokoa**	Board member	Black	Female	Projects and Development Committee

* Appointed in May 2015.

** Resigned during the course of the year.

The Chief Executive Officer (CEO) is appointed by the board of directors and is accountable to them. The CEO is the accounting officer responsible for the planning, development, administration, management and monitoring of the company's assets.

Provision is made in the structure for the following executive management positions:

- Chief Financial Officer (to be filled in 2015/16)
- Chief Operations Officer (to be filled in 2015/16)
- Property Manager

TSHWANE ECONOMIC DEVELOPMENT AGENCY (TEDA)

INTRODUCTION

The Tshwane Economic Development Agency (TEDA) is a state-owned company 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 Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), as amended; and the Local Government: Municipal Finance Management Act, 2003 (Act 53 of 2003) as amended and its regulations.

The service delivery agreement entered into by TEDA and the City provides the mandate. TEDA has just concluded an organisational development exercise. This was undertaken to provide guidance on the organisational structure and skills set that are appropriate for the entity to deliver on its mandate, encapsulated into the following:

Core business components

- Projects Portfolio Management
- Property and Asset Management
- Investment Promotion and Funding

CORPORATE GOVERNANCE

The board of directors of TEDA is committed to ethical leadership and a culture of performance excellence in the company as required by King III. The board is devoted to ensuring the highest standards of corporate governance compliance, risk management and prudent financial management.

The board is responsible to the company's shareholder, the City of Tshwane, for the implementation of the shareholder compact and long-term business strategy through oversight of the management of the company's operations in line with the company's vision of being a leading African economic development agency. The board of directors confirms that the company has, during the year under review, complied with the King Code on Corporate Governance (King III).

Table 9: TEDA board of directors

Board member	Capacity: Executive/Non-executive	Race	Gender	Board committee membership
Prof. DL Mosoma (Chairperson)	Non-executive	African	Male	<ul style="list-style-type: none"> • Social and Ethics
Bahula-Ermias, RS	Non-executive	African	Female	<ul style="list-style-type: none"> • Social and Ethics • Remuneration
Gouvelis, H	Non-executive	White	Male	<ul style="list-style-type: none"> • Trade and Investment • Finance, Risk and Governance
Haskins, LD*	Non-executive	Coloured	Female	<ul style="list-style-type: none"> • Trade and Investment • Finance, Risk and Governance
Matsho, J*	Non-executive	African	Male	<ul style="list-style-type: none"> • Projects • Finance, Risk and Governance
Mpungose, ZG	Non-executive	African	Female	<ul style="list-style-type: none"> • Trade and Investment • Remuneration
Mpyane, CR	Non-executive	African	Male	<ul style="list-style-type: none"> • Projects • Remuneration
Mzizi, SP	Non-executive	African	Female	<ul style="list-style-type: none"> • Projects • Finance, Risk and Governance
Ntsinde, NM*	Non-executive	African	Female	<ul style="list-style-type: none"> • Projects • Finance, Risk and Governance

Board member	Capacity: Executive/Non-executive	Race	Gender	Board committee membership
Sibanda, FK	Non-executive	African	Male	<ul style="list-style-type: none"> • Trade and Investment • Projects
Singh, N	Non-executive	Indian	Female	<ul style="list-style-type: none"> • Finance, Risk and Governance • Social and Ethics
Thubakgale, JL	Non-executive	African	Male	<ul style="list-style-type: none"> • Social and Ethics • Remuneration
Vutula, L	Non-executive	African	Male	<ul style="list-style-type: none"> • Remuneration
Yates, M	Non-executive	White	Male	<ul style="list-style-type: none"> • Projects • Trade and Investment

CONCLUSION

This section outlined the political and administrative governance mechanisms of the City of Tshwane and its entities. The City has realised the objectives of its approved governance model.

B INTERGOVERNMENTAL RELATIONS

1 INTRODUCTION

The fundamental principles of any city participation in international collaboration required by modern diplomacy at both bilateral and multilateral levels are knowledge and experience of the global economic system, research skills, project management and planning, articulation, and realisation of stated organisational goals and objectives. Inherently, while international work is resource-demanding, the results are not immediately evident, and therefore a critical and long-term approach becomes an absolute necessity.

As 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 the execution of the Executive Mayor's intergovernmental and international relations functions. Key support functions include research and formation of administrative partnerships that enable for example the signing of city-to-city cooperation agreements, hosting of international conferences, and engagement of members of the diplomatic community.

The Office of the Executive Mayor has to also ensure that media enquiries are responded to swiftly, and that the Executive Mayor has all relevant information when participating in Intergovernmental Forums.

2 NATIONAL INTERGOVERNMENTAL STRUCTURES

The City of Tshwane conducts its intergovernmental business following the prescripts of the Intergovernmental Relations (IGR) Framework, at both the political and administrative levels. The City participates in the SALGA members' forum and SALGA Provincial Executive Committee Lekgotla with other municipalities to discuss local government issues to ensure that national government provides an environment that is conducive for municipalities to deliver services to communities. The City also participates in MinMec meetings to discuss national policy and strategic issues.

City of Tshwane councillors, supported by officials, participate in various South African Local Government Association (SALGA) working groups where sectoral service delivery issues and challenges are discussed. The focus is on enhancing integrated approaches to service delivery rather than working in isolation.

The City of Tshwane IGR practitioners attended meetings and workshops convened by the Department of Cooperative Governance and Traditional Affairs (COGTA) and SALGA. These meetings focus on support to municipalities in their management of IGR and strengthening the functioning of the IGR system at the level of local government. At COGTA meetings the City of Tshwane meets with other national structures and counterparts and derives the benefit of sharing the national perspective and challenges of IGR coordination programmes and projects and also of sharing best practice with other metros and municipalities to solve some of the IGR challenges. Interactions with other spheres of government ensure that there is alignment in terms of planning and implementation of government programmes and projects. These meetings also provide opportunities for capacity-building and skills development.

3 PROVINCIAL INTERGOVERNMENTAL STRUCTURES

The City participates in the Premier's Coordinating Forum (PCF), the Extended Executive Council Lekgotla, the SALGA Gauteng Provincial Executive Committee as well as other strategic forums. The Executive Mayor delegates other intergovernmental functions to MMCs in accordance with sections (1)(b) and (c) of the Local Government: Municipal Structures Act (1998). Written reports from the delegated meetings are expected to be submitted to the delegating authority within ten working days after the meetings in accordance with the Mayoral Committee resolution of 27 October 2006.

As the administrative head of the municipality, the City Manager in terms of section 55(1) of the Local Government: Municipal Systems Act, 2000 coordinates intergovernmental relations and participates in the PCF Technical Committee and SALGA Technical Committees. The City Manager also engages ex officio with other statutory technical committees on national, provincial and municipal level.

In order to promote a coordinated implementation of the City's IDP and to ensure an alignment of the service delivery programme with other spheres of government, heads of City departments (Strategic Executive Directors) participate in sector forums and have working relations with relevant national and provincial departments.

The City of Tshwane's IGR and IR Unit staff participates in the Provincial Intergovernmental Relations and International Relations Forums convened quarterly by the Office of the Premier where metropolitan and district municipalities of Gauteng meet to discuss policies and programmes and to share information and best practices.

The City of Tshwane's IGR Forum is linked to the provincial IGR system and will provide reports to the provincial IGR forum. This will enhance alignment with and coordination of service delivery to communities with other spheres of government and with other municipalities and organs of state.

The meetings serve to consolidate departmental and local government strategic plans in line with the approved annual performance plans to provide an integrated approach to planning and implementation of plans, thus enhancing cooperation for more efficient service delivery.

4 MEMBERSHIPS, FORUMS AND AGREEMENTS

4.1 ICLEI- LOCAL GOVERNMENTS FOR SUSTAINABILITY

The City of Tshwane is a member of ICLEI-Local Governments for Sustainability. ICLEI is the world's leading network of over 1,000 cities, towns and metropolises committed to building a sustainable future. It supports its members to enhance the sustainability of their cities and regions through promoting low-carbon, resilient, eco-mobile, bio-diverse, resource-efficient and productive initiatives and programmes.

In March 2015, City of Tshwane was selected by a panel of international experts as South Africa's Earth Hour Capital 2015 in recognition of the city's greening initiatives, which are moving the city closer to its goal of becoming the leading green capital in Africa.

The title was awarded as part of the global Earth Hour City Challenge (EHCC), a collaborative effort between the World Wide Fund for Nature (WWF) and ICLEI – Local Governments for Sustainability, which aims to mobilise action and support from cities in the global transition toward a sustainable energy future.

In the lead up to the announcement as the winner of this prestigious title, the City of Tshwane, in partnership with the World Wide Fund for Nature (WWF-SA), ICLEI – Local Governments for Sustainability, and Tshwane University of Technology (TUT), hosted the Earth Hour Capital Challenge on 27 March 2015, an event aimed at raising the profile of public transport as a means to support low-carbon development.

TUT students paired with the WWF and City of Tshwane partners used all available modes of public transport to navigate a series of destination checkpoints across the City. The City has a number of low-carbon public transport options available to commuters, including Tshwane Bus Services, A Re Yeng, mini-bus taxis, Metro Rail, and Gautrain.

The challenge kicked off at TUT Pretoria Campus and followed a route encompassing Eskia Mphahlele Library, Loftus Stadium, A Re Yeng Hatfield Station and Mamelodi before ending at the Pretoria Station.

Following the Earth Hour Capital Challenge, the City of Tshwane (CoT) participated in Earth Hour, an event it has supported since 2009 by switching off lights for one hour during the last Saturday of March from 20h30 to 21h30 in all municipal buildings, and encouraging others within the City to do so. This year the event was held on 28 March 2015 at Freedom Park.

2 C40

The City of Tshwane was accepted as the 70th Member of the C40 Cities Climate Leadership in September 2014 in the Innovator City category. C40 is a network of the world's megacities committed to addressing climate change. Acting both locally and collaboratively, C40 cities are having a meaningful global impact in reducing both greenhouse gas emissions and climate risks through webinars, workshops, meetings and exchanges. Through a number of Thematic Networks, C40 offers cities an effective forum where they can collaborate, share knowledge and drive meaningful, measurable and sustainable action on climate change. C40 networks are dynamic working groups of cities organised around a set of common challenges or priorities. Their goal is to accelerate the identification, development and implementation of programmes, policies and projects in C40 Cities through facilitated peer-to-peer collaboration. The City of Tshwane is currently involved in the following C40 Networks:

Table 10: CoT involvement in C40 networks

Transportation	<ul style="list-style-type: none"> • Bus Rapid Transit • Low Emission Vehicles
Solid Waste Management	<ul style="list-style-type: none"> • (Sustainable Solid Waste Systems) • Waste to Resources
Sustainable Communities	<ul style="list-style-type: none"> • Sustainable Urban Development • Transit Oriented Development*
Finance and Economic Development	<ul style="list-style-type: none"> • Green Growth • Sustainable Infrastructure Finance
Energy	<ul style="list-style-type: none"> • Municipal Building Efficiency • (Private Building Efficiency)
Adaptation and Water	<ul style="list-style-type: none"> • Climate Risk Assessment

*The City of Tshwane is the Global convenor and leader of the C40 network on Transit Oriented Development.

3 AFRICAN CAPITAL CITIES SUSTAINABILITY FORUM

Addressing the sustainability imperative at the city scale is multifaceted and highly complex in its implications, spanning a broad range of expertise and role-players. Implementation is complicated by the broad diversity of stakeholders, the fragmented nature of land ownership and the greatly diverging and often conflicting interests of the various objectives at the core of true sustainability, which are economic prosperity, social equity and environmental stewardship. The task can be overwhelming and requires high levels of leadership, innovation and excellence to achieve.



The African Capital Cities Sustainability Forum, hosted in 2015 by the City of Tshwane, created a platform for African Capital Cities to identify and deliberate on commonalities and challenges faced by major cities in Africa while showcasing and sharing successful initiatives towards the emergence of original and appropriate solutions in addressing the sustainability imperative at the urban scale.

The inaugural forum was held on from 23 June 2015 at the CSIR International Convention Centre followed by a further two days of multi-lateral engagements and City tours as City of Tshwane hosted 15 African Capital Cities.

Representation from African Capital Cities

On 23 June 2015, representatives from 15 African Capital Cities converged at the CSIR ICC to participate in the inaugural African Capital Cities Sustainability Forum. Their invitation to participate in the inaugural forum was a culmination of a six-month process to invite every African Capital City to be a guest of the City of Tshwane and participate in the launch of the forum. The process was initiated through a presentation to all the Africa Heads of Mission based in the City of Tshwane as well as engagement with the South African Department of International Relations and Cooperation (DIRCO).

The following table presents the Mayoral delegations from African Capital Cities in attendance:

Name	Surname	Designation	Capital & Country
Abdoulie	Bah	Mayor	Banjul, Gambia
Landing	Sanyang		Banjul, Gambia
Willie	Chapondera	Mayor	Lilongwe, Malawi
Dyton Jabilu	Milanzi	Director of Administration	Lilongwe, Malawi
Bernard	Manyenyeni	Mayor	Harare, Zimbabwe
Benito	Jones	Mayor	Mbabane, Swaziland
Ellen	Matsenjwa	Senior Health Inspector in the Environmental Section	Mbabane, Swaziland
Emmanuel	Mwiliko	Mayor	Dodoma, Tanzania
Melkion	Komba	Economist	Dodoma, Tanzania
Ekeneide	Dos Santos	President of the District Council of Agua Grande	Sao Tome Sao Tome & Principe
Nando	Bodha	Minister	Mauritius
Gaetan	Siew	Chairperson of Construction Industry Development, Chairperson of Smart Cities Projects Committee	Port-Louis, Mauritius
Jean	Simonet	Senior Chief Executive	Port-Louis, Mauritius
Dauoudou	Mohamed	Mayor	Moroni, Comoros
Said	Mohamed	In Charge of International Affairs	Moroni, Comoros
Alvaro Raimundo	Chimbo	Delegate in the Interchange Office	Luanda, Angola
Abeljoao	Morais	Studies & Planning Office of the Technical (GEP)	Luanda, Angola
Saliyou	Osseni	Cabinet Director	Porto-Novo, Benin
Semako	Houssou		Porto-Novo, Benin
Julien	Assoumou Akue	Fourth Deputy Mayor in charge of decentralised cooperation	Libreville, Gabon
Christian	Auge	Communication Advisor to the Mayor	Libreville, Gabon
Mwahina Hangapo	Veico	Deputy Mayor	Windhoek, Namibia
Faniel Ilukena	Maanda	Spatial Section Planner	Windhoek, Namibia
Ntsoaki Mabakuene	Matobo	Deputy Mayor	Maseru, Lesotho
Mateboh	Mokooane	Director Planning and Development	Maseru, Lesotho

Name	Surname	Designation	Capital & Country
Martin	Zimba	District Planning Officer	Lusaka, Zambia
Joseph	Mwanza	District Planning Officer	Lusaka, Zambia
Adriano Gomes	Ferreira	Mayor	Bissau, Guinea Bissau

In addition to the Mayoral delegations, the audience comprised some 300 delegates from public and private sector, professional practice, civil society, and academia.

The key themes arising from this initial conference ranged from infrastructure, education, poverty alleviation, urban mobility to global warming mitigation and adaptation. .

A major outcome of the inaugural forum was the signing of the 2015 Tshwane African Capital Cities Declaration. The signed confirmed their support of the forum, and acknowledged the success of the inaugural event, as well as their commitment to proceed with further annual events.

The declaration reads as follows:

Tshwane Declaration 2015

We, Mayors of African Capital Cities, gathered at the City of Tshwane, the Capital City of South Africa from 23 to 25 June 2015 hereby declare to advance sustainability within the African continent through ground breaking initiatives;

Noting the current global challenges that threaten growth and development in our cities, especially those related to climate change, global economic slowdown, trade facilitation, connectivity, land degradation caused by mining activities and water shortages;

Committing to Convene annually as leaders of Capital Cities in Africa to take stock of our progress and consolidate our positions in urban sustainability;

Accepting the offer by the City of Tshwane to host the next annual gathering during their sustainability week conference in June 2016;

Realising the unique role of capital cities in providing leadership for other local authorities within country borders;

Recognising the importance of partnerships and collaborative efforts in the implementation of sustainability programmes;

Further recognising that while we look towards international policies and national legislative prescripts for policy directives, real action can only happen at a local sphere of government.

Aware of the increasing rate of urbanization, especially in African Cities and the need to design sustainable urban development solutions that take advantage of this growing trend;

We therefore commit to lead in advancing the following city sustainability priorities:

- The enhancement of infrastructure in our capitals to allow for connectivity and ease of doing business within the African continent;

- Collaboration with Green Building Councils in Africa to transform our built environment due to its important role in ensuring resilience at times of disasters, especially natural disasters;
- Full utilisation and investment in our most precious resource- our people in implementing sustainability projects;
- Focus on the Food-Water-Energy nexus to effectively address the developmental challenges posed by this nexus;
- Investment and focus on sustainable transport and connectivity to allow for freedom of movement within urban and rural spaces, especially to centres of economic activity;
- Jointly leverage on mechanisms for sustainability financing to ensure that investments in urban infrastructure secures sustainable economic growth within the carrying capacity of the planet's systems and resources;
- Prioritise reduction of informal settlements which are a visible sign of urban poverty by improving access to basic services like clean water, electricity, health services and urban food production programmes;
- The effects of climate change are converging in dangerous ways. Cities are contributors to climate change and at the same time, cities and towns are heavily vulnerable to climate change. We will learn from each other in implementing both climate change mitigation and adaptation programmes;
- Transition our cities towards a green economy that will ensure the provision of basic services, secure local economic development while preserving natural resources, stimulating employment creation and industrial activity;
- Focused waste management that encourages recycling programs aimed at diverting large amounts of materials from landfill sites, development of Energy from Waste sites and gas extraction processes. Leapfrogging technology in this area could yield maximum economic benefits;
- Enhanced advocacy and participation in the United Nations Framework Convention on Climate Change processes, especially the upcoming 21st Conference of Parties (COP 21) in Paris from 1 to 12 December 2015;
- Coordinated approach towards the implementation of the Global Sustainable Development Goals (SDGs) to be adopted by the United National General Assembly in September 2015.

The objective of the launch of forum was to set in motion the strengthening of the role for African capital cities to lead the way in terms of sustainable approaches to service delivery across the African continent.

To this end the forum will have a role to play in future with multiple forms of outreach planned, including a forum website to become a repository of content relevant to the Forum's objectives and through which policies and projects can be showcased and shared.

In terms of the domicile of the forum, it has been endorsed that the first series of three annual conferences be hosted by the Executive Mayor and take place in the City of Tshwane.

4. COMPACT OF MAYORS

[The Compact of Mayors](#) is a global coalition of mayors and city officials pledging to reduce local greenhouse gas emissions, enhance resilience to climate change, and track their progress transparently.

As one of the key initiatives launched at the UN Climate Summit in September of 2014 by the UN Secretary-General Ban Ki-moon and his Special Envoy for Cities and Climate Change, Michael R. Bloomberg, the Compact of Mayors is the world's largest global collective effort to date by cities to tackle climate change, proactively prepare for its impacts, and regularly track and report progress. The Compact was activated under the leadership of the global city networks—C40 Cities Climate Leadership Group (C40), ICLEI – Local Governments for Sustainability (ICLEI) and the United Cities and Local Governments (UCLG)—and with support from UN-Habitat, the UN's lead agency on urban issues.

Cities are climate leaders; they are in the best position to effect real change. Cities are home to 70% of the world's energy-related carbon emissions, and 90% of the world's largest cities are on coastal or inter-coastal waterways, putting them on the front lines of this battle. Also, city leaders are directly responsible to their constituents—and they are motivated to promote the sustainability, health and livability of their cities.

Mayors have the significant and direct power to reduce emissions and adapt to climate risks. The potential impact of cities taking climate action in three sectors alone – buildings, transportation and waste – would make an impact greater than the total emissions of United States and the 28 member states of the European Union combined.

Measurement and reporting are critical to achieving climate goals. The data collected through the Compact of Mayors will help quantify the impact city actions have on global greenhouse gas emissions and climate resilience, and will establish an accountability and reporting framework to track progress on commitments over time. ("If you can't measure it, you can't manage it.")

5 EARTH HOUR

The City of Tshwane's participation in Earth Hour 2015 culminated in a Mayoral Committee meeting at Freedom Park on 28 March 2015 from 20:30 to 21:30.

The Freedom Park event was attended by the Executive Mayor and Members of the Mayoral Committee, top management and other City of Tshwane officials, non-government organisations, members of the public and representatives of the Tshwane University of Technology.

The Mayoral Committee meeting began with a rendition of poetry by students of the Tshwane University of Technology, the main message being caring for the environment and minimising the negative impact of climate change. The Green Service Delivery Programme was also launched during the meeting. It focuses on

efforts by City of Tshwane employees to set an example for and ignite excellence in building a low-carbon, resilient and resource-efficient city. It is part of the broader Tshwane Green Outreach Programme.

Tshwane Green Ambassadors have been appointed in various City of Tshwane departments and workstations to drive the Tshwane Green Service Delivery Programme. They must help create a workforce that is conscious of the need to sustain the environment through adopting fuel efficiency, low-carbon transport, efficient use of electricity, proper waste management including separation at source, and efficient water management.

Winners of the Tshwane Green Capital Race were also announced during the Earth Hour event and presented with their prizes.

C PUBLIC ACCOUNTABILITY AND PARTICIPATION

INTRODUCTION

The Office of the Speaker leads the process of public participation in order to educate and inform the community about active engagement in the affairs of the City of Tshwane. The City aims to ensure that the public remains an integral part in decision-making at the level of local government.

The City uses many structures to enhance public participation. The most important ones include the following:

- Petitions and memoranda
- Stakeholder forums
- Ward committees
- Public hearings
- Public meetings
- Inspection in loco/site visits

Public accountability is exercised through section 79 oversight and standing committees.

In addition, Customer Relations Management plays an important role in identifying key customer/public concerns. These recorded concerns, complaints and queries are tracked regularly in order to ensure improved front-line service delivery and public accountability.

1 IDP PARTICIPATION

The development of the municipal Integrated Development Plan is guided by the Constitution of the Republic of South Africa, Chapter 5 of the Municipal Systems Act, 2000 (MSA) and the Municipal Structures Act, 1998. The MSA is founded on the constitutional principles of participatory democracy and cooperation.

The City's commitment to public participation and consultation continued to be based on constitutional and legal obligations and the governance model. One of the City's commitments is to foster participatory democracy and the Batho Pele principles as strategic objectives committed to in the 2011/16 IDP. To give effect to this, the City has and will continue to promote participatory engagements with communities in all its processes, including the development of the IDP and budget.

During the 2014/15 IDP review process, the Mayoral Committee approved a consolidated approach to public participation as it relates to both the annual IDP development and budget processes.

A three -phased outreach process was implemented for the IDP and budget 2014/15 as depicted below.

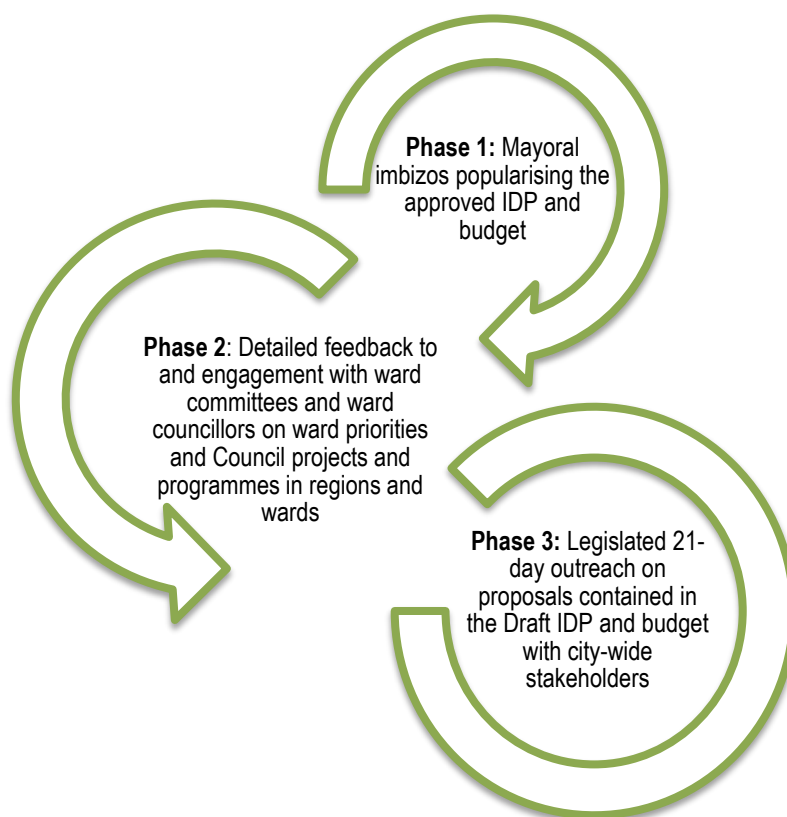


Figure 16 Phased approach to IDP community outreach

OUTREACH PROCESSES IMPLEMENTED UP TO THE DEVELOPMENT OF THE DRAFT 2014/15 IDP REVIEW

The IDP process has a number of stages and there are various stakeholders that need to be consulted and given the opportunity to engage and provide input to the IDP. Following the approval of the approach to public participation in the IDP and Budget processes, engagement with ward committees in the planning processes of the Council was initiated. This process builds on the foundation that was laid during the previous review process.

The verification was initiated of departmental responses to improve the quality of the information provided by departments on responding to the ward priorities during the previous review cycle.

Numerous programmes – such as Two Parks per Ward, Tshepo 10 000, Electricity for All, upgrading and management of informal settlements and housing delivery, – aim to address some of the matters raised by communities. Service delivery requests that fall outside the competency of the Municipality (e.g. building of schools and police stations) were brought to the attention of the relevant provincial departments and the responses given through to the respective communities.

The process outlined above demonstrates the City's commitment to fostering participatory democracy and will be improved through the development of regional IDPs. These have been initiated in the City's IDP for the first time. Input received, together with the community priority issues, formed the basis for finalising the 2014/15 IDP review and budget.

2 CUSTOMER RELATIONS MANAGEMENT AND PUBLIC ACCOUNTABILITY

2.1 INTRODUCTION

The Mayoral Committee resolved on 19 August 2009 that a customer satisfaction survey be done every two years by the City. The UNISA Bureau of Marketing and Research (BMR) has since then been commissioned by the CoT to carry out this survey.

The [Tshwane Household, Businesses and Embassy Satisfaction Survey](#) is a key objective and independent tool that is used to measure the satisfaction of the City's customers with the City. It supports the CoT's consultative commitments towards its stakeholders and is seen as an ideal platform to engage with stakeholders and determine their satisfaction level towards the service delivery standards of the CoT as well as reasons for dissatisfaction.

The survey research aims to support the transformation agenda of the CoT as outlined in Tshwane Vision 2055.

2.2 THE PROCESS AND MECHANICS OF THE SURVEY

A [Tshwane Household, Business and Embassy Satisfaction Survey](#) was conducted in 2015. The survey area comprised the geographical area under the jurisdiction of the CoT (regions 1 to 7). Furthermore, the sampling plan design took cognisance of settlement types (*i.e. townships, informal settlements, city centre and suburbs*) and the population distribution across all 105 wards of the CoT.

The 2015 study applied a quantitative research design which resulted in the participation of 3 368 households, distributed across the seven CoT administrative regions. In support of regional representation, a probability stratified sampling method was applied resulting in regional sample sizes equal to the proportion of household numbers per region.

The 2015 business satisfaction survey included a total of 900 businesses operating within the CoT. Of the total sample, 783 survey interviews were completed via an Interviewer-aided telephone survey approach while 117 interviews were self-administrated. More specifically, a quantitative research design was applied in executing the 2015 business satisfaction survey. 622 formal businesses and 278 were informal businesses.

The 2015 embassy/consulate satisfaction survey included a total of 31 embassies/consulates located within the CoT. Of the total sample, 27 interviews were completed via an interviewer-aided telephone survey approach while the rest were concluded via an online self-administered data collection approach. A quantitative research design was applied in executing the 2015 Embassy/consulate satisfaction survey.

2.3 RESULTS OF THE SURVEY

The overall customer satisfaction index is represented below:

Figure 17: Customer satisfaction index



Results on specific focus areas are detailed as follows:

2.3.1 COLLECTIVE COMMUNITY SERVICES

The community services that recorded the highest dissatisfaction ratings are emergency medical and ambulance service (58.8%), Environmental management (solar water heater installations) (52.7%) and emergency and disaster management (52.2%). The City notes that it should therefore make additional efforts in improving such services in line with available resources over time.

2.3.2 PUBLIC SAFETY

The survey results revealed that almost five in every 10 households feel unsafe in the inner city at night (48.8%) while approximately a quarter (27.1%) feels unsafe in the inner city during day time. Approximately a third (36.1%) of households feel unsafe in their neighborhood at night. Public safety is a key strategic objective of the City, and we have over the past four years increased our investment in improving public safety, including the deployment of newly graduated metro police officers in and around the City in numbers, and cameras. The City will continue to make improvements that focus on:

- Improving safety conditions in the inner city in particular.
- Ensuring that TMPD officials are more visible.
- Training and deploying more metro police in line with available budgets

- Continuously improving the response rate of TMPD officials to address problems promptly.
- Continuing to investigate and root out alleged corruptive practices (e.g. bribery) by TMPD staff with specific reference to traffic fines, driver testing and licensing irregularities.
- Discouraging dangerous driving behaviour of motorists.
- Ensuring that traffic lights are well synchronised to reduce traffic gridlocks.
- And continuing to implement more visible policing at faulty traffic signals.

2.3.3 BY-LAW ENFORCEMENT

The surveys revealed concerns raised about Control of substance abuse (53.0%) Control of illegal land use, or occupation. (38.3%) of respondents raised concerns about Control of health and safety standards at initiation schools (35.1%). The City notes the concerns raised, and will intensify its existing initiatives that are currently being rolled out, including putting in place developmental alternatives. Key successful initiatives have been the Re Aga Tshwane programme that is fast-tracking the formalisation of informal settlements, and the agreements reached with informal traders that are being implemented. We note the recommendations made by survey respondents and will put in place measures with available resources, and in partnership with affected parties to address the by-law concerns raised.

2.3.4 PARTICIPATION AND COMMUNICATION

Stakeholders have acknowledged the efforts made by the City but have recommended further improvements in terms of engagements with communities.

2.3.5 CORRUPTION

Concerns were raised by at least six in every 10 households across all regions of corruption and bribery in the CoT structures. The City has in the past few years intensified its efforts to identify and deal with complaints raised and to proactively deal with possible corruption. We are committed to clean governance and will put in place further controls to identify, investigate and appropriately address incidents of corruption. Among others, we will also re-assess the current anti-corruption measures.

2.3.6 CORE SERVICES

The table below provides a summary of issues raised by respondents in terms of the core services with some of the recommendations. It must be noted, that some services such as electricity were disrupted due to the ESKOM load-shedding and cable theft which continuously plagues the City. Communities are key role-players to also identify and report such criminals in order to assist the City in ensuring safe and consistent delivery of services.

It is important to note also that the consistent delivery of services is also affected by the availability of resources, the age of infrastructure, availability of materials and payment for services. As can be seen from

the financial statements, the number of residents with debts outstanding for more than 365 days has increased in FY 2014/15, directly affecting revenue collection and available resources for maintenance projects such as addressing potholes.

Table 11: Survey results on core services

Core Service type	Major findings
Electricity	<p>Of all core services items, electricity recorded the lowest in 2015 with households rating the service at 5.9 whilst businesses rated it at 5.3.</p> <p>Of those dissatisfied, 58.8% of household cited power outages/cuts/faults, 21.7% cited high tariffs and 7.9 indicated incorrect billing as reasons for their dissatisfaction.</p>
Waste Collection	<p>As in 2013, this item recorded good satisfaction from both household and business with ratings of 7.2 and 7.1 respectively.</p> <p>For households, reasons for dissatisfaction were split amongst refuse never/seldom collected 26.3%, no bins available/returned 19.9%, health hazard/dirty/messy 9.2%, Illegal dumping 17.5 and refuse not collected on scheduled time 13.9%.</p>
Neighborhood roads	<p>On the overall 54.4% businesses stated poor maintenance and pot holes as their reason for their dissatisfaction with neighborhood roads in roads. The survey on households highlight regions 1, 2, 5 and 7 as needing most focus</p>
Storm Water Drainage	<p>This service obtained an overall above-average satisfaction rating from businesses and those households who have access to these services (only 14.3% of households who have access to this service indicated that they are unhappy, with 46.7% stating blocked drains as a reason for their dissatisfaction. Almost a quarter of households, 4.2% claimed that this service is non-existent (or at unacceptably low levels) in their areas. 44.6% of business sighted blocked drains as a main problem</p>
Street/public lights	<p>Households' satisfaction about street/public lights was average in the 2015 survey with highlighted areas being faulty street lights 58.0%, not enough lights 17.2%, Apollo lights not bright enough/take up space 5.3% and street lights that burn all day 7.4%</p> <p>51.4% of businesses cited their reason of dissatisfaction to be faulty street lights.</p>

D CORPORATE GOVERNANCE

INTRODUCTION

Key aspects of corporate governance in the City of Tshwane are compliance with legislative requirements, implementation of risk management, and performing audits. Combined assurance is essential to ensure sound audit outcomes. The City's mechanisms to improve combined assurance include putting in place measures to entrench a performance management culture, sound risk management, and auditing.

This section provides an overview of the City's combined assurance, risk and audit functions.

1 COMBINED ASSURANCE

The concept of combined assurance emerges from the King III code, which has a governance framework that requires application of certain codes or an explanation as to why they could not be applied. Simplistically, it means that different levels of role players perform various assurance functions in order to ensure that there is integrity in reporting, accountability and the prevention of fraud.

The City of Tshwane has been systematically improved its combined assurance processes over time, under the leadership of the Audit and Performance Committee and the political and administrative governance structures. Combined assurance refers to the interactions between management, internal assurance and external assurance providers to address various areas of governance such as the reporting of results on the financial statements or the achievements against predetermined objectives.

LEVEL 1 ASSURANCE ON AUDIT OF PREDETERMINED OBJECTIVES (AOPO)

The City has defined the operation of Level 1 assurance to improve the reliability and validity of performance results and the accountability of management. Management is required to account on the performance of departments and departmental expenditure. This includes among others ensuring that they:

- Develop and review standard operating procedures for the delivery of services, including processes to monitor, review and report performance information
- Implement multiple levels of intra-departmental reviews to ensure timeous and qualitative information flow and maintenance of correct source documents
- Maintain source documents in secure facilities
- Report verified performance results with verifiable listings that correlate with source documents
- Implement measures to address all control deficiencies identified during verification and audit processes and to address under-performance

LEVEL 2 COMBINED ASSURANCE ON AOPO

For AOPO purposes, Level 2 has been defined to consist of internal assurance providers that are external to core implementation departments. The City interprets second-level internal assurance providers on AOPO as follows:

- Deputy City Manager: Strategy Development and Implementation as the OPCA champion and chairperson of the technical governance cluster
- City Manager
- City Strategies and Performance Management Department
- Internal Audit
- Audit and Performance Committee
- Mayoral Committee

The following are the key roles played by the second-level assurance providers in the AOPO process:

CITY STRATEGIES AND PERFORMANCE MANAGEMENT

City Strategies and Performance Management is responsible for the following:

- Providing guidelines to departments on planning and performance standards and measures, including the development of SMART indicators and targets, and the development of system descriptions
- Assessing and providing feedback to departments on the quality of their plans and system descriptions, and alignment matters to strategic plans of the City and the City's priorities
- Receiving reports from departments and entities on approved targets, projects and priorities, together with listings for purposes of high-level verification, performance monitoring and risk identification
- Conducting high-level verification of reported results against listings of departments, and identifying areas of underperformance, as well as risk and possible control deficiencies to be addressed by departments/entities
- Producing compliance reports on reported results, verification result reports and other performance assessment reports as may be required by the City Manager.
- Assessing links between budgets and plans especially within the projects, the usefulness of plans and the reliability of reports
- Putting in place measures and guidelines for departments with regard to the achievement of efficiency, effectiveness and economy, and evaluating from a performance assessment point of view the possible impacts or actual impacts of projects
- Assessing the effectiveness of corrective measures of departments on non-achieved milestones and targets

INTERNAL AUDIT

The following were highlighted as some of the key responsibilities of internal audit with regard to the AOPO:

- Auditing the controls of identified departments during the verification and audit processes
- Auditing the risk areas identified by DCM Kwele/Technical Governance Cluster/City Manager
- Conducting risk-based audits on all areas it identifies or those areas identified by the APC
- Conducting detailed testing of results and compiling a report per department

- Making recommendations to DCM Kwele, CSPM, the City Manager and the APC

PROGRESS AND LESSONS

For the 2014/15 financial year, effort was made to address deficiencies in Level 1 assurance. The City has –

- institutionalised the requirement for system descriptions through the planning processes; and
- begun institutionalising the concept of multi-level reviews

With the approval by the Council of the performance management framework (November 2014), the stage is set for further maturation of the combined assurance processes and for improved performance management practices.

Further work is being done by the City to mature the combined assurance model for all areas of the City's work.

2 RISK MANAGEMENT

INTRODUCTION

Risk management is central to the governance-related work of the City of Tshwane. The City has adopted and is implementing an enterprise risk management model that identifies and aims to manage risk at all levels of the organisation.

OPERATIONS

The Chief Risk Officer leads the function of risk management in the City under the direction, leadership and guidance of the APC and the City Manager. The City has a risk committee which is a component of the Audit and Performance Committee, and this committee meets regularly to assess the risk register and the risks affecting the City, as well as the effectiveness of the mitigation measures implemented.

The administration also has a risk committee that meets regularly to engage on risks identified. For this reason, the strategic and operational risk registers do not remain static, but evolve to take current and predicted future events into consideration.

INTEGRATION OF RISK IN THE MUNICIPALITY'S FUNCTIONS

As indicated above, risk is integrated in the planning, implementation, monitoring, reporting, evaluation and auditing functions in the City. The performance management framework summarises, in accordance with the following diagram, the relationship between the strategic and the operational and project-level risks and risk mitigation/prevention processes of the City.

Further risk identification occurs during planning and implementation processes, where risks are identified and the effectiveness of mitigation measures are reported against during the performance reporting processes on a monthly basis (i.e., for example through project-level monitoring and reporting).

The City is maturing this process each year. One of the areas that was agreed as part of the turnaround strategy to address poor performance was that a panel of experts would be established to include – for example, engineering skills in order to assess the engineering plans of the departments – and to assess their viability and risk profile, before funding is allocated to projects, or to assess the possible effectiveness of proposed mitigation measures at a project level based on experience and best practice.

TOP 5 STRATEGIC RISKS FOR OF THE MUNICIPALITY

The top five strategic risks of the municipality and mitigation strategies are as follows:

Table 12: Top 5 strategic risks for the CoT

Nr	Risk Category	Mitigation strategies
1	Infrastructure Sustainability	The City implemented an approved integrated maintenance and new development plan, as part of an Infrastructure master plan to mitigate ageing and inadequate sustainable infrastructure.
2	Revenue completeness	Revenue collection strategy and credit control policies inclusive of cut-off processes were intensified to deal with financial sustainability risk
3	Community unrest	Implementation of Norms and Standard, new digital on Izimbizo (on-line conversation platform) with the community on Twitter, enhance economic opportunities through Tshepo 10 000 and community participation during IDP and Budget process
4	Delay on timeous delivery on commitments	The city implemented 180 days and 18 month program.
5	Anti-fraud hotline & Code of conduct	Implementation of fraud hotline, Code of Conduct, Anti-Fraud and Corruption workshops for employees and communities

IMPROVEMENT PLANS/CORRECTIVE ACTIONS BY THE RISK OFFICE

In order to improve the operations of the risk department, the following will be implemented:

- Pursue ISO 9001: 2008 certification: Plans are in place to achieve this goal by the end of FY 2015/16.
- Continuous engagement with the Auditor General to ensure procedures performed are aligned to Auditor General procedures.
- Exploration of alternative cost effective strategies aimed at reducing case turnaround times and increasing case resolution.
- Increase the implementation of awareness programmes to reduce fraud and corruption incidents.

3 INTERNAL AUDIT

INTERNAL AUDIT AND SPECIALISED AUDIT SERVICES

The City adopted the Combined Assurance Model during FY 2014/15. This resulted in the Internal Audit department rescheduling the execution of some audits, reviewing the procedures, and reviewing the whole audit process.

When fully operational, the Combined Assurance Model should result in the elimination of wasteful and fruitless expenditure related to duplication of effort, streamlined processes, and clearly defined roles among the three levels of assurance providers.

FORENSIC SERVICES

The fight against fraud and corruption was at the heart of the Internal Audit department's operations. Several avenues have been created to involve members of the public in the fight against this scourge by making alternative whistleblowing methods available. Central to the effort to fight fraud and corruption has been the hotline, which was launched in 2013. Since its inception, the use of the hotline has increased by more than 100%.

To further increase the effectiveness of the hotline and other whistleblowing channels, the Internal audit department embarked on several initiatives and/or campaigns to further increase awareness of fraud and corruption, to reinforce confidence in the process, and to encourage the use the hotline by members of the public. The outreach programmes include seminars, workshops, pamphlet distribution, and public gatherings.



Figure 18: Ms Dina Banda, member of the Forensic Services Division, conducting a fraud and corruption awareness workshop

FRAUD AND CORRUPTION

During the financial year the number of cases reported through the various whistleblowing channels increased by about 41%.

While the increase in the number of cases reported might at face value be perceived as a general increase in deviant behaviour by the City's employees, it also reflects the effects of the outreach programmes (members of the public are more aware of the various reporting mechanisms and there is also an increased awareness of the various reportable deviant behaviours) and the level of confidence that members of the public have in the process.

The increase in the number of cases reported has had a profound effect on the Internal Audit department's operations, especially in terms of human resources capacity to fully investigate and conclude all cases. To manage the influx of cases, the department has continued to use service providers to augment the existing internal capacity.

Table 13: Fraud and corruption cases

Description	Status as at 30 June 2013	Status as at 30 June 2014	Status as at 30 June 2015
Total cases received	124	325	457
Total cases concluded	98	194	208

3 STRATEGIC AND FLAGSHIP PROJECTS

INTRODUCTION

The next chapter of this report focuses on core functions and service delivery. This chapter focuses on the City's strategic, flagship and catalytic projects.

The following projects/programmes are highlighted:

- Tshwane House
- Re Aga Tshwane
- A Re Yeng
- Tsosoloso Programme
- Free Wi-Fi
- African Gateway
- Symbio City
- West Capital Development Project
- East Capital Development Project

1 TSHWANE HOUSE

INTRODUCTION

The remaking of the capital city is about intervening decisively to create a modern urban fabric premised on the principles of achieving spatial justice, sustainability, resilience, quality, and efficiency. The core objective of remaking South Africa's capital city is about how the City forges a new identity. Realising this objective requires mobilisation of other spheres of government, residents, civil society, and the private sector in order to concretise the process that will lead to shared development of South Africa's capital city as envisioned in the Tshwane Vision 2055.

However, this spatial reconfiguration of Tshwane will have to balance the competing needs of becoming a capital city with global status against those of being a national symbol that is responsive to the local developmental needs of our citizens, while continuing to reinvent itself.

Therefore, the City's infrastructure investment is premised around identified economic nodes in order to attain a better quality of life for all in Tshwane. This will integrate a service-based divided city in a sustainable and environmentally sensitive manner. Thus, our nodal development approach, supported by new urbanism principles, is to anchor Tshwane's spatial transformation perspective which is essential to how spatial transformation will eventually be experienced by the residents of Tshwane.

In this regard, the project for Tshwane House, the new municipal headquarters, is both a new building project and a CBD regeneration project that will not only achieve massive cost-effectiveness and productivity goals for the City's service delivery management, but also generate economic redevelopment outcomes for the city in general and the CBD in particular.

A part of the Munitoria building was destroyed by fire in March 1997. This block was never rebuilt. As a result, the staff of Munitoria were scattered across the inner city. The surviving part of Munitoria contained inadequate space and was not environmentally friendly or socially cohesive.



Figure 19: Futuristic design of Tshwane House

OBJECTIVES

The project is intended to provide head office accommodation for 1 589 staff members of the City of Tshwane for a period of 25 years (excluding the 24-month construction period). The scope of the project includes the demolition of the old “inferior” Munitoria building, a completely new building design, and construction, financing and other defined services, including operations and facilities management.

The mechanism to deliver the proposed project is the appointment of a suitably qualified private party who, through the use of a public-private partnership (PPP) agreement, will contract with the City of Tshwane to provide serviced head office accommodation, including –

- demolition;
- design;
- construction;

- refurbishment;
- relocation services;
- facilities management (hard and soft services);
- financing; and
- life-cycle capex management.

The project focuses on meeting the requirements of the following strategic priorities of the City of Tshwane:

- Economic growth and development
- Enhancement of effective service delivery capacity, management and implementation of the City of Tshwane's institutional obligations
- Management of the physical integration of Tshwane and improvement for the quality and sustainable viability of the urban and rural environment
- Accessibility, availability and affordability of essential services and facilities
- Achievement of a range of the City of Tshwane's objectives, such as the promotion of job creation, SMME development, private sector participation and BBBEE
- Private-sector investment in major capital projects in Tshwane

COST AND DELIVERABLES

The total capital expenditure (overnight cost) of Tshwane House as set out in the final financial model at financial close is R1 034 242 757. The gross lettable area (GLA) of the proposed building is 37 062 m². The gross building area (GBA) of the proposed building is 75 520 m², including the basement. The building will include the following key elements:

- Grade A office accommodation for 1 589 municipal staff members
- Up to 1 300 parking bays on two levels
- Cohesive working conditions that are conducive to interaction with the public
- A standalone council chamber with 250 seats (enabled for 350), with associated meeting rooms and communication booths
- Optimum space plans for the executive and staff
- Status as a five-star green building
- Social facilities, including space for a restaurant/canteen/healthcare facilities
- Support facilities, including archiving, storage and printing facilities

The above GLA size of the building equates to a price of R27 906 per square meter. The GBA equates to R13 695 per square meter. The proposed building is comparable to two similar PPP projects and similar commercial buildings.

The PPP project will entail the management of facilities (operations, maintenance and life cycle replacement) of the building for a period of 25 years.

The total cost of the project for the 25 years, including the construction, operations, maintenance and life cycle replacements, equates to an net present value of R1 920 789 640, excluding VAT (about R2 billion).

Fast-track completion of construction of the project will be completed by December 2016 with full occupancy.

By the end of June 2015, construction was well underway.

KEY FACTS

- The procurement process that has unfolded to date complies with the prescribed statutory process.
- The project was registered with the National Treasury as a PPP project in November 2004.
- A transaction advisor was appointed in June 2005.
- The feasibility study for the project was completed in December 2005.
- The public participation process (60 days) related to the advertising of the report of the feasibility study commenced on 19 December 2005.
- The National Treasury's views and recommendation in respect of the feasibility (TVR:I) were issued in January 2006.
- The National Treasury's views and recommendation in respect of the request for pre-qualification (TVR:IIA) were issued on February 2006.
- The National Treasury's views and recommendations in respect of the request for proposals (TVR:IIA) were issued on September 2008.
- Request for Proposal invitation letters were sent to the three pre-qualified bidders on 23 September 2008.
- The National Treasury's views and recommendation in respect of the value for money report (TVR:IIB) was issued in April 2011
- A private party (preferred bidder) and reserve bidder were appointed on 14 April 2011
- The public participation process (60 days) related to the advertising of the draft contract commenced on 3 March 2014, including an extension period, and closed on 4 May 2014.
- Comments were responded to by the project team by 20 October 2014.
- The National Treasury's views and recommendation in respect of the value for money report (TVR:III) were issued on 26 November 2014.
- The special Mayoral Committee meeting on 1 December 2014 resolved to recommend to the Council approval of the PPP agreement and its schedules and to authorise the Accounting Officer to sign the PPP agreement on behalf of the City at financial close, then expected as early as mid-December 2014.
- The special Council meeting on 3 December 2014 resolved that the contract and its schedules were not loaded on the City of Tshwane SharePoint System for consideration.
- The special Council meeting on 10 December 2014 was held with resolutions to be finalised. The quorum indicated that the body was in favour of the recommendations to approve the PPP agreement and its schedules.
- A final meeting of the Council to acknowledge full availability and uploading of the PPP agreement and schedules was held on 26 February 2015, effectively confirming approval of the PPP.
- Financial close was successfully achieved on 13 March 2015.
- The final run of the contractual model as a condition of financial close confirmed that the annual unitary payment cap of R117 million in 2006 terms has been precisely met, which is that the PPP agreement successfully meets the affordability threshold mandated by the Council in 2006.

2 TSOSOLOSO PROGRAMME

INTRODUCTION

The Tsosoloso Programme forms part of the City of Tshwane mega projects. The programme is in line with the Tshwane Vision 2055 and is aligned with achieving the following outcomes:

- Outcome 1: A resilient and resource-efficient city through spatial restructuring
- Outcome 2: A growing economy that is inclusive, diversified and competitive through implementation of catalytic projects that attract private sector investment in the townships
- Outcome 3: Provision of quality infrastructure development that supports liveable communities

The public space environments of the lower-income areas of Tshwane have a very poor environmental quality, which degrades the humanity of the people living there. This is of serious concern because people in these areas spend a large amount of their time in public spaces. These environments suffer from –

- inappropriate street layouts that inhibit connectivity and economic growth;
- inadequate and sporadic location of community facilities and amenities;
- no useful public spaces;
- poor public transport; and
- a lack of significant private sector investment.

The townships are “dormitory” suburbs, which are disconnected from city centres and economic opportunities that makes them fragmented, economically stifling peri-urban environments which do not suit the lifestyles, needs and values of their residents. This is worsened by low levels of education and lack of job opportunities in the townships. The living conditions are worsened by the overburden on limited available service infrastructure. Community clinics are overcrowded, community centres are over-utilised, and the urban infrastructure is not well maintained.

The City of Tshwane conceptualised the Tsosoloso Programme in 2006. In 2007 a business plan proposal was submitted to the National Treasury for grant funding. The City received an approval of R700 000 000,00 over a ten-year period, subject to submission of township regeneration strategies and business plans with project plans.

OBJECTIVES

This programme aspires to create a long-term complete living environment throughout Tshwane. Its vision is to transform public places and spaces in previously marginalised areas into dignified destinations by means of physical upgrading and enhancement, as well as the provision and clustering of quality public facilities and amenities. Numerous public places – people places – will be made better able to accommodate a range of social facilities as well as, formal and informal commercial activities and functions, gradually transforming them into dignified destinations over time. In this way a vast area of the city, which at present constitutes poor-quality, under-performing and depressingly mundane areas, will be transformed into whole, liveable, vibrant, convenient, durable and beautiful urban environments.

The Tsosoloso Programme plans to create long-term living environments in the marginalised areas of Tshwane by transforming public places and spaces into dignified destinations through physical upgrading and the enhancement and clustering of quality public facilities and amenities. The public environment is the logical area in which the maximum positive impact can be made on the daily lives of the majority of the city's residents. Thus, a vast area that is currently of poor quality and is under-performing and mundane will be transformed into liveable, vibrant, convenient and beautiful urban environments, affording many people a sense of dignity.

The Tsosoloso Programme is a long-term, impactful, interdepartmental programme that will be the vehicle to develop a "living" public environment for the benefit of the majority of Tshwane's township residents. It will focus on five key points of action, which will result in significant and positive restructuring and development by both public and private investment in strategic areas of the city. An implementation strategy has already been adopted and has proven to be effective in the following key deliverable areas:

- Infrastructure development – roads, bridges and walkways
- Job creation – EPWP
- Empowerment of SMMEs – subcontracting
- Provision of social amenities
- Provision of recreational facilities
- Skills development and training
- Promotion of arts and crafts
- Development of heritage resources
- Promotion of tourism

PROGRESS TO DATE

The City has successfully implemented the Tsosoloso projects over the past five years and increased the budget allocation from the Neighbourhood Development Partnership Grant (NDPG) effectively to reach the allocation of R700 000 000,00 as approved by the National Treasury.

The City's development framework identified the following priority hubs for catalytic NDPG investment:

- Solomon Mahlangu Freedom Square precinct in Mamelodi
- Refilwe
- Olievenhoutbosch
- Saulsville Station precinct
- Mabopane Station precinct
- Hammanskraal Station precinct
- Garankuwa Station precinct

In 2010 the Tsosoloso Programme was allocated technical assistance of R4,5 million for the development of the Business Plan and Township Regeneration Strategy for the Mamelodi and Nellmapius townships. This led to approval of projects in these township to the value of R138 million. In 2011/12 an additional R10 million of technical assistance was allocated for all the other nodes, leading to an additional capital grants approval to the estimated amount of R500 million.

The following table illustrates the NDPG allocation per annum allocated to Tsosoloso projects from the 2009/10 financial year up to 2014/15.

Table 14: NDPG allocation per annum to Tsosoloso projects

Year	NDPG allocation	Actual expenditure
2009/10	R6 725 125,93	R6 725 125,93
2010/11	R11 116 460	R11 116 460,00
2011/12	R82 861 813,00	R48 364 713,81
2012/13	R186 017 099,00	R182 949 555,21
2013/14	R201 496 019,00	R198 964 369,00
2014/15	R175 000 000,00	R174 998 473,50
2015/16	R100 000 000,00	Currently in implementation
TOTAL		R623 118 697,45

Table 15: NDPG projects Implemented in 2014/15

Tshwane project reference	Budget
Mabopane taxi rank	R11 487 203,82
Saulsville pedestrian bridge	R412 334,56
Hammanskraal West road linkages	R47 582 533,93
Hammanskraal pedestrian bridge	R27 551 329,68
Saulsville CBD walkways	R9 885 365,00
Seeiso Street walkways	R35 395 422,62
Solomon Mahlangu Square and Museum	R14 889 740,08
T-section walkways in Mamelodi	R56 000,00
Atteridgeville Station pedestrian bridge	R24 055 661,47
Link walkway from Atteridgeville Station to WF Nkomo (Church) Street)	R3 682 882,34
Total	R174 998 473,50

The Tsosoloso Programme is on track in terms of implementing strategic projects in the City of Tshwane township hubs. The Neighbourhood Development Partnership Grant has been key in ensuring allocation of capital grants at the City's strategic nodes. The Tsosoloso Programme has done well in changing the landscape of the townships through implementing catalytic projects. Key infrastructure projects continue to impact positively on the communities we serve.

The City has constructed a clinic, skills centre, a swimming pool and tennis courts at the Nellmapius Skills Centre. In Mamelodi the City linked various nodes through constructing walkways along main routes, i.e. Tsamaya, Hinterland and Shilovhane. Mamelodi has been linked to Nellmapius through constructing a link road from Mamelodi Hospital to Serapeng Bridge. The Tsamaya Activity Spine is linked to Solomon Mahlangu Square. The upgrading of the Mamelodi Rondawels and park is linked to chalets built at Moretele Park. This is intended to ignite tourism in the townships. The paving of walkways and construction of a road in T-section has revived the old CBD of Mamelodi, sparking economic development in the centre of Mamelodi. The City has also constructed the Stanza Bopape IT Centre and a boundary wall for the library facility.

Saulsville and Atteridgeville received a face-lift through the investment of R100 million for the paving of walkways along major strategic public transport routes, i.e. Seeiso, Moroe, Sekhu, Masopha, Ramokgopa, Khoza and Makhaza Streets, linking all nodes in the township. The Saulsville and Atteridgeville pedestrian bridges will provide safe alternative means to cross the railway line. The provision of overnight facilities at Ga

Mothakga Resort will support township tourism, bringing back dignity through the SS *Mendi* Memorial at the park. The walkway from Citron Road to Atteridgeville Station will link the community of Lotus Gardens to Atteridgeville.

In Olievenhoutbosch, Kumyane Park and Tango Park were upgraded. A cashier's office and guardhouse were provided to the community hall, contributing to a City of Tshwane pay point in the township. Roads and walkways were constructed, i.e. Bohlale, Imbhongolo and Ikati Streets.

R60 million was spent on constructing roads and storm water systems in Hammanskraal West (Kanana). The CBD of Hammanskraal has been revamped through the provision of walkways and traders' stalls. The construction of the pedestrian bridge along the R101 will improve safety of pedestrians. R23 million was spent on walkways in Temba that link Jubilee Mall to the Temba municipal offices.

In Refilwe, funds were spent on the Refilwe business node and the recreational park next to the hostels.

3 OPERATION KUKA MAOTO

INTRODUCTION

Operation Kuka Maoto is a sustainable services intervention aimed at accelerating service delivery across the seven regions of Tshwane in line with the back-to-basics programme. This is done by activating, mobilising and organising existing capacity to promote optimal use of resources in order to affect a qualitative shift in how people's needs are identified, responded to and resolved.

OBJECTIVES

Operation Kuka Maoto was conceptualised as a high-intensity programme to address critical backlogs related to urban management challenges such as removing illegal dumping sites and fixing street lights, potholes, poorly maintained parks, and water leakages. Urban management challenges directly impact quality of living and, according to Census 2011, are just as important, if not more so, than access to services.

The following key issues were identified to be addressed during this operation:

- Cleaning of cemeteries and cutting of grass
- Repair of potholes and gravelling of roads
- Maintenance of parks and sport facilities, libraries and clinics
- Road markings and signs
- Repair of water and sewer leakages and blockages
- Street light repair and maintenance
- Removal of illegal dumping sites
- Waste management
- Removal of illegal posters

- Weeding of sidewalks and pavements

OPERATIONS

The overall implementation of Operation Kuka Maoto is led and directed by the Executive War Room led by the Executive Mayor and the designated MMCs. The programme is supported by the administrative component of the war room. The MMCs assigned to the regions are responsible for ensuring that this programme is effectively implemented in their respective regions. Regions are required to ensure that regional capacity and resources are adequately mobilised on time across Tshwane, and ward councillors will be expected to call public meetings in their respective wards at the end of the operation.

IMPACT AND PROGRESS

For the year under review, Operation Kuka Maoto was implemented in the following regions:

- Region 1 (focusing on Wards 11, 25, 26, 27, 29, 88 and 94)
- Region 3 (focusing on Wards 07, 48, 51, 62, 71 and 72)
- Region 4 (focusing on Wards 61 and 77)
- Region 6 (focusing on Wards 10, 15, 16, 17, 18, 40 and 97)
- Region 7 (focusing on Wards 102, 103, 104 and 105)

Special Operations

Special operations were executed in Regions 3, 4 and 6, namely Marabastad, Laudium and Eersterust.

Electricity

- 1 193 street lights were repaired.
- 35 high-mast lights were repaired.
- 393 illegal connections were disconnected.

Table 16: Addressing electricity challenges with Operation Kuka Maoto

Region	Wards	Repairing of street lights	Repairing of high-mast lights	Illegal connections
7	102, 103, 104 and 105	<ul style="list-style-type: none"> • 67 street lights repaired in Zithobeni, Bronkhorstbaai, Ekangala Sections A, H and S. • 142 street lights repaired at Sections A, D, F, H, G, and BHS in Ekangala. 	<ul style="list-style-type: none"> • Six high-mast lights fixed in Zithobeni. • Three high-mast lights fixed in Ekangala. • Twelve high-mast lights fixed in Rethabiseng. 	<ul style="list-style-type: none"> • 52 illegal connections removed in Zithobeni X 10. • 10 bridged prepaid meters removed in River View. • 31 illegal connections disconnected in Zithobeni X 4. • Cable joints repaired at Ekangala Dark City.

Region	Wards	Repairing of street lights	Repairing of high-mast lights	Illegal connections
6	10, 17, 18, 40, 97 and 99	<ul style="list-style-type: none"> 672 street lights repaired. 	<ul style="list-style-type: none"> Six high-mast lights fixed at X 20, X 6 and lights at X 22, Phomolong fixed. 	<ul style="list-style-type: none"> Over 300 illegal connections removed in Phomolong X 6 and Alaska X 22.
3	71, 48, 7, 62	<ul style="list-style-type: none"> 78 street lights repaired. 	<ul style="list-style-type: none"> No lights fixed. 	<ul style="list-style-type: none"> No illegal connections removed.
1	11, 25, 26, 27, 29, 88 and 94	<ul style="list-style-type: none"> 234 street lights repaired. 	<ul style="list-style-type: none"> Eight high-mast lights fixed. 	<ul style="list-style-type: none"> None

Water and Sanitation

- 851 water meters were installed.
- 334 water leaks were attended to and fixed.
- 64 manholes were attended to.
- 10 illegal fire hydrants were locked.
- 28 water tanks were repaired.

Table 17: Addressing water and sanitation challenges through Operation Kuka Maoto

Region	Wards	Replacement of water meters	Repairing of water leaks	Cleaning of manholes
7	102, 103, 104, 105	<ul style="list-style-type: none"> 79 new meters installed 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> None
6	40	<ul style="list-style-type: none"> No meters installed 	<ul style="list-style-type: none"> Only a water pipe was fixed, no further leaks. 	<ul style="list-style-type: none"> None
4	61, 77	<ul style="list-style-type: none"> 40 meters installed 	<ul style="list-style-type: none"> 103 leaks repaired 	<ul style="list-style-type: none"> 1 manhole fixed. 21 sewer systems repaired.
3	71, 48	<ul style="list-style-type: none"> No meters installed 	<ul style="list-style-type: none"> 196 leaks repaired. 28 water tanks were repaired in all the informal settlement areas. 10 illegally opened hydrants were locked in Atteridgeville. 	<ul style="list-style-type: none"> None
1	11, 25, 26, 27, 29, 88 and 94	<ul style="list-style-type: none"> 732 new meters installed 	<ul style="list-style-type: none"> 24 leaks repaired 	<ul style="list-style-type: none"> 63 manholes cleaned. Sewers attended to: <ul style="list-style-type: none"> - Cleaning of outfall sewer line in Block GG (Ward 94) - Cleaning of stubborn blockage with sewer jet at 266 Block V (Ward 25)

Urban management

- 457 000 m² of grass was cut.
- 242 trees were pruned.
- 61 illegal dumping sites were cleared.
- 92 trees were planted.
- 9 cemeteries were cleaned.

Table 18: Addressing urban management challenges with Operation Kuka Maoto

Region	Wards	Grass cutting/tree pruning	Cemeteries	Illegal dumping
7	102, 103, 105	<ul style="list-style-type: none"> • Over 60 000 m² of grass cut (Zithobeni and Ekangala Stadium, road reserves) 	<ul style="list-style-type: none"> • Zithobeni Cemeteries cleaned • Rethabiseng Cemeteries cleaned 	<ul style="list-style-type: none"> • 8 illegal dumping sites cleared.
6	40, 10, 97	<ul style="list-style-type: none"> • Over 65 000 m² of grass cut (Waltloo testing centre, along Solomon Mahlangu Drive, X 11 informal settlements) 	<ul style="list-style-type: none"> • Heatherly and Mamelodi West cemeteries were cleaned. 	<ul style="list-style-type: none"> • 11 illegal dumping sites cleared.
4	61 and 77	152 000 m ² of grass cut	<ul style="list-style-type: none"> • Laudium and Olievenhoutbosch cemeteries were cleaned. 	<ul style="list-style-type: none"> • 22 illegal dumping cleared.
3	7, 72, 48, 68, 62, 63	<ul style="list-style-type: none"> • Over 80 000 m² of grass cut. • 242 trees were pruned. 	<ul style="list-style-type: none"> • Atteridgeville and Saulsville cemeteries cleaned. 	<ul style="list-style-type: none"> • 20 Illegal dumping areas in all 8 wards were removed. • 20 streets in total where litter picking in all 8 wards was done, • 2 overflowing bulk containers and were emptied at cemeteries and • 14 swivel bins were also emptied.
1	11, 25, 26, 27, 29, 88 and 94	<ul style="list-style-type: none"> • More than 100 000 m² of grass cut (at schools, sports grounds, road reserves, open spaces, depots and substations) 	<ul style="list-style-type: none"> • Soshanguve Block P cemeteries. 	<ul style="list-style-type: none"> • All illegal dumping sites were cleaned in the targeted wards. • 92 trees were planted.

Roads and storm water

- 3 976 m² of potholes were patched.

- 207 road intersections were painted.
- 114 road signs and poles were re-erected.
- 5,6 km of roads were resurfaced/resealed.
- 71,04 km gravel roads/streets were regavelled.
- 71 catch pits were unblocked.
- 24 025 m² of storm water channels were cleaned.

Table 19: Addressing roads and storm water challenges with Operation Kuka Maoto

Region	Wards	Pothole repairs	Storm water clearing	Road signage	Road resurfacing	Re-gravelling
7	102, 103, 104 and 105	<ul style="list-style-type: none"> • 653 m² of potholes patched. 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • 12 road signs replaced. • 6 intersections marked. • 4 stop sign poles planted. • 2 speed hump poles planted. 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • 22 km of roads gravelled. • 1,2 km of streets swept.
6	10, 15, 40, 17, 18, 97, 99,	<ul style="list-style-type: none"> • 423 m² of potholes patched. 	<ul style="list-style-type: none"> • 76 inlets cleaned. • 27 m pipes and culverts cleared. • 15 m² of open channels cleared and shaped. • One storm water structure repaired. • 10 m² of concrete verges repaired. • 33,5 km of roads cleaned. 	<ul style="list-style-type: none"> • 50 intersections marked. • 22 areas of mini circles/traffic islands/pedestrian crossings were marked. 	<ul style="list-style-type: none"> • 2 km of roads resealed. 	<ul style="list-style-type: none"> • 6 km of road gravelled.
4	61, 77	Not quantified.	<ul style="list-style-type: none"> • Five catch pits cleaned and one constructed. 	Not quantified	Not quantified	Not quantified
3	71, 48, 7, 68,	<ul style="list-style-type: none"> • 2 200 m² of potholes patched. 	<ul style="list-style-type: none"> • 24 000 m² of channels cleaned. • 66 catch pits cleaned. 	<ul style="list-style-type: none"> • 29 intersection markings repainted. • 3 sign poles replaced in Ward 48. 	<ul style="list-style-type: none"> • 3,6 km of roads were surfaced. 	<ul style="list-style-type: none"> • 1,4 km of road regavelled. • 7 km of streets swept in Ward 48.
1	11, 25, 26, 27, 29, 88 and 94	<ul style="list-style-type: none"> • 700 m² of potholes patched. 	<ul style="list-style-type: none"> • 10,2 km of concrete channel was cleaned. 	<ul style="list-style-type: none"> • 95 poles and signs on speed humps and stop signs were replaced. • A total of 100 Intersections were repainted. 	Not applicable	<ul style="list-style-type: none"> • 41,64 km of roads were maintained.

Region	Wards	Pothole repairs	Storm water clearing	Road signage	Road resurfacing	Re-gravelling
				<ul style="list-style-type: none"> A total of 13,2 km of roads were cleaned in all mentioned wards. 		

Illegal advertisements

- 1 420 illegal advertisement/posters and banners were removed.
- Two illegal structures were removed.

Table 20: Addressing illegal advertisements with Operation Kuka Maoto

Region	Wards	Illegal advertisement	Illegal structures
7	102	Illegal posters were removed in Bronkhorstspuit.	None
6	40	58 illegal advertisements removed.	Two structures removed
4	61	Illegal posters removed in shopping malls.	None
3	51, 68, 62, 63	Illegal posters removed in shopping malls and main streets.	None
1	11, 25, 26, 27, 29, 88, 94	<ul style="list-style-type: none"> 1 298 illegal posters/placards removed from poles, stop signs and robots. 39 banners removed from poles, stop signs and robots. A total of 25 standing pole signs were cut from the road reserve and confiscated in Ward 29. 	A total of 45 standing pole signs were cut from the road reserve and confiscated.

Other service delivery activities

- Housing: In Region 6 (Mamelodi), a total of nine families were relocated from Phomolong Informal Settlement to Heatherly X 24. Nine water meters were immediately installed.
- Re-demarcation of small business sites was done in Region 7, particularly in Bronkhorstspuit.

4 RE AGA TSHWANE (BUILDING TSHWANE)

INTRODUCTION

The City of Tshwane experiences an influx of people who are looking for better economic opportunities on a daily basis. Many of these people ultimately end up residing in informal settlements, thereby extending the backlog in infrastructure services and housing opportunities. This places a severe strain on the fiscus of the City.

The City endeavours to deal with this migration through utilising the concepts of speed, scarcity and scale.

Having taken into account our circumstances, the City established a programme called Re Aga Tshwane. It was initiated in May 2013 to speed up the process of formalising informal settlements and to relocate communities living in conditions not suitable for human settlement within the context of scarce available resources and taking into account the scale of the problem.

OBJECTIVES AND APPROACH

The mandate of the programme was extended to ensure that all areas receive basic rudimentary services such as water, sanitation, graded roads, waste collection through plastic bags or skips, and high-mast lights as Phase 1 of the programme.

Phase 2 involves the installation of permanent infrastructure such as household water connections, waterborne sanitation, household electricity connections, parks, soccer fields, street names and regulatory signs and paved roads as well as the transfer of properties to individual homeowners, thus providing families with full title to their land. Furthermore, the programme will provide families with three different building plans as recommended by the City.

However, to further increase the speed of formalisation, a different approach to the formalisation process has been the declaration of areas as municipal transitional settlements (MTSs) in terms of clause 27 of the Tshwane Town Planning Scheme of 2008 (as amended and promulgated in November 2014).

The declaration of areas as MTSs allows the City to proceed on the basis of a draft township layout plan and basic engineering designs to do the following:

- Declaring official zoning of the piece of land
- Providing permission-to-occupy notices to individual families to create stability and a sense of ownership
- Installing engineering services such as water, sanitation, electricity and roads (depending on the availability of bulk services)
- Issuing municipal accounts for services rendered

The combination of these approaches provides us with the opportunity to intervene in most areas to address the backlogs faced by various communities as well as to upgrade rudimentary services in certain areas.

Notwithstanding the above, the City has also established multi-disciplinary joint operations committees in all regions to execute the tasks at hand.

The progress of the Re Aga Tshwane programme indicates that the City is progressively addressing the informal settlement and migration challenges as well as the backlog of infrastructure services in a sustainable manner and creating decent living conditions for its communities.

5 A RE YENG

The construction of the Tshwane rapid transit (TRT) system (A Re Yeng) which started in 2013/14 aims 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 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

OFFICIAL LAUNCH OF THE INCEPTION PHASE OF A RE YENG

The official launch of the inception phase of A Re Yeng on 14 November 2014 signalled a new era for public transport in the capital city. As of Monday, 17 November 2014, A Re Yeng buses were operational for a two-week test period before the service became fully operational. This was to ensure that motorists become used to the operation of the service, the new traffic signals, and road markings. The Re Yeng inception phase runs from the CBD (Nana Sita Street) to Hatfield via Sunnyside and also connects with the Gautrain station in Hatfield.



Figure 20: A Re Yeng bus at the trunk station

At the end of the fourth quarter the 2014/15 financial year, the IRPTN Special Unit had constructed 12,07 km of TRT bus lanes, 7 TRT stations and 61 feeder stops, and 30 diesel buses were delivered. Of the 12,07 km of bus routes that had been constructed, 6,94 km for Line 2A (CBD to Hatfield) was operational in December 2014 and 5,13 km for Line 1A (CBD to Wonderboom) will be operational in November 2015.

At the beginning of June 2015 the average number of trips per day had increased to 2 860, which reflected consistent trips undertaken, similar to the beginning of May 2015 but with a notable improvement from April 2015.

The construction of five additional TRT stations on Line 1A was 57% complete at the end of June 2015, with an expected completion date of end of September 2015.

HIGHLIGHTS AND ACHIEVEMENTS

The detailed highlights and achievements for the 2014/2015 financial year are summarised as follows:

Service	Achievements	Benefiting wards
Line 1A roadway	Overall construction progress on: <ul style="list-style-type: none"> WP1 (Paul Kruger Street from Nana Sita to Venter Street): Works progressed to 94% at end of June 2015. WP2 (Venter Street to Louis Trichardt Street): Works progressed to 100% completion, with completion certificate issued in June 2015. WP3 (Louis Trichardt Street to Rainbow Junction): Works progressed to 100% completion, with completion certificate issued in June 2015. WP4 (Rainbow Junction intermodal facility): Overall indicator at 100% for planning phase. WP5 (Nana Sita Street to Pretoria Station): Overall indicator at 100% for planning phase. WP6 (Capital Park railway bridges): For railway bridges, discussions are underway with PRASA and Transnet with respect to both design approval and land acquisition. The roadway in this section reached 100% completion, with the completion certificate issued in June 2015. 	1,2,50,53, 54, 58, 60
Line 1B roadway	Detail design complete, except for the section on Rachel de Beer Street.	Region 3
Line 2A roadway	Construction is 100% complete. Completion certificate was issued and the route is operational.	56, 58, 59, 60, 80, 81, 92
Line 2B roadway	Progress reported previously for this section included completion of the design and tender process. The scheme was going to require widening of roads and land acquisition from private property owners. A policy directive was recently communicated with instructions not to widen the roads to accommodate BRT lanes. A further requirement was for dedicated bus lanes to be completed for operations to commence by March 2016. Instructions on the required design review and procurement documentation have been issued to the design team to commence with the update of designs. The project is therefore currently in the preliminary design stage.	56, 82, 42
Stations	Seven stations in Line 2A (Inception Phase – CBD to Hatfield) reached practical completion with the final completion certificate for Major General MM Siyothula Station in Hatfield issued in May 2015. Overall progress on Line 1A: Five stations (CBD to Wonderboom) are at 57% with completion planned for end of September 2015.	56, 58, 59, 60, 80, 81, 92

Service	Achievements	Benefiting wards
TRT temporary depot	The project is 100% complete, with a works completion certificate issued in February 2015.	60
Feeder stops (Line 2A)	Progress at 100%: 61 out of 61 poles installed, 17 out of 17 shelters erected and branded, Kassel kerbs completed.	33, 34, 35, 36

TRT INTEGRATION WITH OTHER MODES OF TRANSPORT

The TRT trunk network integrates with other modes of public transport at six key nodes: Kopanong, Wonderboom (Rainbow Junction), Pretoria Station, Belle Ombre, Hatfield and Denneboom. To improve the accessibility of non-motorised transport (NMT), the trunk and feeder network will also incorporate NMT infrastructure by means of the bicycle lanes.

The TRT system is designed to comply with universal access design standards, thereby also benefiting persons with disabilities. Universal access infrastructure is installed in stations, feeder stops, buses and NMT infrastructure.

The intention of the TRT service is to replace all competing road-based public transport services within its corridor of operations. Affected existing operators will be compensated or incorporated into the bus operating entity (or entities) that will be responsible for TRT operations.

Table 21: Procurement of TRT buses

DESCRIPTION	LENGTH	SITTING PASSENGERS	STANDING PASSENGERS	TOTAL PASSENGERS
Articulated bus	18 m	45	50	95
Standard bus	12 m	35	35	70

6 TSHWANE WI-FI

INTRODUCTION

The City of Tshwane has been established as South Africa's leader in treating free Wi-Fi as a basic municipal service, in the same category as water and electricity. The City identified the need to provide connectivity to its residents in order to enable citizens to find jobs, start businesses and educate themselves online. At the beginning of the financial year, the City was providing 8 GB of free data to residents on a monthly basis. The City will contribute R250 million over a three-year period to grow the economy.

The City, in collaboration with Project Isizwe, has a long-term plan to provide free Wi-Fi to all government educational institutions in Tshwane by 2016 and to embrace digital technologies for the purposes of education and economic upliftment.

INNOVATION

The approach to the Wi-Fi roll-out costs the City R1 per 1 GB per month per user. Other services are now being rolled out using this network including the following:

- Wi-Fi TV, a video-on-demand service intended to distribute local news content to low-income communities.
- Free Voice Wi-Fi service that runs on the Wi-Fi network.
- A Tshwane voice mobile application that will allow users on the Wi-Fi network to make free mobile calls.
- Wi-Fi Drive-in, a video-on-demand movie-streaming service. Residents will be able to watch the latest movie releases for free, using any device, at certain locations.

PROGRESS

Rolling out city-wide free Wi-Fi is one of the ICT strategies to develop a smart city through bridging the digital divide and providing free internet access to communities. The Wi-Fi was initially rolled out to libraries and customer sites, and has been extended to schools and recreational facilities. The electronic bill presentment and payment project was then identified and implemented in order to enable ratepayers to pay their services online through the eTshwane portal. Through the portal, ratepayers have direct access to view and monitor their payments online.

The Group ICT Department installed internet access points at various sites to enable free access for citizens. During the 2014/2015 financial year, just over 400 internet access sites were installed in the City. A detailed list of all the WiFi sites may be found in the appendix to this report:

7 OPERATION RECLAIM

INTRODUCTION

Operation Reclaim is an important project in the inner city which aims to remake the capital city. The project started in September 2013 and its main objective is to beautify and make the city more pedestrian- and cyclist-friendly. It also aims to fight poverty and to build clean, healthy, safe and sustainable communities by intensifying by-law enforcement and urban management in the project area.

The project aims to create walkways and pedestrianise streets in the inner city. The City of Tshwane believes that a liveable city is one in which it is convenient, safe, attractive and cost-effective to work, play and stay; a

place that is adequately equipped with a range of amenities, ranging from adequate healthcare to green spaces and parks as well as exciting cultural precincts; and one in which conducive work spaces and places exist, supported by a range of transport options.

SPECIFIC FOCUS AREAS OF THE PROJECT

As part of the broader aim of the systematic regeneration of the inner city, the programme aims to –

- replace paving;
- install urban furniture;
- improve safety through design;
- address illegal taxi ranks; and
- remove illegal informal trading, counterfeit goods, and illegal advertising.

PROGRESS

Construction has commenced in Madiba Street (between Thabo Sehume and Lilian Ngoyi Streets), in Pretorius Street (between Lilian Ngoyi and Thabo Sehume Streets) and on Thabo Sehume Street (between Madiba and Pretorius Streets). The first phase of the Tshwane Theatre and Times Square Precinct development has been completed. Several roads have been narrowed. By the end of the financial year, approximately 870 m of sidewalk had been redone.

8 TSHEPO 10 000

INTRODUCTION

Tshepo 10 000 is a job creation initiative which aims to empower the youth of Tshwane with entrepreneurial skills and focuses on infrastructure development and maintenance to advance roads and transport, electricity and water, and housing and human settlement.

The main objective of this programme is to tackle youth unemployment in all 105 wards of Tshwane through skills programmes that will lead to higher labour absorption and will build 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 that focuses on holistic development of young people in Tshwane, is a direct response to the high prevalence of youth unemployment.

PROGRESS

Significant strides have been made in the areas of training, formation of cooperatives and access to markets since the inception of the programme. In the 2014/15 financial year, the primary focus has been on the formation of 264 cooperative enterprises and supporting them by ensuring that they become legal entities, that they register on the City of Tshwane database, and that they acquire business and technical skills, as well as secure markets in their respective sectors.

To date, the following has been achieved:

- 264 cooperatives were provided with business support and technical skills training by the University of Pretoria, Gauteng Enterprise Propellor (GEP), National Youth Development Agency (NYDA) and Desto.
- 13 cooperatives were funded by NYDA for working capital, equipment, machinery and marketing materials.
- 204 cooperatives were assisted with access to markets through the opportunities from the City's departments and regional offices.
- 43 cooperatives that were provided with technical opportunities created 357 jobs in their local communities.

The total value of these opportunities was R32 277 603,11. The University of Pretoria donated

R40 000,00 worth of equipment to a Tshepo 10 000 cooperative as a corporate social investment donation. The Soshanguve Manufacturing Technology Demonstration Centre assisted a

Tshepo 10 000 cooperative with office space, mentorship and training in the manufacturing of toilet paper, sewerage pipes and cleaning materials for two years. The programme has also facilitated 993 individual employment opportunities for the beneficiaries who did not aspire to be entrepreneurs.

IMPLEMENTATION OF TSHEPO 10 000 IN THE REGIONS

The involvement of Tshepo 10 000 cooperatives has been extended to provide basic operational services such as locating and cleaning manholes and installing water meters.

In Region 1, for example, eight Tshepo 10 000 teams were utilised in the recent Kuka Maoto project to clean 63 manholes and install approximately 300 water meters.

This forms part of a capacity development programme where a region, in conjunction with the Services Infrastructure Department, has provided a platform where Tshepo 10 000 cooperatives are exposed to operational tasks.



Figure 21: Tshepzane Cooperative in Soshanguve was subcontracted to paint speed humps and intersection signs in the region

9 GREEN ECONOMY PROJECTS

INTRODUCTION

The City of Tshwane, through the Sustainability Unit, has explored ways in which it could initiate green economy projects without placing any undue stress on the local fiscus. Supply chain processes have been undertaken to identify preferred bidders for off-the-balance-sheet green economy solutions. Green economy projects underway include the following:

OFF-BALANCE-SHEET GREEN ECONOMY PROJECTS

LANDFILL-GAS-TO-ENERGY

Landfill-gas-to-energy facilities will be developed and installed at the City of Tshwane's landfill sites. These will generate compressed natural gas, which will be used as fuel for city buses or converted into electricity.

BIOMASS-TO-ENERGY

A 4,5-MW biomass-to-energy plant will be developed and installed. A power purchase agreement will be entered into between the energy supplier and the City.

SEWAGE SLUDGE

Sludge-to-biogas and sludge-to-synthetic-fuel facilities are planned for the City of Tshwane's waste water treatment works.

SOLAR HARVESTING FARM

The City is in the process of commissioning and implementing a 20 MW solar plant to supply power to the electricity grid.

DEVELOPMENT OF THE FOOD AND ENERGY AGROPOLITAN CENTRE

The City is investing in the development of the Food and Energy Agropolitan Centre as part of its role to demonstrate sustainable development in practical ways. The development of the Centre is aimed at combining agricultural development and renewable energy production with local economic development. Earmarked for the peri-rural east of Tshwane, this project integrates agricultural beneficiation, sustainable urban food production, renewable energy generation and the development of small and medium-sized enterprises.

CITY INVESTS IN 10 ELECTRIC CARS FOR ITS MESSENGER FLEET

In accordance with the outcomes of the Carbon Footprint 2012/13, the City is obliged to address its transport-related emissions. One particular initiative facilitated by the City Sustainability Unit is the purchase of a fleet of 10 electric cars which will be used as messenger transport in the city for short distances.



Figure 22: Investment in 10 Nissan Leaf vehicles for city messenger services

10 WEST CAPITAL DEVELOPMENT PROJECT

INTRODUCTION

The West Capital Development Project is a R6 billion plan of the City of Tshwane to redevelop the western part of the city over the next five to eight years. The project, as a mixed-use development, consists of residential accommodation, which will include a student village, retail and commercial components and inner city housing.

INTENDED BENEFITS

The project's main purpose is to address spatial transformation and economic growth in the inner city through inner city regeneration initiatives in order to achieve a liveable city by 2055. The project will provide much-needed inner city housing, student accommodation, and related amenities, catering primarily for the lower-to middle-income groups. This will create a truly integrated urban residential environment on the edge of the central business district and will be within walking distance to employment opportunities, public transport and shopping centres.



Figure 23: Futuristic West Capital Development

PROGRESS TO DATE

Development agreements have been signed and the long-term lease was endorsed by the Deeds Office. On-site work started during the year under review and included site establishment, establishment of project offices, and removal of loose material and clearing of rubble on the property.

Moving forward, the implementation of Phase 1 will be fast-tracked and monitored to ensure that the 2018 delivery deadline is met. Phase 2 of the project will start in the 2015/16 financial year.

11 AFRICAN GATEWAY

INTRODUCTION

The African Gateway project is a significant landmark of mixed-use development in the heart of Centurion. The project is strategically located on an 80-hectare site close to airports, local rail stations, bus stations and the Centurion Gautrain station, and it will be integrated with the planned government and Tshwane International Convention Centre (TICC) precincts. Two international institutions (the African Union and the United Nations) are expected to take up residence in the area. The total estimated value of the project is R6,1 billion.

INTENDED BENEFITS

The main objective is to create a high-density government precinct with mixed-use accommodation, anchored by a much-needed international convention centre that is centrally located in Gauteng.

The project will provide high-quality accommodation to the African Union, the United Nations, and government departments, and will also provide conference and exhibition facilities as well as related facilities such as hotels. The project will consist of 500 hotel rooms, 150 000 m² of offices and 35 000 m² of commercial space and high-end residential apartments, giving a total development of 240 000 m².



Figure 24: Futuristic African Gateway project

PROGRESS TO DATE

The steps to unlock this development are underway and agreements are being finalised with the Department of International Relations and Cooperation (DIRCO) to ensure that the City complies with all necessary requirements. The construction of a 40 000 m² building is at an advanced stage which forms part of the first phase. The site development plan has been approved in preparation for construction. The City has also completed all the public participation processes in preparation for the UN and AU development in the area during the year under review.

Looking forward to 2015/16, the City will undertake all the necessary feasibility studies and financial due diligence in preparation for the construction of the UN and AU accommodation and secure approval from DIRCO and the National Treasury. This will lead to the signing of the MoU and other related agreements necessary for the project to be rolled out.

12 SYMBIO CITY

INTRODUCTION

The Symbio City concept involves the conversion of 10 hectares of land, surrounding and including the man-made Centurion Lake, into the vibrant mixed-use Symbio City that will link the Centurion Gautrain station with the existing Centurion Mall. The City has approved the use of Symbio City land parcels owned by the City of Tshwane for use by private developers. The total capital investment is estimated at R20 billion.



Figure 25: The Symbio City concept

INTENDED BENEFITS

The main objective is to deliver a mixed-use high-quality urban development that addresses spatial transformation and economic growth in the heart of Centurion. The compactness of Symbio City will make optimal use of public transport facilities.

The project will deliver a retail development with at least 100 000 m² of GLA, an office component with at least 350 000 m² of GLA, a 295-bed hotel, and 1 000 residential units.

PROGRESS TO DATE

In the year under review, the City of Tshwane engaged in the public participation process related to the closure of public open space in the development area. The hearing has been completed and the City is engaging with those affected to find an amicable solution.

Moving forward, the City will finalise the supply chain process and facilitate the signing of development agreements and land use applications during the 2015/16 financial year.

13 EAST CAPITAL PROJECT

INTRODUCTION

The City has identified a need to facilitate the development of the eastern areas of Tshwane. This project will result in a dynamic mega-node in the east. The East Capital Project covers the areas of Cullinan, Bronkhorstspuit and Rayton. The plan is to focus on developing a “green belt” of industries, agricultural beneficiation and green settlements.

The main objective is to revitalise the eastern part of Tshwane in support of economic growth. The area has been in economic decline and as a result there was de-urbanisation related to changes in the spatial economy of the area in relation to the Gauteng city region’s urban core.

PROGRESS TO DATE

The East Capital development concept has been finalised and the supply chain process to appoint the service provider to package investments opportunities as part of the second phase of the project was finalised during the year under review. The minimum financial requirements of the initial intervention are determined at R152 million. This will unlock potential private investment of about R4 billion to R6 billion. The City has also completed a practical implementation framework that sets out work streams, funding options, possible financing mechanisms and an action agenda that allows the City of Tshwane to take the East Capital project forward.

The City has appointed a consortium of professional experts to assist in packaging bankable catalytic interventions required to fast-track the development, realise the required economic growth and create jobs. This exercise will focus on the following areas:

- Industrial development (green industries)
- Agricultural and agro-processing and marketing
- Green property development (mixed-use, residential, offices and related uses)
- Infrastructure
- Tourism, leisure and aqua development

4 SERVICE DELIVERY PERFORMANCE

INTRODUCTION

“In 2055, the City of Tshwane is liveable, resilient and inclusive whose citizens enjoy a high quality of life, have access to social, economic and enhanced political freedoms and where the citizens are partners in the development of the African Capital City of excellence.” — Tshwane Vision 2055

Through this vision, the City seeks to improve the social and economic environment and management of the natural environment, by providing affordable and quality services. This is addressed through eradicating service backlogs and prioritising community needs.

The purpose of this chapter is to report on the core service delivery areas of the Municipality, aligned with the Schedule 4 and 5 functions as set out in the Constitution, and as planned for in the 2014/15 IDP and SDBIP. The following outcomes were identified to be priorities for the period of 2011 to 2016:

- Formalisation of informal settlements
- Increased lifespan of infrastructure to improve the asset base of the City
- Modernisation of rural areas
- Improved access to services
- Improved access to healthcare
- Safer communities

In this regard, the following were included among priority areas of focus: the provision of water and sanitation, roads and stormwater, waste management, electricity, housing, health services, disaster management, law and order, emergency services such as ambulances and fire-fighting, social programmes for social groups such as the elderly, contribution to early childhood development, job creation and the provision of free basic services to the indigent.

CONTENTS OF THE CHAPTER

The contents of this section are arranged in response to National Treasury MFMA Circular 63 and are not presented in accordance with City of Tshwane departments.

The following table should be used as a guide to navigate the contents of the chapter.

Table 22: Areas of performance reported on in this chapter

Component	Contents
A: Basic services	<ul style="list-style-type: none"> • Water • Sanitation • Electricity • Waste management • Housing and related services • Free basic services and indigent support

Component	Contents
B: Road transport	<ul style="list-style-type: none"> • Roads and storm water services • Transport services (excluding TRT which is discussed in the previous section as a flagship project)
C: Planning and development	<ul style="list-style-type: none"> • Land-use planning and development applications • Local economic development and job creation
D: Community and social services	<ul style="list-style-type: none"> • Libraries • Social programmes
E: Health	<ul style="list-style-type: none"> • Clinics • Primary healthcare • Environmental health • Ambulance services
F: Safety and security	<ul style="list-style-type: none"> • Metro Police • Fire • Disaster management
G: Sport and recreation	<ul style="list-style-type: none"> • Sport and recreation
H: Corporate policy offices	<ul style="list-style-type: none"> • Human resource services, property management and fleet • City strategies and performance management
I: Organisational performance scorecard	<ul style="list-style-type: none"> • Performance scorecards for the IDP and SDBIP of the 2014/15 financial year • Performance scorecards for the municipal entities for the 2014/15 financial year

A: BASIC SERVICES

INTRODUCTION

The provision of basic services remains a high priority to the City of Tshwane. In the 2014/15 financial year, the City made significant strides in ensuring that its citizens continued to receive affordable and quality services, at the same time providing healthy and prosperous living.

In this section the City reports on progress in the following of its functions regarding the provision of basic services:

- Provision of water and sanitation
- Provision of electricity
- Waste management services
- Housing services

The performance on specific targets contained in the IDP and SDBIP, and the business plans of municipal entities, can be found in the scorecards at the end of this chapter.

1 WATER

INTRODUCTION

The Water and Sanitation Division, which became a separate Water and Sanitation Department at the end of the financial year, is the lead stakeholder in providing water and sanitation services in the City of Tshwane. The aim is to provide sustainable, high-quality water and sanitation services to residents and the commercial and industrial sectors of Tshwane. Therefore the following is key –

- An adequate supply of bulk water
- Distribution of potable water
- Planning and implementation of new water and sanitation infrastructure;
- Recovery and treatment of waste water
- Educating customers about the efficient use of water resources

WATER PROVISION

Over the past 20 years the focus has primarily been on providing access to clean water. Initially, informal settlements were supplied with water within 200 metres of the yard, however, by 2009 Council approved the provision of taps within the yards.

The quality of water in Tshwane has been rated at the South African National Standard 241 level of 99,1%, placing it in the top category of quality drinking water in South Africa. Tshwane analyses approximately 9 000 water samples per month, including tap samples (point of use), distribution network samples, reservoirs, water samples from water treatment works, as well as catchment areas, boreholes and springs.

Table 23: Provision of water services since 2000

Indicator or service	Five-year plan (2000–2006)		Five-year plan (2006–2011)		Five-year plan (2011–2016)		Current 2014/15		Total to date
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
New water infrastructure (meter, bulk and network)	24,300m	29,012m	142,816m	246,317m	327,297m	316,883m	31,898m	18,446m	593,462m
Water infrastructure upgraded (meter, bulk and network)	132,090m	216,341m	857,917m	813,688 m	254,830m	261,724m	12,900 m	841 m	1,292,594 m

PROVISION OF WATER SUPPLY TO MEET GROWING DEMAND

The demand for potable water in the City of Tshwane is expected to increase over the next 40 to 50 years to 2 600 Mℓ/d, with the associated increase in sewer return flow to 1 600 Mℓ/d. The anticipated future water demand and sewer return flow will require a growth rate of $\pm 2\%$ per annum (within Tshwane).

These needs may have a significant effect on sewer return flow and therefore the availability of water resources at certain points in the Crocodile and Olifants River basins:

- R21 corridor (extends into Ekurhuleni)
- Western Centurion
- East of Silver Lakes
- Doornpoort (north of Montana)
- Kameeldrift/Derdepoort area (southwest of Roodeplaat Dam)
- Southeast of Soshanguve
- South of Temba

PROVISION OF BULK WATER AND UPGRADE OF INFRASTRUCTURE

The City of Tshwane's waste water treatment works are being upgraded and extended to comply with the strict standards that are necessary to prevent pollution of the environment.

Table 24: New water infrastructure (metre bulk and network)

KPI	Five-year plan (2006 to 2011)			Five-year programme target (2011 to 2016)		
	YEAR	TARGET	ACTUAL	YEAR	TARGET	ACTUAL
Length (metre) of new water pipelines installed (bulk and network)	2006/07	9 600	8 262	2011/12	70 975	59 252
	2007/08	34 360	39 159	2012/13	104 162	115 404
	2008/09	45 770	128 766	2013/14	113 962	125 031
	2009/10	33 936	44 590	2014/15	31 898	18 446
	2010/11	19 150	25 540	2015/16	6 300	
	TOTALS	142 816	246 317	TOTALS	327 297	318 133
	YTD	185 116	275 329	YTD	512 413	593 462

Table 25: Water infrastructure upgraded (metre bulk and network)

KPI	Five-year plan (2006 to 2011)			Five-year programme target (2011 to 2016)		
	YEAR	TARGET	ACTUAL	YEAR	TARGET	ACTUAL
Length (metre) of water pipelines upgraded (bulk and network)	2006/07	65 616	102 454	2011/12	38 950	67 549
	2007/08	364 095	297 471	2012/13	133 747	147 207
	2008/09	260 266	211 423	2013/14	61 833	46 968
	2009/10	82 646	101 674	2014/15	12 900	841
	2010/11	85 294	100 666	2015/16	7 400	
	TOTALS	857 917	813 688	TOTALS	254 830	262 565
	YTD	990 007	1 030 029	YTD	1 244 837	1 292 594

CONSTRUCTION OF NEW EKANGALA WASTE WATER TREATMENT WORKS

The construction of the Ekangala Waste Water Treatment Works (WWTW) is due to replace the Rethabiseng small pond system and to provide the greater Ekangala area with compliant bulk waste water treatment. The treatment works will enable the installation of sewer services to areas not yet serviced and help towards eradicating the sanitation service backlog.

The Ekangala WWTW will therefore serve the Ekangala and Rethabiseng townships with fully compliant bulk waste water treatment. The installation of new sewer reticulation services in Block A and F will be enable. Eskom energised the site on 29 May 2015, and the City installed by the end of FY 2014/15 6 262 m of 160 mm pipes, 30 manholes, and 843 bases for toilets. .



Figure 26: Construction of Ekangala waste water treatment works

INFORMAL SETTLEMENTS

Access to basic services in informal settlements remains a priority in the city. The City also provides water services to informal settlements via standpipes. The City has established a programme called “Re Aga Tshwane”, whereby the challenge of informal settlements and basic service delivery are addressed with dedicated resources. This programme is discussed in the chapter on flagship projects.

NEW CONNECTIONS AND ERADICATION OF BACKLOGS

Water connections are provided either through an application process by consumers, or through the backlog eradication programme. Applications are demand-driven and cannot be predicted. The targets set are estimates for planning purposes. The backlog eradication programme is delivered through the implementation of capital projects and the targets are determined by available budgets and materials.

The City has been implementing projects to eradicate service backlogs in the settlements of Ramotse, Marokolong, Kudube, Suurman, Mashemong, Majaneng, Stinkwater, New Eersterust, Tswaing and Ekangala.

Table 26: Upgrade of water connections from basic to full services

KPI	Five-year plan (2006 to 2011)			Five-year programme target (2011 to 2016)		
	YEAR	TARGET	ACTUAL	YEAR	TARGET	ACTUAL
New water meter connections installed (backlog capital projects)	2006/07	1 816	942	2011/12	787	787
	2007/08	5 624	11 168	2012/13	180	325
	2008/09	12 293	6 794	2013/14	6,905	14 292 ⁶
	2009/10	3 155	6 857	2014/15	12 103	9 170
	2010/11	690	0			

⁶ Including that of the Housing Department

WATER SUPPLY ASSETS

The following table provides the status quo of the City's water supply assets for each of the seven regions of Tshwane. The water supply assets include reservoirs, water towers, pumping stations and water pipelines.

Table 27: Water supply assets

Infrastructure	Unit	Region							Total
		1	2	3	4	5	6	7	
Reservoirs	Number	26	21	47	24	10	26	12	166
	Capacity in Mℓ	359	160	673	243	25	355	81	1 896
Water towers	Number	3	9	4	5	5	4	5	35
	Capacity in Mℓ	1,2	3,2	0,9	3,4	1,6	1,2	0,8	12,3
Pump stations	Number of pumps	9	45	31	29	30	37	28	209
Pipelines (total)	Length in km	2 773	1 338	2 138	1 618	505	1 836	474	10 682
Water treatment plants	Capacity in Mℓ/day	0	60	0	0	60	40	54	214

REDUCTION OF NON-REVENUE WATER

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

INTERVENTIONS TO REDUCE NON-REVENUE WATER

Activities undertaken by the City involve the continuous investigation of various factors leading to water loss and the implementation of initiatives to assist with the reduction of non-revenue water.

The City of Tshwane has identified certain key initiatives in the Water Conservation and Water Demand Management Strategy that have proven to have the largest impact on NRW and water demand.

These initiatives are:

- Pressure management, including the implementation of new Pressure Reduction Valve installations and fitting of smart pressure controllers on existing PRVs. Payback periods for pressure management projects in Tshwane typically range from 6 to 24 months, with most payback periods shorter than 12 months.
- Commercial and industrial metering systems. Meter audits of large consumers with subsequent repair/replacement of all meters where problems exist and correction of all billing anomalies that have been identified. Added income can be generated through similar exercises with payback periods ranging from 6 to 24 months.

- Active leakage control. Another successful initiative is visual leak detection and repairing of leaks. Reticulation pipes in Tshwane are normally not deeply buried and most leaks tend to surface. Visual leak detection provides an excellent job opportunity for the poor, at the same time assisting the Municipality to reduce NRW. Payback periods for visual leak detection exercises in Tshwane in low-cost housing areas are typically less than 24 months.
- Asset management – operations and maintenance. General times to repair leaks in Tshwane have unfortunately dropped significantly over the last few years and unfortunately this is impacting negatively on NRW.
- Asset management – capital works. Pipe replacement has successfully reduced the number of pipe bursts. Unfortunately, capex funding is limited and insufficient.

Night flows are monitored on a regular basis to establish the effect of all initiatives undertaken to reduce water loss.

Table 28: Key statistics for the City of Tshwane water supply system

Item	Twelve-month figures up to April 2015
System input volume	330,44 million m ³ per annum
Non-revenue water (NRW)	77,08 million m ³ per annum (23,33%)
Total losses per pipe length	13,4 litres per minute per km
Total losses per connection	0,286 litres per minute per connection
Length of bulk and distribution mains	10 685 km
Storage reservoirs and towers	166 storage reservoirs with storage capacity of 1,898 Mℓ 38 water towers with 12,5 Mℓ storage capacity
Control valves (PRVs, flow control, etc.)	547
Bulk management water meters	980
Consumer connections	494 009

An amount of R4 million was allocated for specific water-loss projects.

Total use of water by sector and water quality

Domestic water consumption is the largest sector of water use in the City of Tshwane as indicated in the following table.

Table 29: Use of water by sector

Total use of water by sector (cubic meters)							
Financial year	Agriculture	Forestry	Industrial	Other	To neighbouring municipalities	Domestic	Unaccountable water losses
2014/15	-	-	14 941 783	42 803 173	22 823 002	172 819 828	71 338 195

The Blue Drop assessment indicates water quality. The following table provides comparative information on the Blue Drop assessment scores:

Table 30 Blue Drop assessment scores

Performance area	Tshwane Central and South (Rietvlei)	Walmansdal	Cullinan	Onverwacht	Sokhulu	Tshwane North (Roodeplaat)	Temba	CBD (Findley)	Bronkhorst spruit	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											
System design capacity (Mℓ/day)	40		14	0,153	0,500	60	60	40	54	0,500	0,700
Operational capacity (% in terms of design)	92,50%		69%			75%	92%	94%	93%	100%	91%
Population served	1 193 194	22750	22 750	1 178	2 000	643 860	500 875	6 322	100 000	1 000	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	99,88%	97,89%	98,56%	99,86%	98,98%	99,83%	95,74%	99,53%	98,10%	95,55%	94,60%
Microbiological compliance (%)	99,74%	96,21%	97,86%	98,37%	97,98%	99,70%	97,64%	99,10%	98,74%	96,88%	97,74%
Chemical compliance (%)	99,86%	97,68%	98,36%	99,97%	95,04%	99,86%	96,39%	99,49%	97,72%	94,63%	93,31%

2 SANITATION PROVISION

INTRODUCTION

The provision of sanitation is an essential service led by the Services Infrastructure Department Sandspruit Works Association also provides a sanitation service in specific areas in Tshwane (refer to the chapter on governance).

Access to sanitation services is defined on two levels as:

- At least a basic level of service, which are urine diversion system (UDS) toilets for rural areas. Winterveld is consists of large plots which vary in size from 5 to 10 morgen.
- Full sanitation services provided to areas without access to waterborne sanitation services (flush toilets).

The following table outlines the sanitation achievements since 2006.

Table 31: Sanitation achievement since 2006

Five-year programme target (2006 to 2011)	Five-year achievement (2006 to 2011)	Five-year programme target (2011 to 2016)	Achievement to date (2011 to 2013)
Five-year target: 13 852 2006/07: 963 2007/08: 3 311 2008/09: 3 374 2009/10: 2 609 2010/11: 3 595	Total achieved: 9 516 2006/07: 1 473 2007/08: 1 217 2008/09: 2 463 2009/10: 2 446 2010/11: 1 917	Five-year target: 12 823 2011/12: 3 228 2012/13: 2 787 2013/14: 3 608 2014/15: 1 000	Total achieved: 4 647 2011/12: 2 005 2012/13: 1 700 2013/14: 1 910 2014/15: 2 072

BACKLOG ERADICATION

The eradication of sanitation backlogs is dependent on a number of prerequisite factors, including full-service water supply, formalised plans, bulk infrastructure, and the availability of sewer reticulation.

The process of eradicating the backlog in sanitation includes the following:

- Identification 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

NEW BULK INFRASTRUCTURE AND UPGRADES

Provision of bulk services is costly and takes time to plan and develop properly, which constrains easy access to water and sanitation services. At the same time, setbacks, such as the Rooiwal sewer spill into the Apies River, resulted in concerns about contaminated borehole water, and led to urgent municipal action at the Rooiwal Waste Water Treatment Works (WWTW). This has now been repaired but will be closely monitored until the extension and refurbishment of Rooiwal WWTW is completed in 2019.

Additional purification modules were constructed at the Sunderland Ridge and Zeekoegat Waste Water Treatment Works. The modules for Sunderland Ridge were completed and Zeekoegat will be completed in 2016.

Further bulk infrastructure that is currently under construction and scheduled for completion in the next five financial years is as follows:

- Temba Water Purification Plant extension (2016/2017)
- Temba Waste Water Treatment Works extension (2015/2016)
- Moreleta and Silver Lakes outfall sewers
- Annlyn, Parkmore, Klipgat/Hospital and Babelegi Reservoirs
- Ekangala WWTW – almost completed with commissioning in progress

The following table summarises sanitation provision since 2006.

Table 32: Sanitation provision since 2006

Indicator or service	Five-year plan (2000 to 2006)		Five-year plan (2006 to 2011)		Five-year plan (2011 to 2016)		Total for year to date
	Target	Actual	Target	Actual	Target	Actual	
Sanitation backlog (number)	-	-	13 852	9 516	13 408	7 604	17 120
New sanitation infrastructure (meter, bulk and network)	44,439 m	38,106 m	104,869 m	37,869 m	128,731 m	119,141 m	195,141 m
Sewer infrastructure upgraded (meter, bulk and network)	6,680 m	4,384 m	159,720 m	140,029 m	85,801 m	90,552 m	234,965 m

The following table summarises bulk infrastructure upgrades since 2006.

Table 33: Sanitation infrastructure upgraded (meter, bulk and network)

Five-year plan (2006 to 2011)	Five-year achievement (2006 to 2011)	Three-year programme target (2011 to 2016)	Three-year achievement (2011 to 2015)
Target: 159 720	Achieved: 140 029	Target: 74 769	Achieved: 82 397
2006/07: 21 943	2006/07: 26 892	2011/12: 38 809	2011/12: 44 393
2007/08: 67 284	2007/08: 54 022	2012/13: 33 938	2012/13: 34 464
2008/09: 31 160	2008/09: 21 711	2013/14: 2 022	2013/14: 10 047
2009/10: 10 533	2009/10: 3 794		
2010/11: 28 800	2010/11: 33 610		

3 ELECTRICITY

INTRODUCTION

Outcome 3 of Tshwane Vision 2055 refers to “Quality infrastructure development that supports liveable communities”. This acknowledges the need for infrastructure to gear the development, functionality and prosperity of any city.

Access to electricity is one of the four basic municipal services to be provided to all residents of Tshwane.

The Electricity Division⁷ is responsible for the long-term infrastructure plan to support sustainable long-term service delivery. Its objective is to improve access to electricity services to satisfy the essential needs of consumers in Tshwane.

KEY OBJECTIVES AND SUMMARY OF PROGRESS

The main objectives related to electricity provision include:

- Provision of an adequate supply of bulk electricity
- Distribution of electricity in a sustainable, effective and efficient manner
- Improvement of access to electricity services for consumers in Tshwane
- The provision of public lighting services in the licensed areas of Tshwane

During the 2014/15 financial year, the Municipality electrified houses in the following areas:

- Soshanguve Block R, X, JJ, HH
- Winterveld X 3
- Nellmapius X 6
- Phomolong
- Soshanguve South X 6
- Rama City and others

⁷ Now a department

ELECTRICITY FOR ALL – ERADICATION OF BACKLOG

The Electricity for All (EFA) Programme prioritises areas where there is no access to electricity, with specific focus on low-cost housing, formalised areas and informal settlements.

The Electricity for All Programme was allocated a budget of R255 million for the FY2014/15. The funds were utilised to electrify households in formal and informal areas of Tshwane. The programme also focuses on electrifying formal and informal areas which are formalised through the Re Aga Tshwane programme.

The following informal settlements have benefited from the electrification programme:

- Soshanguve Block R, X, JJ, HH
- Winterveld X 3
- Nellmapius X 6
- Brazzaville, Itireleng
- Mamelodi Phase 1, Phase 2, Phase 3, X 11
- Phomolong,
- Rama City
- Soshanguve South X 6
- Soshanguve East X 3

An electrification connection is regarded as complete once an electricity meter is installed and switched on. A shortage of prepaid meters and insufficient human resources affected the progress of this programme.



Figure 27: Soshanguve South X 6 electrified

PUBLIC LIGHTING

The roll-out of public lighting infrastructure benefits communities and improves safety and security through increased visibility at night for pedestrians, motorists and the community. The Tshwane Public Lighting Programme was allocated a budget of R55 million in FY 2014/15. The programme installs new street lights and high-mast lights throughout Tshwane.

The city has installed a total of 2 319 new street lights and 90 new high-mast lights in the areas of Mabopane, Winterveld, Ga-Rankuwa, Soshanguve, Stinkwater, Temba, Atteridgeville, Lotus Gardens, Olievenhoutbosch, Mamelodi, Nellmapius, Refilwe, Cullinan, Ekangala, Zithobeni, Bronkhortspruit, Rethabiseng and Sokhulumi.

58 High masts were replaced in the Fountains and surrounding areas. The old high masts in this area were installed more than 35 years ago, and were no longer functioning properly nor compliant with current safety regulations.



Figure 28: Fountains Precinct high-mast lights

BULK CAPACITY

The City continues to invest significant resources in the bulk electricity infrastructure programme to provide new electricity capacity. These projects include the upgrading and construction of new primary substations and high-voltage power lines.

In the 2014/15 financial year, the City awarded contracts and started work on the upgrading Mamelodi 3, Eldoraigine and Bronkhorstspuit 132/11 kV substations, whereas work to complete the upgrading of the Rietvlei in-feed substation from 125 MVA to 250 MVA is at an advanced stage. Rietvlei Station is one of the major substations linking the Tshwane electricity network with the Eskom grid and once completed will provide for the new bulk capacity in the southern part of Tshwane and help with off-loading of Nyala and Kwagga in-feed stations.



Figure 29: Upgrade of Eldoraigine 132/11 kV substation (civil works)

The construction of the new K2 132/11 kV substation has been completed and it has been commissioned. The K3 132/11 kV substation upgrade project is at the final stages of commissioning. The total expenditure on new bulk electricity infrastructure projects in the 2014/15 financial year amounted to R80 million. There are further commitments, and tenders were advertised for the completion of the Hatherley power line and construction of the new JJ and Monavoni 132/11 kV substations in the 2015/2016 financial year.



Figure 30: Rietvlei in-feed station (line in-coming bay)

NEW CONNECTIONS

New connections cater for the ad hoc expansion of residential development in the City of Tshwane. The need can arise from private developer townships and land-use applications, namely sub-divisions and consent uses. The process follows an application from a potential consumer and the subsequent payment for the provision of an electrical connection point.

Through this process, potential consumers across the city can send their electricity applications to the City of Tshwane, receive a quotation, and are provided with the connection once payment is made.

REDUCTION IN UNACCOUNTED-FOR ELECTRICITY

Annual electricity distribution losses comprise technical and non-technical losses, which are defined as the difference between electricity purchased and electricity sold.

The city is currently busy with the following initiatives to reduce non-technical losses:

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

Table 34: Access to electricity 2014/15

City of Tshwane residents with and without access to electricity								
Access to electricity				No access to electricity				
Item	Metering type	City of Tshwane licence area	Eskom supplied area	Electrification backlogs	Informal settlements	Percentage of basic electricity backlogs	High level of electricity	Percentage of high level of electricity
1	Prepaid	240 992	115 000	135 813	86 330	64%	49 483	37%
2	Conventional	170 950	3 161					
3	Commercial and industrial	5 003						
Subtotal			118 161					

STAKEHOLDERS

The Electricity division works closely with the following key stakeholders in electricity provision:

Table 35: Strategic partnerships for the provision of electricity

Strategic partner	Benefit or purpose	Impact on the City
Eskom	<ul style="list-style-type: none"> Provision of electricity bulk supply. Electrify areas not on City of Tshwane grid. 	Ensures electricity distribution throughout Tshwane.
Department of Energy	Provision of grants for electrification and other energy programmes	Enables the Municipality to implement projects and strengthen funding to ensure service delivery.
NERSA	Regulates electricity licenses and approves tariffs that the Municipality charges to consumers every year.	Provides guidelines on the increase which is issued to municipalities

4 WASTE MANAGEMENT

INTRODUCTION

The provision of waste management is a basic service. The City provides waste management services to residents in formal as well as informal settlements.

Waste collection in Tshwane is managed by the regions. The function includes the following key performance areas:

- Collection and transportation of waste to disposal sites

- Management of waste disposal
- Public cleansing (litter picking and prevention and clearing of illegal dumping sites)
- Waste minimisation and recycling
- Community liaison, education and awareness
- Regulation and information management and reporting in terms of legislation

Regional offices therefore render the following services:

- Door-to-door collection of general municipal waste and transportation to disposal sites
- Collection of separated waste and transportation to recycling facilities
- Public cleansing
- Community liaison, education and awareness
- Information management and regulation or by-law enforcement

WASTE DISPOSAL SITES

LANDFILL SITES

Landfill sites are managed by the Municipality, but the equipment is outsourced. The landfill sites are audited by the provincial authority. The City is currently addressing issues raised during the audit, related to access control and weighbridges. Access control equipment is currently being installed at the Hatherley, Soshanguve and Ga-Rankuwa landfill sites. Currently the City has five compliant landfill sites as listed in the table below:

Table 36: The five compliance landfill sites in Tshwane

Operational landfills sites	Region	Estimated lifespan (years)
Onderstepoort	1	1
Soshanguve	1	15
Ga-Rankuwa	1	15
Hatherley	6	10
Bronkhorstspuit	7	15

WASTE RECYCLING

In order to respond to the pressure of rapidly depleting landfill airspace, the City of Tshwane entered into a partnership with a company in the private sector to develop a multipurpose recycling facility on the buffer of the closed Kwaggasrand landfill site and to refurbish the Kruger Street transfer station by the City of Tshwane.

The facility marked the transition to a green economy in line with the outcomes envisaged in Tshwane Vision 2055.

The Kwaggasrand facility was planned to service Region 3 (Atteridgeville, Saulsville, Pretoria CBD, Waterkloof, Brooklyn, Hatfield, Queenswood, Waverley, Mountain View and Lady Selborne) and Region 4 (Olievenhoutbosch, Centurion and Irene). It consists of the following three components:

- A material recovery facility with recyclables processed from free bags that are distributed
- A composting facility where green waste will be shredded and turned into organic compost
- A building rubble recycling facility where building rubble will be turned into aggregate

The three waste streams are vital because they make up approximately 65% of the waste that is disposed in various landfill sites.

We indicated in FY 2013/14 that the facility is estimated to create 261 permanent jobs, attract private sector investment of between R80 to R100 million per facility in previously marginalised township areas; reduce pollution, and reduce the city's carbon footprint.

Similar partnerships to the Kwaggasrand multipurpose waste recovery facility were initiated through the City Sustainability Office. The multipurpose recycling facility on the land adjacent to the Kwaggasrand landfill site is one of four such planned facilities and will assist the Municipality to divert waste from landfill sites on a large scale.

The City of Tshwane is in the process of realigning its operational processes and by-laws to support such facilities.

5 HOUSING

INTRODUCTION

The Constitution entrenches the right to adequate housing within the means and resources available, and in an incremental manner. This remains a priority to the City of Tshwane. The City is supported by Housing Company Tshwane, which manages the City's rental housing stock.

The housing functions performed by the Housing and Human Settlements Department are based on the conditions of the Housing Act, 1997 (Act 107 of 1997). Other stakeholders that contribute to the provision of adequate housing in the city are: the Re Aga Tshwane Programme, the Service Infrastructure Department (Water, Sanitation and Electricity), and the Roads and Transport Department (Roads and Stormwater).

SUMMARY OF PROGRESS

The housing function includes the following:

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

The following were achieved in the 2014/15 financial year:

- 24,86 km of roads and storm water delivered
- 6,59 km of new water infrastructure (bulk and network)
- 9,219 km of new sewer infrastructure (bulk and network)
- 48 community residential units developed
- 234,49 hectares of land was acquired for human settlement purposes.

PROPERTY REGISTRATION AND TITLE DEEDS

The main reason for the City to issue title deeds is to provide security of tenure to its residents. 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 properties (title deeds).

The following were realised in 2014/15:

- 1 374 housing beneficiaries were allocated houses
- 3 821 title deeds were registered to new homeowners
- 4 713 title deeds were received from Legal Services for allocation to homeowners
- 4 485 title deeds were registered (achieved 95,16%)

The following communities benefitted from the process of housing registration and title deeds:

- Soshanguve, Mabopane, Winterveld and Ga-Rankuwa – Region 1
- Temba, Hammanskraal, Stinkwater and Kudube – Region 2
- Atteridgeville, Lotus Gardens and Elandspoort – Region 3
- Olievenhoutbosch and Laudium – Region 4
- Mamelodi, Nellmapius and Eersterust – Region 6
- Rethabiseng and Zithobeni – Region 7

B: ROADS AND TRANSPORT

INTRODUCTION

The Roads and Transport programmes of the City are supported by the strategic position of the City in respect of public transport and logistics, land use and transport planning. They ensure that there is an incremental approach in addressing the current challenges within a realistic budgetary framework, while making sure that it supports Tshwane Vision 2055. Over the next four decades the Transport Department will contribute resources to the City's game-changing efforts.

The City of Tshwane 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. It aims to eliminate backlogs in roads, stormwater, and transport infrastructure and to transform of the entire public transport system of Tshwane. Roads and stormwater infrastructure is a critical element of services, required for the proclamation of townships. The following table summarises the key progress in this regard for the year under review.

Table 37: Progress and contribution to Tshwane Vision 2055

Key outcomes of Vision 2055	Projects/programmes and activities	Project outcomes/status
A resilient and resource-efficient city	<ul style="list-style-type: none"> Provision of sustainable transport solutions and infrastructure, focusing on non-motorised transport and provision of pedestrian and cycle paths Length (in km) of surfaced roads rehabilitated and maintained Number of traffic signs replaced or maintained Length (in km) of storm water systems replaced, cleaned, rehabilitated or maintained Promotion of eco-mobility initiatives and the procurement of buses and Euro 4/5 bus fleet for TBS 	<ul style="list-style-type: none"> A total of 330 traffic calming measures have been implemented as well as 12,44 km of walkways. The total length in km of surfaced roads, rehabilitated and maintained is 121,4 km. The number of traffic signs replaced or maintained is 1 004. The total length of storm-water system replaced, cleaned, rehabilitated or maintained is 3,747 km. 120 buses have been procured and delivered. The project was completed in January 2015.
A growing economy that is inclusive, diversified and competitive	<ul style="list-style-type: none"> Provision of transport infrastructure using labour-intensive measures such as EPWP and ultra-thin concrete construction methods Support of the implementation of the one-province, one-ticket system that is fully integrated (AFC system). 	<ul style="list-style-type: none"> A total number of 3 671 job opportunities have been created for the maintenance of capital and operational projects within the department to date. The letter of appointment of the AFC service provider was issued in August 2013, and the service level agreement was signed in June 2014. The project is in progress.

Key outcomes of Vision 2055	Projects/programmes and activities	Project outcomes/status
Quality infrastructure development that support liveable communities	<ul style="list-style-type: none"> Provision of transport infrastructure, focusing on the backlog in roads, stormwater network and public transport facilities; and supporting growth 	<ul style="list-style-type: none"> Projects in the following areas (both road and storm water drainage construction) has been recently completed: Mabopane Blocks A, B, U and X; Ga-Rankuwa Units 1, 3, 6 and 16; Winterveld Ward 19; Soshanguve Block R Central; Soshanguve Block UU; Tsomo/Sibande Street in Mamelodi, Alwyn Street in Nelmapius; Real Rovers/Serapeng Street, Nelmapius. Roads and Stormwater Projects in the following areas are in progress: Soshanguve Block FF; Soshanguve Block BB; Soshanguve Block GG; Soshanguve Block LL; Soshanguve Block NN; Soshanguve Block IA and the doubling of Simon Vermooten Road; The pedestrianisation project (Operation Reclaim) has been partially implemented in Madiba, Thabo Sehume and Pretorius Streets in Region 3 (Ward 60), over a length of 870 m. After an overall urban design plan has been finalised and approved, the project will be continued. Major capital projects include the provision of storm water drainage, construction and refurbishment of roads, rehabilitation of sidewalks and bridges, replacement of traffic signs, parking bays at schools, traffic calming and pedestrian safety, traffic signals.
An equitable city that supports human happiness, social cohesion, safety and healthy citizens	<ul style="list-style-type: none"> Project implementation through EPWP processes and guidelines. Providing opportunities to small and emerging contractors through contractor learnership programmes 	<ul style="list-style-type: none"> Through EPWP only, the Department has created 1 393 job opportunities The 15 emerging contractors had received monthly skills based training and have been allocated projects and timelines/ milestones have been developed to monitor their progress effectively and efficiently.
An African capital city that promotes excellence and innovative governance solutions	<ul style="list-style-type: none"> Implementation of infrastructure related projects through partnership with government departments, entities, institution of higher education, consulting firms and private developers. Partnering with communities in the provision of services. Consultation and buy-in from transport stakeholders. 	<ul style="list-style-type: none"> The Department is in partnership with the CSIR, University of Pretoria, MoU with PRASA and Gauteng Department of Roads and Transport to jointly implement strategic infrastructure projects. Imbizos and setting up community liaison committees, utilisation of the indigent register and cooperatives for the Tshepo 10 000 initiative. The Department hosts the Rail Coordination Committee to ensure harmonious integration of transport services.

1 ROADS

The construction, surfacing and refurbishment of roads remain a priority in the city. By connecting the city, roads and transport are a catalyst for economic development and provide access to social activities, mobility and economic opportunities.

In the 2014/15 financial year –

- road surfacing was done throughout Tshwane and a total of 121,4 km was resurfaced;
- 2,7 km of roads have been completed in Region 1;
- Maunde Street was doubled;
- over 2,7 km between Quagga Road and Khoza Street in Atteridgeville was completed.

TRAFFIC SAFETY AND NON-MOTORISED TRANSPORT

The City's Roads and Transport Department is also improving its non-motorised transport systems to address learners' mobility challenges. The emphasis is on improving access roads, developing passable roads, addressing neglected infrastructure and corridors that are linked to markets, and providing feeder systems to stations and other social services.

Traffic-calming measures and walkways have been constructed to improve road safety and to promote non-motorised transport. A total of 330 traffic-calming measures have been implemented, compared to 118 in 2013/14; and 2,37 km of walkways have been built.

Mabopane Station intermodal public transport facility

As part of extensive upgrading of the above facility, a total of 817 m of kerbing at Platforms A, B C has been completed, while 85 m² of paving at Platform A and 60 m² of paving at Platform C have been completed.

2 STORM WATER

The provision of storm water drainage is done as part of the provision and maintenance of roads. 1,62 km of storm water drainage have been completed in Region 1, while 0,2 km of storm water drainage have been completed to address flooding backlogs in the areas of Mamelodi, Eersterust and eastern Pretoria. Detailed performance on the storm water indicators may be found on the scorecard report later in this chapter. Approximately 37.7 km of storm water drainage systems was provided during the 2014/15 financial year.

3 TRANSPORT

The City aims to enhance the quality of life of all people in Tshwane through a developmental system of local government and by rendering efficient, effective and affordable transport services.

PROVISION OF TRANSPORT FACILITIES

The following components form part of the transport services:

- Transport Operations
- Transportation Planning
- Transport Infrastructure Design, Construction and Maintenance
- Tshwane Bus Services
- Tshwane Airport Services
- Integrated Public Transport Network (Specialised Unit)

TSHWANE BUS SERVICES

The Tshwane Bus Services (TBS) embarked on a comprehensive turnaround strategy to improve the bus operations for the benefit of residents of the City.

Current geographical functional areas for the Tshwane Bus Services:

TBS has three depots and operates 82 routes spread over 236 shifts. These shifts are divided among three depots:

- C de Wet – 156 shifts. Area covered: Pretoria Central, Olievenhoutbosch, Centurion
- East Lynne – 32 shifts. Area covered: Pretoria East
- Pretoria North – 48 shifts

During the 2014/15 financial year, the City of Tshwane introduced 120 new, fully accessible buses as part of the recapitalisation of the Tshwane bus fleet.



Figure 31: The Executive Mayor during the introduction of new buses

BUS DEPOTS AND FLEET SIZE

Table 38: Tshwane Bus Services data

Municipal bus services data			
	Details	2014/15	
		Estimated number	Actual number
1	Passenger journeys	No estimates calculated	4 026 124
2	Seats available for all journeys	No estimates calculated	17 236 800
3	Average unused bus capacity for all journeys	No estimates calculated	13 210 676
4	Size of bus fleet at year end	No estimates calculated	347
5	Average number of buses off the road at any one time	No estimates calculated	195

Municipal bus services data			
	Details	2014/15	
		Estimated number	Actual number
6	Proportion of the fleet off road at any one time	No estimates calculated	56,20%
7	Number of bus journeys scheduled	No estimates calculated	521 640
8	Number of journeys cancelled	No estimates calculated	176 904
9	Proportion of journeys cancelled		33,91%

PROGRESS ON SERVICE DELIVERY PRIORITIES

The strategy of the City of Tshwane is to expand the provision of public transport facilities and services to areas that have been poorly serviced or not serviced at all. New bus routes are being designed, and the implementation of A Re Yeng will supplement this. The table below shows the progress on key priorities.

Table 39: Progress on service delivery priorities

Top four service delivery priorities for wards (highest priority first)		
No.	Priority name and detail	Progress during 2014/15
1	New bus procurement	Project complete. 120 buses have been procured and delivered by MAN. The project was completed in January 2015.
2	Disposal of buses	A total of 266 buses needed to be disposed of in the 2014/15 financial year. The criteria used to identify buses to dispose of were inactivity and the age of the bus, together with the maintenance cost of that bus over a three-year period. As stated by legislation (National Traffic Act 93 of 1996), the fleet age must not be more than 15 years and maintenance costs must not be more than R250 000 over a three-year period. 68 buses were deregistered and auctioned on 18 November 2014 and a further 100 buses were auctioned on 12 May 2015. The remaining 98 buses will be disposed of in the 2015/2016 financial year.
3	Percentage increase in fare collection rates by Tshwane Bus Services against allocated budget	83,5%
4	Number of buses in operation per day	149

WONDERBOOM AIRPORT

The Wonderboom Airport has been in existence for approximately 77 years and is one of the most important general aviation airports in South Africa. Currently it is the only recognised commercial airport in Tshwane.

The City of Tshwane has a legislative responsibility to comply with the airport licence requirements of all applicable aviation legislation, regulations, policies and international agreements, protocols, standards and requirements, as applicable to the airport being licensed as a CAT 5 airport.

The following strategic initiatives were pursued to enhance the strategic value of the asset, the use thereof by Tshwane residents/business acumen, and to promote economic growth in Tshwane:

Table 40: Strategic initiatives for the Wonderboom Airport

Initiative	Output
Regaining international status for Wonderboom Airport	The City of Tshwane, being one of the only capital cities in the world without an international airport, submitted an application to national government in October 2012 to regain international status for the airport. The application was assessed during 2013 and 2014. In the latter part of 2014 and beginning 2015 the government started proceedings to have the National Airport Development Plan revised, followed by a revision of the Draft White Paper on National Civil Aviation Policy which is presently underway. As a result of the latter, the government has not made a decision on the international status application yet; an outcome is therefore still awaited from the Government.
Re-introducing scheduled flights	The Tshwane Airport Services Division continued to negotiate scheduled flights with scheduled flight operators to introduce scheduled flights to different destinations in the country. A Service Level Agreement and Land lease agreement were recently signed with a scheduled flight operator to initiate the first scheduled flights to Cape Town and back, starting mid-August 2015. The outcome will mean that Tshwane residents can make use of the City's own airport to travel to different destinations in the country
Involvement of private sector in the management of airport business operations	The municipality realised that operating an airport is not a core function of local government, and as such the airport will not be developed to its fullest potential required to enhance economic development in Tshwane. As a result a decision was taken by the Council to involve a private entity in airport business operations and to lease the airport asset to such successful private entity. The transaction advisor was appointed and all due diligence investigation processes completed in draft, ready for the City of Tshwane for decision-making and enhancing implementation of the decision made. Once completed, the City would transfer all its airport management risks to the private sector as well, enabling the private sector to invest in the further development of the airport.

In FY 2014/15:

- There was an increase in the number of passengers (departing from WBA domestic/international/regional). A total of 19 959 passengers departed from Wonderboom Airport (the set target was 20 000).
- The number of aircraft landings on the runway increased. A total of 47 828 aircraft movements were recorded (the target was 46 500).

With the construction of provincial road K97, which is almost completed, Wonderboom Airport would be highly accessible from a local as well as a regional perspective. One of the most important benefits of the airport is that traveling to and from the airport for the scheduled flights will be in an opposite direction of peak traffic. This will enhance the use of the highway system leading to and from the airport. Another benefit is that the airport will also improve accessibility for users that would like to make use of the airport services from adjacent provinces. The benefits are therefore regional in nature.

TRANSPORT MONTH

Tshwane Green Ride

The City of Tshwane hosted the Green Ride on 25 October 2014 in partnership with the Department of Environmental Affairs under the theme “Celebrating 20 years of delivering efficient, reliable and safe transport services”. Leadership of the City encouraged the use of alternate transport such as bicycles. Sidewalks and cycle facilities are to be provided over the entire length of the A Re Yeng system over time.



Figure 32: Members of the Mayoral Committee on bicycles for the Tshwane Green Ride

Celebrating Transport Month

In celebration of Transport month, Tshwane Bus Services hosted a bus drivers' skills enhancement competition under the theme "Together moving Tshwane forward". The aim was to improve the knowledge, skills and attitudes of professional heavy vehicle drivers, ultimately improving the standard of heavy vehicle driving and raising awareness of road safety.

The Gauteng MEC for Transport, Dr Ismail Vadi, congratulated the City of Tshwane for this initiative. He noted that if other transport companies did the same, there would be a reduction in road accidents involving buses or heavy vehicles.



Figure 33: City of Tshwane bus drivers with the MEC for Transport, Dr Ismail Vadi

C: PLANNING AND DEVELOPMENT

This section of the report focuses on the work of the City Planning and Development Department and the Economic Development Department. The Tshwane Economic Development Agency (TEDA) is a municipal entity that contributes to the City's economic development objectives.

1 PLANNING

INTRODUCTION

Through the City Planning and Development department, the City provides guidance in the design and the development of the Municipality's spatial form by leading spatial transformation through land-use management, spatial planning, development management and facilitation, and built environment and enforcement, to create an efficient capital city.

During the 2014/2015 financial year, the following were realised:

- Land-use applications received were processed within 30 days.
- Building plan applications were processed within 30 days.
- Toponymy: street name and address enquiries were all processed.
- The 'new' draft Tshwane Town Planning Scheme was completed and approved by the City Planning and Development Committee, and was finalised with the proclamation and coming into operation on 13 November 2014.
- Land-use by-law enforcement is now regionalised.

NEW TSHWANE TOWN PLANNING SCHEME

The new Tshwane Town Planning Scheme was approved by the City Planning and Development Committee and was finalised with proclamation and coming into operation on 13 November 2014. During the 2013/2014 financial year, public participation took place whereby the new Tshwane Town Planning Scheme was investigated, documented, integrated and cleaned up, to include the newly incorporated areas of the Metsweding, Nokeng tsa Taemane and Kungwini municipalities.

The Municipal Spatial Development Framework (MSDF), approved in the 2013/14 financial year, therefore aligns with Tshwane Vision 2055 in the following ways:

Table 41: Alignment of the MSDF and Tshwane Vision 2055

Tshwane 2055 outcome	MSDF
A resilient and resource-efficient city	<p>Sustainability: Optimising the use of land through densification, infill and consolidation, resulting in a city with spatially integrated equal opportunities, correcting spatial imbalances, creating sustainable settlements and advancing social equity.</p> <p>Resilience: Being innovative and adaptable, whilst maximising spatial opportunities and in turn maximising economic growth opportunities through strategic investment decisions.</p>

Tshwane 2055 outcome	MSDF
A growing economy that is inclusive, diversified and competitive	Competitiveness: Instilling investor confidence by ensuring a well-managed quality built environment through enforcement of relevant legislation, maintenance and management of infrastructure and strategic investment in infrastructure focus areas targeting broad-based economic growth.
Quality infrastructure development that supports liveable communities	Nodal development: Due to the high cost of providing bulk infrastructure in low-density areas, urban sprawl should be discouraged. It is imperative that available infrastructure within the nodes are used optimally. This requires densification and intensification of land uses through compaction and infill developments. Transit-oriented development will optimise the potential and infrastructure capacity of nodes while combating urban sprawl through movement between and connectivity of focus areas of development.
An equitable city that supports happiness, social cohesion, safety and healthy citizens	Nodal development: people-centred approach to the establishment of sustainable human settlements, ensuring that residential localities are easily accessible via both non-motorised and public transport; giving equitable access to economic opportunities by connecting residential developments to efficient public transport systems; requiring that special attention should be given to the creation, design and management of public spaces as well as communal and social facilities (e.g. parks, sports fields, educational facilities etc.) in areas where higher densities are developed.

LAND-USE APPLICATIONS RECEIVED

The following tables indicate the statistics of land use applications received, processed and finalised during the 2014/15 financial year.

Table 42: Land use applications received

Table 42: Land use applications received

Applications received									
Residential Sustainability Programme land use application statistics 2014-15									
Type of application	Regions								Total
	1	2	3	4	5	6 North	6 South	7	
Consent uses									
Consent use – general (Clause 16)	35	25	49	48	16	51	35	2	261
Peri-urban (Clause 6)	0	0	0	1	2	0	9	1	13
Permission second dwelling (Clause 14 (1))	3	3	14	34	9	28	62	10	163
Application for permission	15	13	22	22	0	8	14	0	94

Applications received									
Residential Sustainability Programme land use application statistics 2014-15									
Type of application	Regions								Total
	1	2	3	4	5	6 North	6 South	7	
Total: Consent uses	53	41	85	105	27	87	120	13	531
Total: Simultaneous consent use and removal of restrictive conditions	0	0	0	1	0	1	0	0	2
Total: Subdivisions	5	2	14	22	0	27	23	3	96
Total: Consolidations	8	3	32	14	1	8	19	2	87
Total: Simultaneous subdivision and consolidation	1	1	2	7	0	1	2	0	14
Total: Council subdivision and consolidation	0	0	0	1	0	1	0	0	2
Total: Divisions	4	8	2	12	12	5	8	3	54
Total: Removal or amendment or consent of restrictive conditions (Act 3 of 1996)	1	9	9	30	2	15	25	0	91
Rezoning									
Section 28 (Council)	9	0	2	0	0	0	0	0	11
Section 56	14	19	93	91	4	38	61	9	329
Simultaneous rezoning and removal of restrictive conditions (Act 3 of 1996)	8	4	18	2	2	6	55	2	97
Total: Rezoning	31	23	113	93	6	44	116	11	437

Applications received									
Residential Sustainability Programme land use application statistics 2014-15									
Type of application	Regions								Total
	1	2	3	4	5	6 North	6 South	7	
Section 96(1)	10	11	11	45	13	4	7	0	101
Section 96(4)	2	0	1	10	0	0	1	0	14
Section 107 (City of Tshwane townships)	0	0	5	1	1	0	0	0	7
Section 88(1) Extension of boundaries	0	0	0	1	0	0	0	0	1
Total: Township establishment	12	11	17	57	14	4	8	0	123
Amendment after approval of a township									
Administrative amendments to layout plans and/or conditions of establishment	30	1	0	65	0	9	25	0	130
Section 100: Amendment to layout plans and/or conditions of establishment	1	1	5	33	0	5	7	0	52
Section 99: Division of townships – number of phases	3	4	0	6	0	0	0	0	13
Ordinance 25 of 1965 (Section 66A)	9	0	0	6	0	0	0	0	15
Total: Amendment after approval of a township	43	6	5	110	0	14	32	0	210
Total: Restriction of access	0	0	0	0	0	0	5	0	5
Total: Extension of time	87	0	0	102	1	36	60	1	287
Applications received	238	104	279	680	63	243	418	33	2 058
Applications processed	238	104	279	680	63	243	418	33	2 058

Table 43: Building control, building plan applications and inspection management

Particulars	Previous financial years (2009/10 to 2011/12)	2012/13	2013/14	2014/15	Total achieved
Building plan applications received	40 074	19 529	20 140	20 956	100 699
Building plan applications approved	33 502	14 406	16 248	14 813	74 969
Site development plans submitted	2 905	938	871	799	5 513
Site development plans approved	1 733	611	536	544	3 424
Encroachment and height relaxation applications received	6 474	2 540	2 643	2 838	14 495
Encroachment and height relaxation applications approved	4 829	1 756	2 298	2 297	11 180
Building-related inspections conducted	112 360	40 168	39 772	38 987	23 1287
Building-related kilometres travelled	930 411	380 715	360 549	302 852	1 974 527
Contravention notices served	3 825	898	833	935	6 491
Occupation certificates issued – residential	13 601	6 362	7 283	7 072	34 318
Occupation certificates issued – non-residential	373	141	217	123	854
Occupation certificates issued – additions and alterations to existing residential and non-residential buildings	4 602	1 731	1 250	1 246	8 829
Approved construction area (N)	5 044 612	2 140 964	2 727 782	2 727 188	9 912 964

LAND USE APPLICATIONS FINALISED FOR 2014/15

The City of Tshwane has received 2 058 land-use applications for the 6 368 km² land area of the seven regions of Tshwane. Tshwane Vision 2055 promotes densification and job creation. These applications include residential, retail and industrial land use as well as land use for entertainment centres and offices

Table 44: Detailed applications finalised for the 2014/15 Financial Year

Type of application	Total
Total: Content uses	361
Total: Council subdivisions and consolidation	10
Total: Rezoning	318
Total: Township establishment	73
Total: Amendment after approval of a township	275
Total: Restrictions of access	0
Total: Applications finalised	1992

GEOMATICS SERVICES

Geomatics is a professional discipline and refers to the integrated approach of measurement, capturing, analysis, management and display of spatial data. Geomatics activities within the City of Tshwane ensure and accurate land and engineering surveying system and geospatial information service centres in the regions.

During 2014/2015 financial year all surveying jobs, both engineering and cadastral, were finalised

2 ECONOMIC DEVELOPMENT

INTRODUCTION

The City ensures that Tshwane has a viable, sustainable economy that can improve the quality of life of its communities through the development of a competitive and sustainable economic sector that is characterised by growth and the creation of employment opportunities for all, ultimately allowing the City to compete in the global economic arena.

The Economic Development Department aims to ensure accelerated and shared economic growth and broad participation by all. The Tshwane Economic Development Agency (TEDA), also contributes towards the objective of local economic development. The City has prioritised the economic sectors as follows:

- Automotive and components
- Tourism and related services
- Agriculture and agro-processing
- Business process outsourcing (BPO)
- Mining and mineral beneficiation
- Aerospace

EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

The Economic Development Department coordinates the citywide implementation of the EPWP in terms of the City of Tshwane's EPWP policy.

The EPWP is not implemented in isolation from other government strategic initiatives. The New Growth Path (NGP) outlines key job drivers, such as *targeting more labour-absorbing activities across the main economic sectors and substantial public investment in infrastructure, both to create employment directly, in construction, operation and maintenance, as well as the production of inputs and indirectly by improving efficiency across the economy*. EPWP work opportunities are all linked to the NGP job drivers and are expected to contribute to the NGP targets through its full-time equivalent (FTE) targets.

The following table compares job creation through EPWP projects since 2011/12.

Table 45: Job creation through EPWP projects – 2014/15

Job creation through EPWP projects		
	EPWP projects	Jobs created through EPWP projects
Details	Number	Number
2011/12	-	19 001
2012/13	-	20 386
2013/14	495	32 420
2014/15	278	42 026

SOUTH AFRICAN CITIES NETWORK

The City hosted the South African Cities Network (SACN) for the 34th time, for the inclusive cities reference group meeting on 11 and 12 June 2015, after the last hosting in June 2013. The reference group was established in 2004 and since then, the Expanded Public Works Programme (EPWP) has established itself as a key programme in all the member cities. The SACN coordinates the EPWP reference group meetings, in partnership with the National Department of Public Works (NDPW). This relationship between the SACN and the NDPW has been instrumental in mobilising the nine SACN member cities to contribute to create employment as part of the EPWP.

The reference group consists of the key officials in the cities, who are responsible for implementing the EPWP in their respective cities. The EPWP reference group meetings are held quarterly and provide a valuable forum where the national department can interact with member cities to discuss a range of issues relevant to implementing the EPWP in the cities. The focus of these engagements ranges from the sharing of information to best practices, including discussions about how specific challenges can be resolved collectively.

On 11 June 2015 the City Manager, Mr Jason Ngobeni, welcomed the cities' representatives and spoke words of motivation on the EPWP implementation.



Figure 34: The SACN delegates (from left to right, Mr Nelson Mahlangu, Ms Nosipho Mantashe, Mr Jason Ngobeni, Ms Pat Telela, Ms Lulama Ndlovu, Mr Ignatius Ariyo, Ms Eunice Shikalange, Dr Geci Karuri-Sebina, Mr Malesela Papo, Mr Odwa Tiya and Mr Bokaba Maluleke)

OTHER STRATEGIC INITIATIVES AND PROGRAMMES

TRAINING ACADEMIES OPERATIONALISED

Training academies assist with skills development, thereby impacting entrepreneurship and job creation. The City of Tshwane has invested in the operationalisation of academies. The following table shows progress for the year under review.

Table 46: Training academies operationalised

Academies	Training outputs	Region	Target 2013 to 2017	2013/14	Actual 2014/15
BPO academy	Skilled and qualified call centre operators	2	750	150	87
ICT academy	Skilled and qualified ICT technicians	2	500	100	The ICT academy was not operationalised due to budget constraints
Tooling academy	Skilled and qualified toolmakers, machine operators and maintenance workers	1 and 2	500	100	94

Academies	Training outputs	Region	Target 2013 to 2017	2013/14	Actual 2014/15
Automotive academy	Skilled and qualified artisans in auto mechanics and auto body repairs	1	500	100	153
Aerospace academy	Skilled and qualified artisans in manufacturing of aerospace components, machine maintenance and repairs	4	500	100	The aerospace academy was not operationalised due to budget constraints
Tourism academy	Skilled and qualified game rangers, tour operators, waiters and chefs	1 and 2	750	150	148
Construction	Skilled artisans in bricklaying, plastering, plumbing, roofing, painting, boiler making, welding and electrical related training	2	2 000	740	483
Agro-processing academy	Skills and training in machine operating and furniture manufacturing	1	1 200	0	499

GA-RANKUWA ECO-FURNITURE PROGRAMME

The Ga-Rankuwa Eco-Furniture Programme is one of the many ways in which the spread of invasive species can be reduced and jobs can be created among poor people in marginalised communities. Over and above skills development, the City's overall objective is to contribute to the government's New Growth Path and the job-creation agenda. The factory has assisted the City's efforts to fight poverty in the creation of sustainable job opportunities and skills development for the poor.

Providing work for the local unemployed is an important aim of the project and, in this respect, it serves its purpose admirably. The project provides job opportunities which bring the unemployed into a working environment to obtain skills and work experience. The following key components of the successful establishment of the factory have been identified:

The Ga-Rankuwa Eco-Furniture Programme has created more than 227 temporary, but continuous jobs for previously unemployed people and beneficiaries of the City's Tshepo 10 000 Programme. It is expected that over 900 jobs will be created once the project is fully operational, with 350 EPWP jobs anticipated in factory operations and a further 550 downstream jobs in harvesting and in-field planking, delivery and assembly.

SUPPORT TO SMALL, MEDIUM AND MICRO ENTERPRISES (SMMEs) AND COOPERATIVES

During the 2014/15 financial year, Business Support Operations implemented the informal trading infrastructure development programme by constructing marketing and informal trading stalls in

Bronkhorstspuit (Region 7) and Laudium (Region 3). The total cost of the infrastructure was R2 million. Local community members were employed during the construction process.



Figure 35: Facilities and workers employed



Figure 36: Business Support Operations facilities

THE GA-RANKUWA AUTOMOTIVE COOPERATIVE

The Ga-Rankuwa Automotive Cooperative, which is part of the City's business incubation programme to support the development of SMMEs within the after-market segment of the automotive industry, was appointed by the City to provide mechanical and auto body repair services to some of the City's fleet. This appointment is consistent with Outcome 2 of Tshwane Vision 2055, which is to create a growing economy that is inclusive, diversified and competitive. Local SMMEs from Ga-Rankuwa are benefitting from this initiative.



Figure 37: TMPD vehicle being serviced at the Ga-Rankuwa Automotive Cooperative

TSHWANE FRESH PRODUCE MARKET

The growth in turnover for the 2014/15 financial year grew a turnover by 1,92% over the previous financial year from R 2 557 billion (2013/2014 financial year) to R 2 606 billion (2014/2015 financial year).

Over the past five years the Tshwane Market's growth was the second largest out of the 19 markets in the country. By mid-2014/15, there was a decrease in the turnover of the Tshwane Market due to slower economic growth within the fresh produce industry as well as higher than anticipated volumes of produce that resulted in an oversupply. The rand per ton decreased by 14,11%.

The market's mass grew by 5,36% from 603 129 in 2013/2014 to 635 441 in the 2014/2015 financial year. The market is operating in a very competitive environment and the increased growth in mass is seen as a major achievement.

The industry's demands on markets require that proactive measures be in place for the Tshwane Market to remain a leading distribution centre in a marketplace that has been deregulated and favours private enterprise. Facilities at the market must therefore be upgraded and extended continuously.

An investment of R12 million was made to upgrade and extend existing facilities as follows:

Upgrading and extension of facilities

The main works executed in the 2014/15 financial year was the construction of a new client service centre, the upgrading of management offices in Hall B and the development of dedicated security facilities.

Upgrading of offices

In order to adhere to the national building regulations, the market agent building was upgraded. The project commenced in the 2013/14 financial year and was completed in the 2014/15 financial year. The works entailed the introduction of a new VRV air-conditioning and fresh air system, new electrical network, upgraded security within the building and the extension of the fire protection system. New layouts were also done on each floor according to tenants needs.

Upgrading of the market trading system

Approval was granted to the Fresh Produce Market to utilise an existing memorandum of understanding (MoU) between the City of Tshwane and the University of Pretoria to develop and implement a market trading system. The system will be wholly owned and managed by the Fresh Produce Market. Phase 1: Initiation and formulation of the Project Steering Committee up to Phase 4: Institutionalisation of a “new” approach and methodology to ICT management were completed in the 2014/15 financial year. The project will be completed in the 2015/16 financial year.

Reparation and resurfacing of roads

The ongoing project ensures that road surfaces are in a sufficient condition for role players who visit the market on a daily basis. The off-loading area on the eastern side of market Hall B was resurfaced in the 2014/15 financial year.

R120 000 specialised vehicles

A trolley-mounted diesel-driven high-pressure cold-water cleaner with a tank capacity of 500 ℓ was purchased to assist the market officials to clean loading platforms. The machine was fitted on a custom manufactured steel trolley to improve mobility.

Regional trade

The market is constantly looking into new business opportunities to expand its market share. As part of the market’s client development programme, fourteen international buyers from Zimbabwe, Mozambique and Namibia were developed during the 2014/15 financial year. These buyers are contributing approximately R1,6 million per month in turnover.

D: COMMUNITY AND SOCIAL SERVICES

INTRODUCTION

Outcome 4 of the Tshwane Vision 2055 states, *“An equitable city that supports human happiness, social cohesion, safety and healthy citizens”*. The provision of social services and amenities is important to ensure sustainable communities and to contribute towards the dignity of people. Providing social services is essential to the well-being of residents of the city. For example, parks provide recreational spaces and increase the green lungs of the city.

The following community and social services provided by the City of Tshwane are discussed in this section of the report:

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

City of Tshwane departments provide the infrastructure, and the regions manage and maintain the facilities provided.

Another component of social services, i.e. sports and recreation, is discussed in Component G of this report in accordance with National Treasury Circular 63 guidelines.

1 LIBRARIES

The City has a strategic intention to ensure that accessibility and utilisation of library services is increased and enhanced. The provision of new libraries and the refurbishment of existing libraries are underway. The Suurman Library in Hammanskraal, Region 2, was completed and opened to the community on 23 June 2015. Work on the Cullinan Library Park in Region 5 is still in progress.

LIBRARY PROGRAMMES

With development programmes aimed at improving literacy and reading awareness, the City of Tshwane was one of the organisations that observed South African Library Week from 14 to 24 March 2015, with the theme “Connect @ your library”.

The event of the national launch was held on Friday, 13 March 2015 in Cape Town by the Library Association of South Africa. The Refilwe Community Library/Hall in Region 5 was the host on behalf of all other regions for this event. They hosted learners from local schools – 60 learners from each of the following: Chipa Tabane Primary, Chokoe Primary, Onverwacht Primary, Sedibeng Primary, and Foxtrot Farm School. The event was attended by visitors from Baviaanspoort and Zonderwater Correctional Services.

The theme “Connect @ your library” resonates with the belief that libraries connect people to each other, to knowledge and information, to print and electronic resources, and to technology, and professional support.

The theme implies that libraries are fast emerging as technologically enabled environments that provide individuals the opportunity to connect to the following:

- The internet
- Databases, online learning and research tools
- Friends, families and colleagues via social networking sites
- Employment opportunities
- Digital libraries, including institutional repositories
- Emerging mobile technologies such as tablets, e-readers, smartphones that connect using the Wi-Fi facility that the City has made available throughout

The event was well attended by 500 people composed of 300 learners and 200 VIPs.



Figure 38: Member of the Mayoral Committee for Sport, Recreation, Arts and Culture, Councillor Nozipho Tyobeka-Makeke, with learners during South Africa Library Week

WORLD BOOK DAY

The City of Tshwane's Community Library and Information Services celebrated World Book Day on 23 April 2015 in Mamelodi, Region 6. This particular day was used to contribute to fulfilling the people's needs for lifelong learning, cultural expression and recreation. This was done under the theme "Come read with me" and the sub-theme, "The importance of a book and reading".

READATHON PROGRAMME

The main event took place on 11 September 2014, and was attended by at least 150 people. The event was used as a prize-giving ceremony to 12 winners who represented the City of Tshwane at the finals of the Gauteng Provincial Education Department's Spelling Bee competition held in Springs, Ekurhuleni.

BORN TO READ PROGRAMME

The City partnered with the Gauteng Department of Sport and Recreation (Library and Information Services) to host the Born to Read event. This programme was rolled out to the municipalities by the Gauteng Provincial Library and Archival Services. It is a family literacy programme that targets mothers on how to integrate books into a baby's life in the pregnancy stage. The objective is to inculcate the culture of reading in the region and ultimately the City of Tshwane communities at an early stage.

At least 150 children and 250 people from various stakeholders including staff and VIPs attended the event. At least 60 pregnant women attended.

2 ENVIRONMENTAL MANAGEMENT

INTRODUCTION

The City ensures that the residents of Tshwane have access to recreational parks, landscaped public facilities, nature reserves, resorts and swimming pools, and safe and adequately maintained open spaces.

Through the Environmental Management Department and the regions, the City ensures sound environmental management practices and principles and the protection of the livelihood of the citizens of Tshwane by providing an effective waste management service. The City also renders an environmental service by conserving and protecting urban ecosystems where ever possible.

The benefits that residents derive from urban ecosystems are –

- provisioning services (e.g. food, water, timber);
- regulating services (e.g. regulation of climate, floods, disease, and waste and water quality);
- cultural services (e.g. recreational, aesthetic and spiritual); and
- supporting services (e.g. soil formation, photosynthesis and nutrient cycling).

The City implements urban nature conservation (biodiversity management) and the management of visitor facilities at nature resorts (12 nature reserves, 10 bird sanctuaries, natural areas such as rivers and ridges, 13 resorts and 30 swimming pool facilities). In addition it has played a key role with regard to the mitigation of and adaptation to climate change. Reducing greenhouse gas emissions and waste recycling and conversion technologies are increasingly important aspects of the work of the City.

TWO PARKS PER WARD PROGRAMME

This project was introduced to demonstrate the City's commitment to creating more liveable human settlements and to reduce the backlog in recreational park infrastructure – especially in previously disadvantaged communities in Tshwane. The programme includes the development of new parks and the remodelling of existing parks.

During the 2014/15 financial year, the Environmental Management Services Department undertook the development and remodelling of 13 community parks in the following areas: Soshanguve, Winterveld, Kudube, Atteridgeville, Suiderberg, Lady Selborne, Laudium, Cullinan, Nellmapius and Mamelodi.

PROVISION OF CEMETERIES

Currently, 20 formal cemeteries are operational for burials in Tshwane, and two cemeteries are in the development stage. These are Klip-Kruisfontein cemetery in Soshanguve South, Region 1 and Tshwane North Cemetery, south of Hammanskraal, in Region 2.

NATURE RESERVES

A total of 11 445 hectares of nature areas are managed as part of the ecological infrastructure of Tshwane. This includes six sub-water catchments, 1 487 km of water courses and 31 important wetlands. These catchments include the following –

- 10 proclaimed nature reserves (legal protection);
- 15 fenced-off nature areas (physical protection);
- 13 bird sanctuaries;
- 7 ridge systems;
- 12 different habitat types; and
- 8 known red data species.

The current total number of wildlife species counted in the nature reserves is 2 716 (this includes three species of the big five, namely rhino, buffalo and lion).

Removal of alien plants is also regarded as a high priority. Greater capacity to combat this problem and more awareness thereof are needed.

Table 47: Highlights of visitor numbers to facilities (per annum)

	Visitors	Income
Nature reserves	269 614	R 7 565 863
Resorts	191 535	R 8 122 871
Total	461 149	R15 688 734

AIR QUALITY MANAGEMENT PROGRAMME

Under this programme, the City seeks to improve local air and atmospheric quality through monitoring priority pollutants and ensuring that the regulatory framework assists the development and implementation of low-carbon technologies while minimising environmental harm.

The Environmental Management department continues to –

- manage greenhouse gas emissions from industrial sites and sources;
- improve integrity and performance of the air quality monitoring network for sustainable ambient air quality management;
- review and implement the air quality management plan; and
- promote campaigns for clean and healthy air, such as Follow the Smoke Campaign.

Below is an indication of initiatives managed by the department and infrastructure capabilities for monitoring of ambient air quality in Tshwane.

Table 48: Air quality management in the city

Site name	Site type	Site classification	Site minimum parameters
Bodibeng	Stationary	Residential and traffic	PM10, SO ₂ , NO, NO ₂ , NO _x , CO and ozone as well as wind speed, wind direction, ambient pressure, ambient temperature, relative humidity, solar radiation and rainfall
Booyens	Stationary	Residential and mining	PM10, SO ₂ , NO, NO ₂ , NO _x , CO and ozone as well as wind speed, wind direction, ambient pressure, ambient temperature, relative humidity, solar radiation and rainfall
Ekandustria	Stationary	Industrial	PM10, SO ₂ , NO, NO ₂ , NO _x , CO and ozone as well as meteorological sensors
Mamelodi	Stationary	Industrial, residential and traffic	PM10 and 2.5, SO ₂ , NO, NO ₂ , NO _x , CO, ozone and BTX as well as wind speed, wind direction, ambient pressure, ambient temperature, relative humidity, solar radiation and rainfall
Olievenhoutbosch	Stationary	Residential	PM10, SO ₂ , NO, NO ₂ , NO _x , CO and ozone as well as wind speed, wind direction, ambient pressure, ambient temperature, relative humidity, solar radiation and rainfall

Site name	Site type	Site classification	Site minimum parameters
Pretoria West	Stationary	Industrial, residential, mining and traffic	PM10, SO ₂ , NO, NO ₂ , NO _x , CO, ozone and BTX as well as wind speed, wind direction, ambient pressure, ambient temperature, relative humidity, solar radiation and rainfall
Rosslyn	Stationary	Industrial	PM10, SO ₂ , NO, NO ₂ , NO _x , CO, ozone and BTX as well as wind speed, wind direction, ambient pressure, ambient temperature, relative humidity, solar radiation and rainfall
Tshwane Mobile	Market	Mobile	Industrial and traffic
			PM10 and 2.5, SO ₂ , NO, NO ₂ , NO _x , CO, ozone and BTX as well as wind speed, wind direction, ambient pressure, ambient temperature, relative humidity, solar radiation and rainfall



Figure 39: The City igniting excellence at the Jacaranda Agricultural Show

E: HEALTH

INTRODUCTION

Tshwane Vision 2055 places emphasis on creating a better life for all. The focus is on creating a better life through the provision of access to basic municipal services and other practical programmes to improve the lives of the disadvantaged communities.

The City of Tshwane, through the Health and Social Development Department, provides healthcare services that is aligned with the National Health Insurance Initiative, social development services, municipal health and related services and with interventions to address the HIV and AIDS pandemic. These are compulsory services to be rendered by municipalities, and are defined in the National Health Act, 2003 (Act 61 of 2003) as “Municipal Health Services”.

1 ACCESS TO HEALTHCARE

CLINICS

The City has 13 clinics that operate eight hours daily and are open over weekends. All clinics except Gazankulu Clinic (due to space constraints) provide a full primary healthcare package which includes the following:

- An expanded programme on immunisation (EPI) programme
- Women’s healthcare
- Chronic services
- Antenatal care and PMTCT
- Tuberculosis and antiretroviral treatment
- Pharmaceutical services
- Mental health (clinics are rendering first level of care whereas second level of care is a specialised level of care and rendered in all community health centres (CHCs) and some selected clinics. All regions are covered.
- Dental services is a specialised service rendered by provincial staff in selected facilities

Table 49: Service data for clinics

Details	2013/14	2014/15	
	Actual number	Estimated number	Actual number
Number of patient visits on an average day	1 530 509	1 477 252	1 450 000
Number of HIV/AIDS tests undertaken in the year	52 802	54 363	54 363
Number of tests in 4 above that proved positive	10 837	9 692	9 692

Details	2013/14	2014/15	
	Actual number	Estimated number	Actual number
Number of children younger than 1 year that are immunised	14 483	13 214	13 214
Child immunisations above compared with the population of children younger than 1 year	88,3%	77,9%	85%

ACCESSIBLE SERVICES AND SUITABLE HEALTH FACILITIES IN THE TSHWANE DISTRICT

Table 50: Tshwane district primary healthcare facilities per region

Tshwane regions	Health post	Mobiles	Satellites	Clinics	Community health centres
Region 1	6	4	1	18	3
Region 2	0	1	1	9	1
Region 3	9	1	0	13	1
Region 4	2	0	1	5	0
Region 5	1	0	0	7	0
Region 6	22	1	0	8	1
Region 7	5	1	0	6	1
Total	45	8	3	66	7

TSHWANE DISTRICT ANNUAL TSHWANELO AWARDS

The Tshwanelo Awards is an annual event held jointly by the Provincial District Health Office and the City of Tshwane to honour health facilities that are doing well to improve quality. This event follows evaluations that are done at all the primary healthcare clinics, community health centres and district hospitals in Tshwane.

The evaluations done at the facilities are based on the National Core Standards for Health Establishments. Doing these evaluations helps health facilities to improve their quality of care and also prepare the facilities for provincial and national inspections, with the aim of the future accreditation for the National Health Insurance. Since the City of Tshwane clinics became involved in these evaluations, improvement has been recorded at the facilities.

The evaluations were conducted from February to August 2014 in all facilities (clinics) in Tshwane, and clinics utilised their individual results to improve their facilities.

PROVISION OF ESSENTIAL DRUGS

Pharmaceutical Services are provided by two authorities in the Tshwane District, namely the City of Tshwane Pharmaceutical Services and the Provincial Tshwane Health District. The City of Tshwane Pharmaceutical Services provides services to facilities that traditionally fell under the erstwhile 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 functions handled by skilled pharmacy staff.

The Tshwane District utilises Post-basic Pharmacist's Assistants (PBPAs) to either supply medicines to the various consulting rooms in the clinics or to supply medicines to patients according to the established Primary Healthcare (PHC) Standard Treatment Guidelines (STGs) and the Essential Medicines List (EML).

The Regional Pharmacy continuously trains Pharmacist's Assistants as a means of improving the quality of service that is provided to the communities. In the 2014/15 financial year, the Regional Pharmacy took in six learner Post-basic Pharmacist's Assistants.

75 post-basic Pharmacist's Assistants are deployed in the clinics (including 27 in the municipal clinics); 17 remain in the Regional Pharmacy; and one at the Municipal Medicine Store. A combination of learner and qualified Post-basic Pharmacist's Assistants are utilised in the Regional Pharmacy for the compilation of clinic orders under the supervision of the six Pharmacists in the Regional Pharmacy.

There are nine Pharmacists that are deployed in the community health centres (CHCs) and the larger clinics as determined by the workload and availability of the services of medical practitioners.

The City of Tshwane utilises three Area Pharmacists to monitor the availability of medicines in the clinics and to evaluate the quality of the services provided. The provincial service utilises five Monitoring and Evaluation Pharmacists who are based in the Regional Pharmacy for this purpose. The main tool that is used for monitoring the availability of medicines is the Weekly-Out-of-Stock report that is submitted to the City of Tshwane Medicine Store and the Regional Pharmacy by 12 noon every Monday. This enables the management of medicine availability and allows pharmacists to move stock between clinics. Both authorities are currently utilising the same tools to ensure that the City complies with the various legal and statutory requirements.

At the end of 2013, the National Department of Health introduced the Central Chronic Medicine Dispensing and Distribution (CCMDD) programme at all NHI pilot sites. Pharmaceutical Services was made responsible for managing this in the Tshwane District. To date, 42 511 patients have been enrolled in the programme. 59 external pick-up points have been contracted by the National Department of Health. These external pick-up points help to reduce the waiting time at PHC facilities.

The District conducted a patient satisfaction survey in December 2014 to establish the satisfaction of patients utilising the CCMDD programme. Of 25 341 patients, 3 005 were interviewed telephonically.

The general shortage of qualified staff continues to affect the growth and quality of service. There is a shortage of Post-basic Pharmacist's Assistants to dispense medicines to patients in clinics. The recruitment of sufficient PBPAs in the clinics will improve the quality of pharmaceutical services provided and release professional nurses from dispensary duties.

The City of Tshwane Pharmaceutical Services is involved in the implementation of an electronic patient register (EPR) in the municipal clinics, which includes a dispensing module and biometric patient identification. This EPR is adding value to the Rational Drug Use component by utilising an electronic system for prescribing and dispensing. The backbone of the EPR system uses standard treatment protocols for prescribing medication. Currently, one pharmacist is used to ensure that all protocols are captured correctly on Rx Solutions.

Drug availability and non-adherence to standard treatment guidelines (STGs) negatively affect the enrolment of patients into CCMDD. Patients are given two months' supply of medicine on enrolment into CCMDD, but because of a shortage of chronic medicines, facilities give one month's supply to patients. If patients are not treated according to STGs, they cannot be enrolled into the programme. A training session was recently held with facilities, and this issue was emphasised.

The following achievements were realised regarding pharmaceutical services:

- Pharmaceutical Services successfully introduced the concept of the CCMDD programme in the Tshwane District, and all clinics are participating in it.
- The Regional Pharmacy successfully trained 25 Post-basic Pharmacist's Assistants.
- The ISO 9001 certification has been completed
- The CCMDD programme targeted enrolment of 30 000 patients according to the provincial target. 100% was achieved.
- The number of chronic conditions for qualifying patients has been increased from one to ten.

MEDICINE EXPENDITURE

The Tshwane District spent R300 714 992 on medicine during the 2014/15 financial year. Of this total expenditure, municipal clinics spent R81 478 181.

City of Tshwane clinics also spent R1 126 235 on medical sundries supplied by Tshwane District procurement.

In addition to medicine supplied by the provincial government, the City of Tshwane spent R480 000 on buy-outs of emergency medicines and sundries.

PROVISION OF COMPREHENSIVE PRIMARY HEALTHCARE SERVICES

Prevention, control and treatment services of sexually transmitted infections (STIs) are provided at all City of Tshwane clinics. New STI guidelines were introduced in March 2015, in which drug management was updated to reduce drug resistance.

SERVICES FOR CHILDREN AND THE YOUTH

Nationally, infant and child mortality rates have declined rapidly since 2009; and by 2011 it has exceeded the target for 2014 recommended by the Health Data Advisory and Coordination Committee. However, the decline has been at an insufficient rate to achieve the Millennium Development Goal targets set for 2015. The decline is primarily attributed to the successful implementation of the prevention of mother-to-child transmission of HIV (PMTCT) programme and the introduction of new vaccines against invasive pneumococcal disease and rotavirus in 2008.

Strategies were developed to assist in the reduction of mortality rates. The National Maternal, New-born, Child and Women's Health and Nutrition Strategic Plan 2012 – 2016 (MNCWH+N), launched in 2013, indicates priority interventions that have the greatest impact on reducing child mortality.

Services in Tshwane public health service facilities are aligned with the mentioned strategies and include programmes such as the promotion of breastfeeding, prevention and management of malnutrition, prevention of mother-to-child transmission of HIV (PMTCT), prevention services, immunisations, Vitamin A supplementation, regular deworming, growth and development monitoring, integrated management of childhood diseases (IMCI), and management of HIV in children. Interventions are also aligned with recommendations of the Saving Mothers Reports, aimed at the prevention of identified causes of death in the early neonatal period.

INTEGRATED MANAGEMENT OF CHILDHOOD ILLNESSES

The integrated management of childhood illnesses (IMCI) clinical guidelines target children under the age of five, because the highest number of deaths from common childhood diseases occurs in this age group. The strategy for the IMCI was adopted by South Africa in 1996 and is used at primary healthcare (PHC) facilities in Tshwane. The guidelines follow an evidence-based syndromic approach to case management that supports rational, effective and affordable use of drugs and diagnostic tools.

The IMCI strategy includes both preventive and curative interventions that aim to improve practices in health facilities, the health system, and at home. At the core of the strategy is the integrated case management of the most common childhood problems, with the emphasis on the most common causes of death. City of Tshwane PHC clinics offer the components of the IMCI strategy as follows:

- Childhood vaccinations have successfully reduced deaths from measles.
- Oral rehydration therapy has contributed to a significant reduction in deaths resulting from diarrhoea.
- Effective antibiotics have saved the lives of children with pneumonia.
- Improvements in breastfeeding practices contribute to reducing the number of childhood deaths.

One of the indicators of the Ten-point Plan is to implement the household and community component of the IMCI. More than 90% of professional nurses in each City of Tshwane clinic have training in IMCI as a strategy to reduce the child mortality rate. Training on updates is done on an ongoing basis.

MONITORING OF DIARRHOEA AND SEVERE MALNUTRITION INCIDENCE

The incidence of diarrhoea and severe malnutrition is monitored at all City of Tshwane PHC facilities. Out of the 93,4% of children under five who were weighed at a PHC clinic during the year under review, 1,4 per 1 000 were found to be severely malnourished, which showed a decrease of 1,2 per 1 000 compared to the previous year. An average of 3,2 per 1 000 who visited the PHC clinics had diarrhoea with dehydration, indicating no change per 1 000.

Nutritional supplements and formula feeds are available on prescription by appropriate healthcare professionals for mothers, infants and children who are diagnosed with approved medical conditions according to policy.

The Department of Health launched a national Vitamin A supplementation (VAS) programme in 2001 following the 1994 South African Vitamin A Consultative Group survey which showed that Vitamin A deficiency is a public health problem in South Africa. The programme started with the creation and adoption of a national VAS

policy targeting children under five and mother's post-partum. VAS was integrated into the Expanded Programme for Immunisation (EPI) and Integrated Management of Childhood Illnesses (IMCI) Programme at all Tshwane health facilities.

This approach has shown to be effective in children of 6 to 12 months as they frequent health facilities for the immunisation schedule. For children of 12 to 59 months, VAS coverage has remained low due to the fact that after the age of 18 months these children are not taken to facilities for immunisation.

The main operational strategy for the distribution of Vitamin A supplements is through health facilities. Experience has shown that outreach is a good strategy to reach children that would not necessarily come to health facilities.

Therefore, to improve coverage for Vitamin A supplementation in the age group of 12 to 59 months, the following strategies were incorporated into Tshwane health services:

- An integrated strategy with screening and administration at any contact with routine health services, including individualised health education on VAS of parents.
- Supplemental distribution during campaigns when VAS is feasible, such as catch-up immunisation activities and other campaign-like activities.
- Integrating deworming when children of 12 to 59 months are supplemented with Vitamin A. It is cost-effective and more beneficial to give Vitamin A capsules and deworming tablets simultaneously. Research has shown that there is a clinical link between worm infection and reduced Vitamin A levels. Roundworms live in the intestines and need Vitamin A to grow.
- Resources needed were mobilised through various role players in Tshwane. Other strategic programmes such as the school health services and ward-based outreach teams were utilised to scale up VAS.
- An increased focus was put on VAS awareness and communication through health promotion activities.

PREVENTION OF MOTHER-TO-CHILD-TRANSMISSION OF HIV IN TSHWANE

South Africa has pledged commitment to the goal of eliminating mother-to-child transfer (EMTCT) of HIV by 2015, since its inception in 2002 and has developed an action framework entitled "*No child born with HIV by 2015; and improving the health and wellbeing of mothers, partners and babies in South Africa*".

On 1 January 2015, South Africa implemented the Option B positive approach for the prevention of mother-to-child-transmission (PMTCT), which entitles every pregnant and breastfeeding woman to lifelong anti-retroviral treatment (ART) regardless of CD4 count or clinical staging.

Prevention of mother-to-child-transmission in Tshwane aims to provide continued guidance to reduce the vertical transmission of HIV, building on work done since the inception of the programme and the 2015 Policy and Guidelines document. In line with the international standards for a comprehensive strategy, the PMTCT policy recognises that in order to prevent HIV among women and children, the four elements of PMTCT are integral.

These are:

- Primary prevention of HIV, especially among women of childbearing age
- Prevention of unintended pregnancies among women living with HIV
- Prevention of HIV transmission from a woman living with HIV to her infant

- Provision of appropriate treatment, care and support to women living with HIV and their children and families

The national PMTCT programme aims to ensure –

- primary prevention of HIV, especially among women of childbearing age;
- integration of PMTCT interventions with basic antenatal care, sexual and reproductive health, child and adolescent health, CCMT and TB services; and
- reduction of maternal mortality, in line with the Millennium Development Goals.

All the City of Tshwane's fixed clinics provide a 100% PMTCT service, except in the case of Gazankulu Clinic, where structural challenges prevent a full PMTCT service. HIV-positive pregnant clients are referred for PMTCT initiation and are followed up at this clinic.

A total of 26 456 antenatal clients were tested for HIV at City of Tshwane clinics during the year under review, and 12% (3 101) tested positive. HIV-positive women received counselling on the advantages of the PMTC programme, and this reduced the chances of HIV transmission from mother to child.

99,8% of pregnant women were tested for the period of review. 88,9% of HIV-positive women who attended City of Tshwane clinics were treated. A need to strengthen the mentorship for NIMART-trained nurses is indicated.

There is a low ART initiation rate for babies. Early diagnosis of infants is essential as peak mortality occurs at 2 to 3 months for new-borns who acquire HIV infection. The new national consolidate guidelines for the prevention of mother-to-child transmission of HIV and the management of HIV in children, adolescents and adults, 2014, updated for 2015, made provision for earlier testing to address this problem. Birth PCR testing was introduced on 1 June 2015 for all HIV-exposed neonates, with immediate initiation of ART where the PCR tests are HIV-positive.

Late booking for antenatal care, and even presenting for the first time during labour, remains a problem. Early antenatal booking rate was 55,4%. It is projected that pregnant mothers will report for care earlier once the ward-based community outreach care model has been fully implemented.

Free voluntary HIV testing and counselling were available to the public at any of the City of Tshwane clinics. A total number of 81 743 clients over the age of five were tested for HIV, and 11 952 tested positive. The HIV-positive rate for clients over the age of five (excluding antenatal clients) decreased from 19,5% to 15% during the year under review.

EXPANDED PROGRAMME ON IMMUNISATION

Immunisation coverage was monitored as an indicator on the SDBIP and interventions were implemented to improve on outcomes. Quarterly support visits were made to clinics to assist the facilities in monitoring the immunisation coverage for individual catchment populations. Adverse events following immunisation were followed up on and investigated, to strengthen the immunisation programme.

An immunisation, Vitamin A and deworming catch-up campaign was conducted from 29 September to 30 October 2014.

Period	Cards checked	Vaccinations given	Deworming	Vitamin A
29 Sept – 30 Oct 2014	15 952	2 392	680	4 006

INTERVENTIONS TARGETING THE YOUTH

Teenage pregnancy is still a burning issue in our communities. Women are regarded as vulnerable, and their exposure to unprotected sexual activities results in pregnancy at a young age. Unwanted teenage pregnancies increase the risk of illegal backyard abortions.

Health promotion programmes on issues such as family planning methods and the use of condoms are continuously run to prevent unwanted teenage pregnancies. Interventions targeting adolescents included the implementation of clinical guidelines for the health of young people and adolescents and of measures to reduce the number of teenage pregnancies and cases of drug-taking. Fast-lane options and appointment systems for family-planning services were in place or in process of being introduced at most clinics.

WOMEN'S HEALTH

Being a signatory to the United Nations Millennium Declaration of 2000, South Africa is committed to achieving the Millennium Development Goals (MDGs). Although achievement of all the MDGs has important implications for the health and well-being of women, mothers and children, MDG 5 specifically calls for a three-quarters reduction in maternal deaths by 2015, together with universal access to reproductive health services. The “National Ten-point Plan” also has the goal to “strengthen programmes focusing on maternal, child- and women’s health”.

City of Tshwane clinics provide an array of services specific to women, including maternal healthcare pre- and post-delivery, screening for cervical cancer, reproductive health services, prevention and treatment of sexually transmitted infections, and HIV-related services. All rape victims are counselled and examined at specialised crisis centres in Tshwane. There are four dedicated provincial crisis centres in Tshwane, namely the Laudium Community Health Centre, the Mamelodi Hospital, the Tshwane District Hospital and the Soshanguve Community Health Centre. Services at these centres include ART and counselling. If a patient consented to receiving prophylactic ART, treatment is initiated at the crisis centre and the patient is then referred to the nearest local clinic for further treatment and follow-up.

CERVICAL CANCER

The cervical screening policy and programme has been implemented since 2001, and aims to decrease the national incidence of cervical cancer by 70% by the year 2014.

The introduction of vaccines to prevent human papilloma virus (HPV) infection, combined with a comprehensive cervical cancer screening and treatment policy, is key to addressing the incidence of cervical cancer. In City of Tshwane clinics, 9 357 cervical smears were taken from July 2014 to June 2015.

South Africa's national HPV vaccination strategy was implemented in March 2014. Implementation was conducted through the Integrated School Health Programme and aims to reach the widest possible coverage of the targeted pre-pubertal female population in public schools in Tshwane.

ANTENATAL CARE

All the City of Tshwane's clinics provide routine antenatal care services to pregnant mothers. Pregnant mothers are screened for HIV in Tshwane health facilities and PMTCT treatment started. On 23 July 2014, the Minister of Health, Dr Aaron Motsoaledi, announced that the PMTCT programme adopted the Option B+ approach, which entitles every pregnant and breastfeeding woman to lifelong ART regardless of CD4 count or clinical staging. This took effect in January 2015. HIV-exposed infants are also managed in accordance with the PMTCT policy guidelines.

FAMILY PLANNING

Contraception is one of the World Health Organisation's four strategic prongs to prevent mother-to-child transmission of HIV. About 157 366 uninsured fertile women in the visited the City's clinics for family-planning methods during the year under review. The range of contraceptives available was extended in 2014 with the inclusion of a new device called the sub-dermal implant. This improved the contraceptive method mix offered in clinics and provided women with a wider choice of contraceptives.

A large variety of contraceptive methods not provided by the national family-planning programme was also available from pharmacies and doctors. Private pharmacies and medical practitioners had contracts with the Tshwane Health District to provide contraceptive methods from the family-planning programme.

CURATIVE, CHRONIC AND PREVENTIVE SERVICES

Non-communicable diseases (NCDs), which include cancer, cardiovascular diseases, chronic respiratory diseases and diabetes, are acknowledged as the biggest health threats to the world. They are the leading causes of death worldwide.

The National Department of Health Strategic Plan 2014/2015 – 2018/2019 highlights the impact of NCDs, globally and in South Africa. The National Development Plan (NDP) for South Africa has a long-term health goal to significantly reduce the prevalence of NCDs by 2030. It is a priority in the NDP to prevent diseases, reduce the disease burden and promote health. One of the NDP goals is to increase the average male and female life expectancy at birth to 70 years.

The NDP 2030 aims at reducing risk factors and improving the management of NCDs through the Strategic Plan for NCDs, 2013 to 2017. Increased focus is put on reducing obesity and counselling and screening for hypertension and raised blood glucose levels. The National Annual Performance Plan 2014/15 to 2016/17 cites common risk factors such as tobacco use, physical inactivity, unhealthy diets and harmful use of alcohol. Addressing these causative factors can prevent about 80% of NCDs.

The Primary Care 101 integrated clinical management guideline, which is symptom-based and provides algorithms for the management of common symptoms and chronic conditions in adults, was implemented in City of Tshwane clinics. This is a standardised approach to clinical management of patients.

A new service model was introduced in 2014 for chronic disease management in PHC facilities, namely the Integrated Chronic System Management. This model makes provision for redesigning service delivery to integrate all chronic illness services at dedicated areas in clinics to –

- improve services;
- improve quality care;
- improve waiting times; and
- provide for a patient appointment system.

The chronic disease programme was further strengthened by the implementation of a Central Chronic Medicine Dispensing and Distribution (CCMDD) model, as a partnership between governmental and private practice. Stable chronic patients can collect repeat prescriptions from approved pick-up points nearer to their homes or workplaces and that are more convenient. This system is being implemented in phases and extended as provider capacity is increased. Accessibility to medicine is greatly improved through this initiative.

The City held various health awareness sessions covering all the above diseases. In some instances, health screenings were conducted as part of the “know your health status” campaign, and referrals were done when required. The sessions were conducted in various settings such as clinics, community halls and workplaces.

TUBERCULOSIS SERVICES

The following initiatives were implemented to improve performance:

- Monthly TB clinical discussions, where TB patient management is discussed
- Quarterly basic TB training where PHC give training on TB reporting and recording (in collaboration with ITR)
- Quarterly TB meetings with facilities where the quality of reporting is discussed
- Quarterly clinic TB record audits where files and TB registers are checked and onsite training done on challenges

The above led to an improvement in the TB cure rate from 89,4% to 93,1%.

NOTIFIABLE MEDICAL CONDITIONS

All notified cases were followed up, chemoprophylaxis given where applicable, and information on prevention and spread was given. An information session was held with Emergency Medical Services to give an update on infectious diseases, the mode of spreading and prevention thereof.

Quarterly outbreak response meetings were held with the outbreak response team to discuss disease trends in order to mitigate outbreaks. Updated guidelines were circulated to the facilities. Input was also given at the Disaster Management Advisory Forum.

2 ENVIRONMENTAL HEALTH

Municipal Health Services identify risks and hazards in the environment and implement measures to ensure that they are addressed accordingly. The main objective is to ensure that communities exist in a safe and healthy environment.

The mandate of the MHS Section is encapsulated in the nine key performance areas that include food safety, chemical safety, disposal of the dead, environmental pollution, vector control, water quality and monitoring, health surveillance of premises, waste management and surveillance and prevention of communicable diseases.

The Health and Social Development department develops programmes and action plans aimed at addressing all the problems that affect the environment and create health nuisances in communities.

DEVELOPMENT MANAGEMENT

Healthcare practitioners have a responsibility to continually update their professional knowledge and skills for the end benefit of the patient or client. To this end the HPCSA has implemented a continuing professional development (CPD) programme. Every practitioner is required to accumulate 30 continuing education units (CEUs) per twelve-month period, and five of the units must be on ethics, human rights and medical law. Each CEU will be valid for 24 months from the date on which the activity took place (or ended, in the event of post-graduate studies,) after which it would lapse.

This means that practitioners should aim to accumulate a balance of 60 CEUs by the end of their second year of practise, and thereafter top up the balance through additional CPD as each 24-month validity period expires.

Mandatory random audits are conducted to ensure compliancy. Once a practitioner's name has been selected, they are required to submit a CPD portfolio to the Council within 21 days. Non-compliant practitioners will be given six months to remedy it and comply. After the period of six months a practitioner will be audited again and if there is still non-compliance, the professional board will consider appropriate action.

Practitioners are only required to submit their CPD portfolios when their names are drawn from a random sample audit and when requested to submit their completed form CPD 1 IAR with accompanying proof of CPD activities undertaken.

COMPRESSED CPD PROGRAMME FOR 2014/2015

Table 51: CDP programme

SESSION	DATE	TOPIC	PRESENTER
1.	15 to 16 July 2014	Communicable disease: Infection control	William Malebati
2.	12 to 13 July 2014	Healthcare risk waste management	Paul Britz
3.	September 2014	Basic environmental health impact assessment guidelines	Louisa Magabane Melanie Wilkinson
4.	October 2014	Case study regarding demonstration of noise equipment	Pieter Nel
5.	November 2014	ISO 14001:2004 Environmental Management Systems 2 Introduction to ISO 14001:2004 (EMS2) training programme	Wendy da Cruz
6.	10 February 2015	The potential role of EHPs addressing the social determinants of health	Prof A Mathee

SESSION	DATE	TOPIC	PRESENTER
7.	May 2015	Health impacts of using e-cigarette	Dr Y Salojee
8.	June 2015	Environmental ethics and code of conduct	Mr G Swanepoel/ Dr van der Merwe
9.	July 2015	The role of EHPs in NHI	Ms L van Niekerk
10.	August 2015	Ambient air quality associated health impacts	Mr T Godobedza

COMPLAINTS MANAGEMENT

There are elements in the community that cause poor health and affects the lives of the citizens. Complaints of negative health factors may vary from polluted air, unsafe water and food that is not safe for consumption. The existence of negative factors affecting health is referred to as health nuisances in the National Health Act, 2003 (Act 61 of 2003).

According to the legislation quoted the MHS Section has a responsibility to ensure that health complaints are investigated and measures taken to eliminate the cause of the problem. The MHS Section created and provided a channel for reporting complaints at its information desk, where members of the public can walk in or contact the office to report a complaint.

A total of 1 011 health-related complaints were registered with the section in the 2014/15 period. A total of 998 complaints were investigated, which is equivalent to a 98% inspection rate. Upon inspection by officials of the department, action is taken to reduce, prevent or eliminate the cause of the problem in order to protect human health and the environment effectively.

A total of 712 complaints were resolved and 267 unresolved. That some complaints are unresolved is due to the nature of the processes involved and the legal requirements that must be met before complaints can be resolved effectively.

The complexities of the complaint management process are challenging and require a systematic approach to ensure that this programme is managed effectively. The MHS Section has implemented measures to improve the investigation of complaints to ensure that effective measures are taken to prevent recurrence. The following are intervention measures put in place to improve the investigation of MHS complaints:

- Review of MHS complaints handling procedures
- Health awareness campaigns
- Health education talks and session during inspections
- Interdepartmental collaboration
- Referral of cases to the legal section
- Involvement of the community in health initiatives

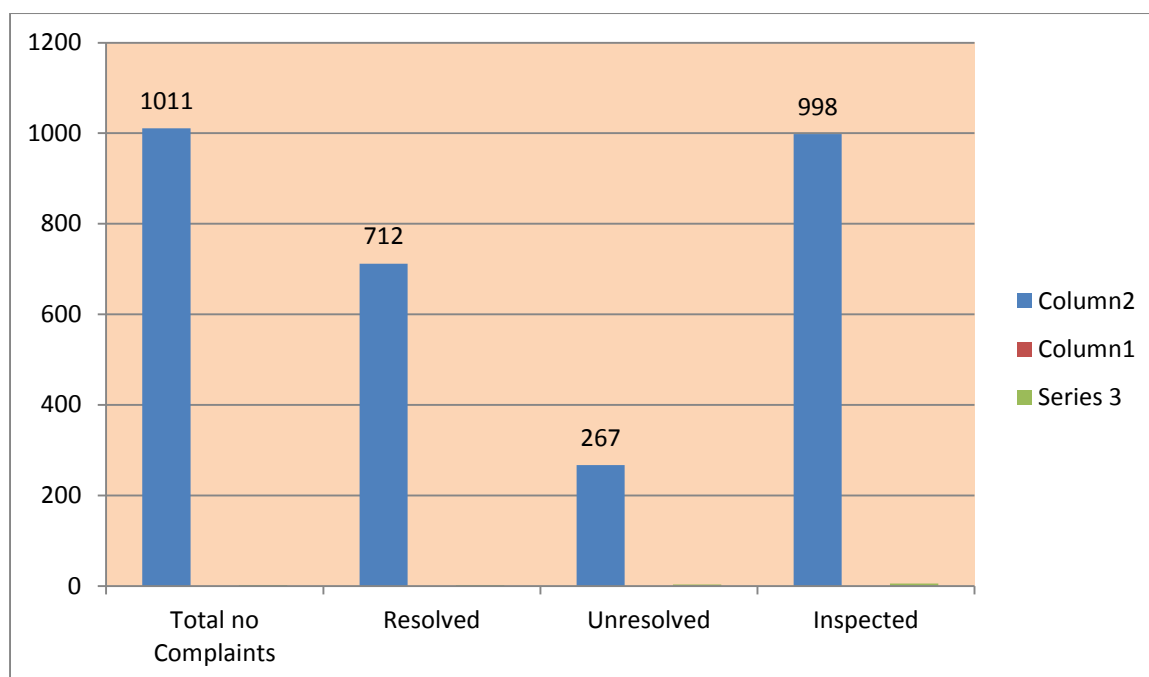


Figure 40: MHS complaints for 2014/15

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).

Table 52: Sampling results 2014/15

2013/14				2014/15			
Type of sample	Total samples taken	Total complying with the standard	Percentage of samples complying to the standard	Type of sample	Total samples taken	Total complying with the standard	Percentage of samples complying to the standard
Microbiological analysis of water (tap)	96	44	46%	Microbiological analysis of water (tap)	6	6	100%
Microbiological analysis of bottled water	25	25	100%	Microbiological analysis of bottled water	43	43	100%
Microbiological analysis of food	58	20	34%	Microbiological analysis of food	138	96	69%
Chemical analysis of food	13	8	62%	Chemical analysis of food	36	32	88%

PREMISES CERTIFICATION RATE

The certification of premises is important to ensure compliance with specific legalisation relating to certain type of business. Formal food premises are certified according to Regulations on the General Hygiene Requirements for Food Premises and the Transportation of Food (R962). Premises for the disposal of the dead are certified according the Regulation on the Management of Human Remains (R363). Facilities used for the care of children and the elderly are certified according to the municipal by-laws promulgated by the City of Tshwane.

The objective of these various pieces of legislation is to ensure that requirements are met and that premises are operated according to the stipulations of the law.

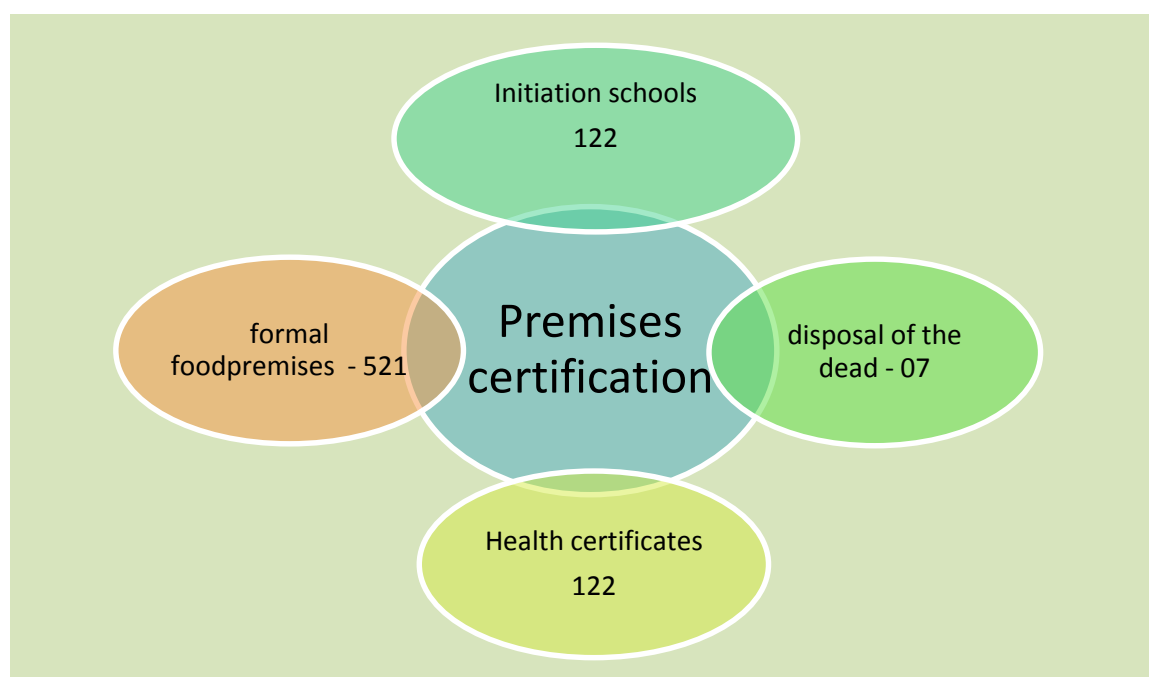


Figure 41: Certification of premises issued

A total of 122 initiation schools for both males and females were issued with the certificates in the course of 2014/15. The health and hygiene conditions of these schools were monitored. 521 new formal food premises, which constitute a large number of certifications for the type of premises, were certified. The formal food category includes businesses such as caterers, general dealers, canteens, butcheries – to mention just a few. 122 childcare centres and old-age homes attained certificates for the period under review.

This indicates an exponential growth rate in a number of complying premises considering the ever-increasing number of this type of premises. Of premises used for the disposal of the deceased, seven were issued with certificates.

MHS EVENTS, PROJECTS AND SPECIAL OPERATION

Annually, Municipal Health Services celebrates several calendar events, which includes World Food Day in October, Chemical Safety Awareness Month in February and World No Tobacco Day in May.

HIGHLIGHTS AND ACHIEVEMENTS 2014/15

Table 53: Highlights for the Health and Social Development Department

Highlight		Narrative
1	Biometric patient registration system	Implementation of electronic biometric patient registration system in 4 primary healthcare clinics.
2	Community-orientated primary care: ward-based outreach teams (WBOT)	Implementation and integration of data collection tool in WBO.
3	TB cure rate: 86,1% achieved for quarter 1 – 2014 reports	TB cure rate: 86,1% Achieved for quarter 1 – 2014 reports
4	Health Promotion team nominated for Tshwane Service Excellence Awards finals (7 November 2014)	Health Promotion team nominated for Tshwane Service Excellence Awards finals (7 November 2014)
5	Establishment of Ward-based Local Drugs Action Committees	Social Development in partnership with Tshwane regional Local Drug Action Committee assisted in the establishment of two local drugs action committees in region 3. These are localised forums where those concerned convene and plan ways to address issues of drugs and substance abuse.
6	10 nyaope users from Winterveld were taken to a sobriety and motivational camp at Heidelberg.	Tshwane Social Development in partnership with the Provincial Social Development and Local Drugs Action Committee has facilitated the process of taking a group of 10 Nyaope users from Winterveld to a camp in Heidelberg. The purpose of the camp was to encourage and motivate the users to abstain from the use of illicit drugs and harmful substances.
7	Drugs and substance abuse awareness campaign towards the youth in Ga-Rankuwa.	Rainbow Youth Development Forum together with the community of Ga-Rankuwa held an awareness campaign to address the issues of substance abuse amongst the youth.
8	Placement of 10 nyaope addicts from Winterveld and Soshanguve in a treatment centre	After reading a story of youth who suffers from Nyaope addiction, the City committed to the placement of 10 substance dependent persons in a SANCA, Pretoria treatment centre for 42 days. The programme will run on an annual basis and include other regions.
9	Mass drugs and substance abuse awareness campaign in Eersterust, Mamelodi	Social Development in partnership with Eersterust Local Drugs and Action Campaign held a mass drugs and substance abuse awareness campaign in Eersterust to sensitise and educate the community about the impact of drugs and substance abuse.
10	Second Chance has conducted a walk against drugs and substance abuse on 22 March 2014 in Mamelodi	The walk attracted a large number of participants and is regarded as the largest and most successful walk against drugs and substance abuse in Mamelodi.
11	A number of homeless people were assisted by social development	380 homeless people benefited from the Homelessness Programme.
12	Anti-drug and Substance Abuse Roadshow	In December 2014 over 80 homeless people were reached in a substance abuse campaign hosted by the City of Tshwane.
13	Beneficiaries of group work and case work	920 beneficiaries visited social work offices with different kinds of problems. 480 people benefited from the group work.
24	Beneficiaries of the emergency relief programme	550 families in crisis and families in distress benefited from the Food Bank.
25	Launch of OVC in Mamelodi	The Orphans and Vulnerable Children Forum was launched on 5 December 2014 at Moretele Park in Mamelodi. This is the forum where OVCs will be given priority and

Highlight	Narrative
	will be referred to specialised care if necessary. Resources will be mobilised for the care of the OVC. The forum will continue to identify other OVCs in the region.

3 SOCIAL DEVELOPMENT

Providing free basic services to the indigent remains the primary key responsibility of the City. The City thus promotes the delivery of social development programmes such as programmes for women, youths and vulnerable children and early childhood development, as well as free basic services to registered indigents.

WOMEN, MEN, TEENAGERS, YOUTHS, PERSONS WITH DISABILITIES, AND VULNERABLE CHILDREN

16 Days of Activism for No Violence against Women and Children

The campaign for 16 Days of Activism for No Violence against Women and Children was launched in Mamelodi in the east of Tshwane on 25 November 2014. The Executive Mayor called on men to become active citizens and break the cycle of abuse: “No land can claim to be free when its women and children are not free. It is a great tragedy when we look away and pretend all is well in our households and communities.”

As part of the campaign, City departments ran a series of awareness-raising drives across Tshwane. These included educational sessions on child trafficking, bullying, drug abuse and domestic violence, as well as training for women in business skills and planning.

INDIGENT PROGRAMME

The programme focuses on the registration of indigent households who qualify in terms of set criteria. It monitors and evaluates these households, and exits them from the indigent register once their living status has improved.

By the end of June 2015, the City had registered an additional 7 769 indigent households for access to free basic services.



Figure 42: Social workers and metro police serving clients during indigent registration roadshow

With the assistance of the Research and Innovation Department, the Health and Social Development department embarked on a new integrated system to manage all processes of the Indigent Programme.

Phase 1 was planned for the 2014/15 financial year, and comprised the indigent registration process and SAP integration.

MONITORING AND IMPACT ASSESSMENT

Registered indigent households were monitored to check whether they receive the 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:

- Some indigents were found not to be receiving the 100 kW of electricity that they should receive.
- Some indigents did not have prepaid electricity meters installed.
- Some exceeded the stipulated limits of water consumption.

In terms of the indigent policy, registered indigent households are evaluated within 24 months of first being registered, to check whether they still meet the qualifying criteria to remain on the register, and to exit those whose socio-economic circumstances have sufficiently improved.

For the financial year 2014/15, 4 000 households were targeted for evaluation, and 7 593 households were evaluated.

EXITING HOUSEHOLDS FROM THE INDIGENT REGISTER

Registered indigent households whose socio-economic status had improved are exited from the indigent register so that they are reabsorbed into the normal stream of customers and pay for municipal services. Through the Indigent Exit Strategy approved by the Council, the city aims to empower beneficiaries from registered indigent households so that they are able to gain skills and strategies that will free them from the cycle of poverty and enhance their ability to be self-supportive, thereby preparing them to exit from the indigent register.

The city has linked identified beneficiaries from registered indigent households with various resources, i.e., EPWP initiatives. As part of poverty alleviation and contributing to creating jobs, 214 Indigent Programme volunteers were employed on a one-year contract from 1 August 2014 to 31 July 2015 and these volunteers are identified from the registered indigent households.

THE TSHWANE FOOD BANK

In August 2014, the MMC for Health and Social Development launched the Tshwane Food Bank to assist families who face undue hardships. More than 8 191 beneficiaries from across the seven regions of Tshwane received food packages.

DRUG AND SUBSTANCE ABUSE

In the period under review, the City held the following drug awareness roadshows to enhance awareness and knowledge about drug and substance abuse within its communities:

- 18 December 2014 at Inner City Central
- 19 February 2015 in Mamelodi
- 16 April 2015 in Mabopane, Winterveld and Garankuwa
- 11 June 2015 in Soshanguve

The City has intensified its fight against drug and substance abuse by launching its awareness campaign in the Mamelodi Community Hall on 19 February 2015. The campaign is run under the theme of “Tshwane community taking charge against drug and substance abuse, especially nyaope”.

The MMC for Health and Social Development, Councillor Eulanda Mabusela, said that it is her department’s duty to join hands with the communities and continue to engage and educate them. “We have a system in place that will ensure that we develop young people who are referred to us regarding the matter,” she added.

The system is informed by the National Drug Master Plan, which aims to broaden the knowledge base of individuals, families and communities faced with drug-related problems so as to empower them to deal with these problems.

To complement the launch, the City's Health and Social Development Department undertook a roadshow in Mamelodi on the same day. Most of the drug addicts who felt that the time for change had come to their doorstep, seized the opportunity to be taken to rehabilitation centres.



Figure 43: MMC for Health and Social Development, Councillor Eulanda Mabusela with nyaope addicts

EARLY CHILDHOOD DEVELOPMENT PROGRAMME

The City of Tshwane makes a valuable contribution to formal education through the Early Childhood Development (ECD) Programme which has benefitted both ECD practitioners and children. Early childhood development was identified in the City of Tshwane's IDP to be an essential component of our strategy to ensure sustainable communities.

The aims of the early childhood development programme are to –

- promote the safety and development of children and capacitate ECD practitioners with skills to ensure proper development in the foundation phase of children;
- improve the emotional, psychological, moral and physical development of children;
- contribute towards the improvement of ECD facilities;
- promote learning and school readiness;
- develop ECD centres that are managed by NGOs and those that are struggling financially; and
- provide relevant educational equipment to the centres.

To date –

- a total of 184 ECD practitioners have been trained on aspects related to early childhood development; and
- more than 390 early childhood development centres received funding to improve their programmes.

SOCIAL DEVELOPMENT STRATEGIC INITIATIVES

On 13 November 2014, upon request, Mangaung Municipality visited the City of Tshwane's Health and Social Development Department for a benchmarking session.

Mangaung Municipality requested the support of the City regarding the implementation of the National Health Insurance (NHI). It is imperative for the City of Tshwane to engage with other municipalities so as to share information, as stated in Chapter 3 of the Constitution of the Republic of South Africa.



Figure 44: The City's Health Department's officials during the visit from Mangaung Municipality

F: SECURITY AND SAFETY

INTRODUCTION

This section of the report focuses on the work of municipal policing, fire and emergency services. These core services work tirelessly to ensure the safety of Tshwane residents.

1 METRO POLICE SERVICES

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

- Visible policing to reduce crime: 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”, 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 applicable City departments.
- Preventing substance (drugs and alcohol) abuse through a holistic and multi-disciplinary 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 the TMPD’s educational and awareness initiatives. This will promote the rights enshrined in the Constitution in order to reduce gender-based violence in Tshwane.
- Strengthening intergovernmental relations to improve policing.

Within the Metro Police environment, crime prevention stems from effective and efficient road policing and by-law policing as well as specialised metro policing functions. Over the last few years, the TMPD made a concerted effort to reduce crime and disorder through its social crime prevention programmes, environmental design and redesign as well as specialised crime prevention operations which include canine and equestrian units.

PROGRAMMES AND SUCCESSES

SERVICE DELIVERY SUCCESSES

During the 2014/15 financial year, TMPD executed the following:

- 1 220 road policing interventions

- 1 659 crime prevention interventions
- 567 by-law policing operations and interventions
- More than 950 arrests, of which 307 were specifically drug-related
- A total of 23 908 infringement notices issued for road traffic and by-law offences in the various Regions
- 238 opportunity-to-rectify notices issued for various by-law infringements in the city's business sector

OTHER SUCCESSFUL PROGRAMMES

TMPD secured a safer environment in Rosslyn to enhance investment in the northern side of Tshwane by reducing the prevalence of cable theft. The establishment of a special task team to combat cable theft in priority areas also achieved successes with arrests being made. The TMPD is the first metro police department to successfully recruit 2 200 students to become fully-fledged metro police officers in 2015.

The deployment of additional speed cameras for moving violations (high-speed driving) are also showing success. For example, at least 6 000 violations on average are captured daily. The deployment of MVRs (high-speed vehicles that record moving violations) are also increasingly showing success.

The TMPD results concerning "Operation I Can" to clean the inner city – for example, the removal of illegal advertising, enforcement on illegal trading and the removal of illegal taxi holding areas –also show various successes in assisting the City with its pedestrianisation model.

TMPD has achieved a reduction in Civil Claims through obtaining court orders for evictions

Metro Police has also experienced fewer injuries on duty (IODs) during riots, as a direct result of the training on crowd management that members received from the South African Police Services.

CRIME PREVENTION INITIATIVES, INCLUDING JOINT OPERATIONS WITH SAPS

- Monitoring and patrolling of vacant land, and responding to illegal land-grabbing.
- A specialist unit to deal with violent and illegal protest action.
- A specialised cable theft unit, which also deals with illegal scrap metal dealers, drug dealers and other forms of specialised illegal activity, has been created.
- All the regions attend to the local Community Policing Forums, develop relationships with them, and participate in their activities.
- Regional policing conducts statistical analysis and responds accordingly to the shifts in crime patterns.



Figure 45: Combating cable theft

DRUG AND SUBSTANCE ABUSE ROADSHOW

The Social Crime Prevention Office visited Mamelodi on 19 February 2015 as part of the roadshow organised by the Health and Social Development Department. The campaign highlighted drug and substance abuse by the youth and aimed to encourage users to seek help and rehabilitation.

The roadshow is a continuation of the campaign that started in December 2014 and involves Social Crime Prevention, Regional Police, SAPS, the provincial office of the Department of Social Development, the City of Tshwane's Health and Social Development Department, SANCA and local drug action committees. A total of 500 pamphlets of safety tips for various drugs were issued and approximately 60 addicts were admitted to Dr FF Ribeiro Rehabilitation Centre in Cullinan.



Figure 46: Drug and substance roadshow

WREATH-LAYING CEREMONY

Every year the Community Safety Department hosts a wreath-laying ceremony to give families, friends and colleagues an opportunity to pay tribute to fallen police heroes. This annual ceremony is hosted by the Institute for Traffic and Municipal Police Officers of South Africa, which includes institutions such as the Tshwane Metro Police Department, Johannesburg Metro Police, Ekurhuleni Metro Police, the Gauteng Traffic Department, and so on. The event was attended by public servant stalwarts, including MEC Nkosi Malobane and MMC for Community Safety Terence Mashego.



Figure 47: MMC for Community Safety, and Councillor Terence Mashego during the wreath-laying ceremony

2 FIRE SERVICES

The Emergency Services Department, ensures that Tshwane is a safe place regarding fire and emergencies by providing fire safety activities.

SERVICE DELIVERY SUCCESSES

During 2014/15 the following were achieved:

- Urban development control activities were processed to reduce fire incidents
- Hazardous substance assessments were concluded and permits issued
- Evacuation drills were conducted

BUILDING PLAN ASSESSMENTS

A total of 20 513 activities were conducted in connection with building plans that were assessed, and comments were provided on development in Tshwane.

During 2014/15, Fire Safety Officers visited stores, places of entertainment, industrial sites, guest houses and hotels for assessment in order to reduce the number of fire incidents in the city. Various shopping malls and stores around the city were visited by the Fire Safety Officers: including the Menlyn, Brooklyn, and Forest Hill malls. All places visited by Fire Safety Officers that were not compliant with the law were issued with non-compliance letters, notices or section 56 letters. During the 2014/15 financial year, more than 18 138 inspections were done and more than 3 845 notices/section 56 letters were issued for non-compliance with the City's by-laws.



Figure 48 Fire Safety involvement in the extension of Menlyn

FIRE SERVICE DATA

Table 54: Metropolitan fire service data

	Details	2013/14	2014/15		2015/16
		Actual number	Estimated number	Actual number	Estimated number
1	Total fires attended to in the year	3 065	4 734	4 116	4 687
2	Total other incidents attended to in the year	5 284 (rescue) and 669 (specialised humanitarian incidents)	9092	6 295	7 972 (rescue) and 1 029 (specialised humanitarian incidents)
3	Average turnout time in urban areas (structural fires, Category A to C)	12 min	12 min	8	12
4	Average turnout time in rural areas (structural fires, Category D)	20 min	20 min	17	20
5	Fire-fighters in posts at year end	597 firefighters appointed out of divisional total of 619	597 fire-fighters out of a divisional total of 745 (new structure was approved by the EM on 15 January 2014)	597 fire personnel out of a divisional total of 745	597 fire personnel out of a divisional total of 745
6	Total fire appliances at year-end (fire and rescue)	68	60	98	98
7	Average number of appliances off the road during the year		12	50	50

3 EMERGENCY SERVICES

The objectives of the Emergency Services Department also respond to the goals of Chapter 12 of the National Development Plan, which deals with building safer communities and states that in 2030, people living in South Africa should feel safe and have no fear of crime. The department is also aligned with the Tshwane 2055 Vision, which has similar objectives.

During 2014/15, the following were achieved:

- 89 471 emergency medical incidences responded to (patients treated and responded to or transported)
- 101% 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)
- 64 Emergency Services vehicles i.e. primary response vehicles/PPTs/admin vehicles/trailers available for operational use

- 18 208 inter-facility transfers executed
- 594 selective, special standby services attended to by Emergency Medical Services, on request.

SCHOOL AWARENESS CAMPAIGNS

The City of Tshwane's Emergency Services Department conducted school awareness campaigns during the 2014/15 financial year.

Table 55: School awareness campaigns carried out

Date	Theme and purpose of awareness	Target group	Venue	Ward	Region
16 March 2015	Thunderstorms, fire safety and social crime prevention measures awareness campaign. The campaign covered the issue of risk avoidance.	Preschool children	Leseding Day-care Centre in Saulsville	Ward 68	Region 3
6 February 2015	Safety and security awareness campaign: The attendees received presentations on safety when crossing the road; the Emergency Management Services gave presentations on CPR and numbers to dial in times of emergencies. Fire and Rescue Services gave presentations on the dangers of fire and ways to prevent them.	Primary school children	Kutumela Primary School, Bronkhorstspuit	Ward 100	Region 5
15 August 2014	Winter safety awareness campaign to give learners information to prepare for winter conditions that could threaten their safety.	Leaners	Brooklyn Primary School Brooklyn	Ward 56	Region 3
9 September 2014	Winter safety awareness campaign to remind school children to be prepared for winter conditions that could threaten their safety. Lessons and tips on fire and water safety disseminated and promotional material distributed.	Day-care children	Ikhayalisha and Cathulani Day-care Centres Mamelodi	Ward 28	Region 6
11 September 2014	Winter safety Awareness campaign The aim of the campaign was to educate the community, especially school children, of the dangers of water and fire. "We target mainly children because they are the most vulnerable when it comes to disasters and also to ensure that information is disseminated to the grown-ups." 10 children attended the event and they were taught winter safety tips.	Day-care children	Khulani Day-care Centre, Mamelodi	Ward 28	Region 6

Date	Theme and purpose of awareness	Target group	Venue	Ward	Region
11 September 2014	Public awareness campaign in Mamelodi. A total of 16 children attended the event and received information on safety tips.	Day-care children	Realeboga Day-care Centre, Mamelodi	Ward 18	Region 6
7 November 2014	Water safety awareness campaign: aimed at educating the schools children and the community of Tshwane on what to do in the event of floods and other water disasters. This was done to alert the learners of water safety and the danger of playing near rivers or dams.	Learners	Nelmapius Primary School, Nelmapius	Ward 86	Region 6
6 December 2015	Public awareness campaign. The aim of the campaign was to educate the community, especially the school children, of the dangers of water and fire. "We target mainly children because they are the most vulnerable when it comes to disasters and also to ensure that information is disseminated to the grown-ups."	Primary school children	Kutumela Primary School, Bronkhorstspuit	Ward 100	Region 5

EMERGENCY SERVICES CONDUCTS CHECKPOINT OPERATIONS THROUGHOUT TSHWANE

During the festive season in December 2014, the Special Task Force of Tshwane Emergency Services in conjunction with other law enforcement agencies set up various checkpoints (popularly known as roadblocks) along roads throughout Tshwane. The checkpoints were aimed at ensuring that all dangerous goods entering and leaving Tshwane are authorised by means of the legal documents that should accompany them.

The checkpoints alerted organisations involved in the transportation of dangerous goods to comply with all the legal requirements and standards concerned. Other units of Tshwane Emergency Services that form part of the operations are Fire Brigade Services, Emergency Medical Services, Disaster Management and Fire Safety.



Figure 49: Emergency services at a road block in November 2014

DISASTER MANAGEMENT

The National Disaster Management Framework comprises four key performance areas (KPA's) and three supportive enablers required to achieve the objectives.

DISASTER RESILIENCE

Emergency Services has an obligation to the community and citizens of Tshwane to ensure resilience in the event of a disaster.

Specialist Task Force Service

The Specialist Task Force, which is loosely based on the Federal Emergency Management Agency (FEMA) Urban Search and Rescue Task Force principle, was established as a game changer to identify and nurture unproven ideas whilst conducting high-risk operations and duties that have the potential to drastically impact the future of the Emergency Services Department's outcomes. The unit comprises highly trained employees from different units in their own specialised fields, and it can thus support and assist all the divisions in their operations all the time.

EMERGENCY MEDICAL SERVICES

The Emergency Medical Services (EMS) Division consists of 423 staff members, 5 primary response vehicles, 70 ambulances, 7 transporters, 5 utility/logistics vehicles, 1 mobile clinic and 7 administrative support vehicles.

In order to provide services to the more than 3,2 million people in Tshwane, EMS operates in 24 stations across the seven regions. Some new stations have been opened, e.g. Hammanskraal Metro and Heuweloord stations.

Including a grant received from the Gauteng Department of Health, a total of R65 728 700 was generated in revenue for the City.



Figure 50 Emergency Medical Services personnel attending an accident

G: SPORT AND RECREATION

This component focuses on the following areas:

- Community parks
- Sports fields
- Sports halls
- Stadiums
- Swimming pools and camp sites

1 SPORT AND RECREATION

Sport and recreation are an integral part of reconstructing and developing a healthier society. The Sport and Recreational Services Department promotes sport, recreation, art, culture, heritage and library and information services, and it implements development programmes to ensure sustainable, safer cities and integrated social development.

MULTIPURPOSE SPORT FACILITIES: HAMMANSKRAAL CRICKET OVAL

This multipurpose centre is located at Mandela Village and consists of two soccer fields; cricket, softball and hockey fields; volleyball, basketball netball and tennis courts; and an athletic track. An Olympic-size swimming pool and diving pool, indoor sport centre, roads and parking areas, grand stand for main soccer field, ablution facilities, change rooms, kiosk and club house also form part of this complex.

SPORT PROGRAMMES

The Sport and Recreational Services Department delivered a range of sport programmes in the 2014/15 financial year.

COMMUNITY GAMES

The aim of the programme is to enhance and grow community games and ensure that they are played across the city and that there is increased participation. A total number of 28 teams (four per region) participated in the regional finals and the City of Tshwane finals at Giant Stadium on 21 December 2014. All these teams participated in the regional preliminary games and proceeded to the regional finals.

On 28 October 2014, the city in partnership with Heroes Walk against AIDS, Discovery Health and the Titans, organised the official opening of the cricket oval. The event was graced by one of the greatest cricket players of all times, Brian Lara. A total number of 150 learners from Makgakwe and Rapelego Lower Primary Schools attended the event and participated in cricket coaching clinics presented by the Titans. The learners also received free cricket kits which they will use to train and practice cricket at their schools.

INDIGENOUS GAMES

In collaboration with the City of Tshwane, the Sport and Recreational Services Department hosted the 2014 Indigenous Games Festival from 20 to 24 of September 2014, at Tshwane Events Centre. The 2014 event took place to showcase unity, sport, culture, youth, volunteerism and team work between the youth and older members of communities, in pursuit of excellence for our future leaders. Through preparation, dedication and sacrifice, it was time to recognise the healthy lifestyle choices young indigenous people from all over South Africa have made. The event included a media launch, street carnival and gala dinner; all as part of a beautiful opening and a closing ceremony.

STREET SOCCER PROGRAMME

Street soccer is popularly known for its minimum rules and can be played in any open space. The local teams representing the regions participated during Youth Month in Hammanskraal, Region 2. An estimated 250 youths took part in this annual programme. More than 1 500 participants are actively involved in this programme.

LEARN-TO-SWIM PROGRAMME

The programme was organised in collaboration with the Gauteng Provincial Government. 150 children took part in the programme which aims to reduce fatalities due to drowning by giving basic swimming lessons to children from previously disadvantaged areas. Many of the children are introduced through the schools close to the pool. The programme was held on 18 October 2014 at the Soshanguve Block H Swimming Pool. More than 500 children from across the city were introduced to this programme.



Figure 51: Children during the learn-to-swim programme

FOOTBALL PROGRAMME

This annual programme is coordinated in partnership with the Dlala Ntobazana organisation, which mainly aims to identify and grow women's talent. More than 600 girls from the ages of 11 to 19 from across the city participated in the 2014 programme which was held at the Central Sport Grounds in Mamelodi on 18 September 2014.

Over the years, the Dlala Ntombazana programme has produced a number of players who are now playing in the under-17 and senior national teams. Some of the girls identified in the Dlala Ntombazana tournaments are currently staying at the High Performance Centre where they receive daily training and conditioning.

MAYORAL CUP FOOTBALL PROGRAMME

The Mayoral Cup Football Development Programme is now regarded as a Tshwane legacy programme. It is an annual programme that has partnered with SAFA Tshwane and Mamelodi Sundowns Football Club. On 27 June 2015 the programme brought together over 3 000 participants from the regions of Tshwane, and introduced them in five age groups of under-11, under-13, under-15, under-17 and under-19 boys. The University of Pretoria's High Performance Centre and the School of Excellence sent scouts to identify talented players.

WOMEN'S RUGBY DEVELOPMENT PROGRAMME

The Women's Rugby Development Programme is an annual women's developmental programme, organised in collaboration with the Blue Bulls Rugby Union. The 2015 programme was held at the Loftus Versfeld Stadium where 407 girls from across the city participated. The days' activities included clinics and the girls were also given the opportunity to play matches against each other. At the end of the day, 27 players were selected. Information regarding the date and venue where players would attend Youth Training Centre programmes will be communicated to schools and community coaches.

SOLOMON MAHLANGU MARATHON

The Solomon Mahlangu Marathon took place on Saturday, 25 April 2015 in Moretele Park, Mamelodi, and was staged under the auspices of Athletics Gauteng North (AGN) and Athletics South Africa (ASA). The marathon took the format of a 21,1 km, and a 10 km race as well as a 5 km walk. Registrations and collections of numbers and licences started at 04:00 and the marathon commenced at 05:55, finishing at 8:30 with a prize-giving ceremony for the 10 km and at 09:30 for the 21,1 km section. More than 2 000 runners took part in the 21,1 km, 10 km race, 10 km walk; and more than 300 partook in the 5 km run and walk. Prizes were in the form of money and gold medals for both males and females. All other participants received silver medals.

The event also included the 21,1 km fun cycle ride, along the same route as the marathon. About 200 riders took part in the fun cycle ride as part of health awareness campaign.

The 2015 marathon has been registered as an official qualifying race under the auspices of Athletics SA.

MAMELODI TENNIS DEVELOPMENT PROGRAMME

The tennis development programme is a scorecard item and part of the Sport and Recreation Development Strategy. It was approved by the Mayoral Committee on 18 June 2008, and will be reviewed in the near future. The project remains one of the programmes on the SDBIP and, in conjunction with Gauteng North Tennis, the

development tournament is presented on a rotational basis. This year, the Mamelodi Tennis Club hosted the event.

TSHWANE NETBALL CHALLENGE

This annual event, known as the Tshwane Netball Challenge, serves to evaluate the impact of the development initiatives of the City of Tshwane and Gauteng North Netball in Tshwane's seven regions, and to determine which team in Tshwane is the best.

The first tournament was hosted on 29 September 2007 and 119 netball players from areas such as Soshanguve, Hammanskraal, Temba, Mabopane, Klipkruis, Winterveld, Lotus Gardens, Sunnyside, Mamelodi and Eersterust participated. Interest in this tournament has increased since then. The tournament continues to be hosted annually, with the City of Tshwane as the only funder. The Gauteng North Netball Association secured sponsorship for the 2010 and 2011 events, and SPAR Northrand co-sponsored the 2012 edition of the tournament.

During 2013 and 2014, the Gauteng Department of Sport, Arts, Culture and Recreation came on board as partner and this initiative saw involvement in the tournament by all the regions of Tshwane. In 2014, talented under-19 players were selected as the base for development players that will undergo training to prepare them for regional and national teams.

BIG WALK

The Big Walk was organised in partnership with the national government, the Gauteng Provincial Government and Gauteng North Athletics. This was the third Big Walk, which was held at the Fountains Valley Resort, Pretoria, on 5 October 2014. The targeted number was five thousand from all Gauteng Municipalities. More than 2 000 participants from across the city were involved.

In its vision, the Sport and Recreational Services Department encourages an active and winning sporting nation. It therefore promotes a healthy lifestyle of sport and recreation activities, by encouraging participation in sport and recreation through various walking activities; and furthermore promoting a sense of togetherness and social cohesion.

2 ART AND CULTURE PROGRAMMES

INTERNATIONAL CONFERENCE ON ARTS, CULTURE, HERITAGE AND THE NATIONAL DEVELOPMENT PLAN: VISION FOR 2030

The Department of Sport, Recreation, Arts and Culture has partnered with the Tshwane University of Technology (TUT), through its Arts Faculty, to host the 2014 International Conference on Arts from 1 to 3 October 2014 at the Conference Centre of Tshwabac.

The conference theme was "Strategic repositioning of the arts, culture and heritage in the 21st century". The conference provided a platform for the required interaction of governments, academics, speakers from

foreign countries and local communities; and stakeholders for intense discussion about challenges facing the creative and cultural industries in South Africa. The conference sought to explore and interrogate whether the 21st century's lofty ideals such as creation, production, dissemination, transmission and consumption of the cultural and creative industries, are being realised.

H: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component focuses on the following departments:

- City Strategies and Performance Management
- City Sustainability Unit
- Group Information and Communication Technology
- Research and Innovation
- Office of the Speaker
- Group Legal

1 CITY STRATEGIES AND PERFORMANCE MANAGEMENT

INTRODUCTION

The City Strategies and Performance Management Department is a strategic department in the City of Tshwane, whose key functions relate to –

- the formulation of short, medium and long-term plans; and
- monitoring, verification and reporting on the performance of the organisation.

HUMAN RESOURCES AND CAPACITY

Although the department is challenged by being under-resourced, with at least 50% of the structure not being funded, it has a range of skilled and experienced resources, enabling it to lead, direct and guide the organisation on strategic planning and performance matters. It is imperative, however, that additional resources are obtained in order to address additional work that is critical to the organisation.

The department consists of the following key skills, with a number of officials studying further in their personal capacity towards second or third degrees in order to add value to the work of the organisation:

- Strategy and policy development
- Project management
- Town planning with registered professional town and regional planners (accredited with SACPLAN)
- Legal
- Audit
- Performance management
- Financial management

- Training with registered qualified assessors (accredited with LGSETA)

A number of officials has also achieved MFMA minimum competency compliance in a range of unit standards.

Courses being further studied include the following:

- Engineering
- Law
- Financial management
- Monitoring and evaluation

HIGHLIGHTS

The following critical pieces of work have been done in-house by the City Strategies and Performance Management Department without the use of service providers:

- Development of the 2011–2016 IDP and its annual reviews
- Development of the annual SDBIPs
- Development of annual reports for the City since 2011
- Audit and verification of performance results
- Training of departments on performance management
- Development of the performance management framework
- Development and management of the IT system for performance reporting

IMPACT OF THE DEPARTMENT ON THE ORGANISATION

Like many support or policy departments, much of the work of the City Strategies and Performance Management Department is unseen or behind the scenes; however, the impact of the department's work is far-reaching with regard to the governance processes of the City. It is a strategic department that has at its heart the interests of the community, and therefore it is the custodian of planning and performance.

In being a custodian of planning, the department has to ensure that the plans of the organisation respond to the short- and long-term needs and interests of the community. It therefore has to put in place measures to ensure that City departments respond to community priorities and do not set arbitrary targets or fund non-priority projects.

In being the custodian of performance management, the department has coaches and mentor departments, it verifies and interrogates the claimed performance of departments to establish the veracity of performance, and it puts in place strict guidelines and measures that must be adhered to for the integrity of the performance reporting system. Furthermore, the Performance Management Division interrogates the usefulness and measurability of plans that are recommended.

As indicated above in the governance chapter of this report, the City Strategies and Performance Management Department plays a central role in the second level of assurance of the organisation's products. Advice of the department is not taken at the risk of legislative non-compliance, reliability or useful findings of the AGSA or continued control deficiencies of the organisation.

2 CITY SUSTAINABILITY UNIT

INTRODUCTION

The City Sustainability Unit (CSU) was established in the Office of the Executive Mayor in 2013. It is currently mandated to address climate change and stimulation of the green economy, which it does through policy development, research, awareness-raising and demonstration projects. As its focal areas are multidisciplinary and transversal, the CSU is able to interface with many of the City's departments and ensures that issues of sustainability and climate change are engendered in subject-specific policies, strategies and activities.

WORK OF THE UNIT DURING THE 2014/15 FINANCIAL YEAR

The 2014/15 financial year was a particularly busy one for the unit as shown by the following:

July 2014	Completion of the carbon footprint for the 2012/13 financial year and vulnerability assessment undertaken
October 2015	First-ever Tshwane Green Ride, a 30 km family fun ride from Mamelodi to Rietondale and back to demonstrate the benefits of cycling and connecting diverse localities
November 2014	City of Tshwane announced as 70 th member of the C40
March 2015	City of Tshwane announced as the National Earth Hour Capital for 2015
March 2015	City of Tshwane, in partnership with ICLEI and WWF-SA, hosts the Earth Hour Capital Challenge
March 2015	The new City of Tshwane headquarters, Tshwane House, announced as a green building with a 5-star green grading status
March 2015	Launch of Green Service Delivery Programme
April 2015	Development of the Food and Energy Agropolitan Centre commissioned
May 2015	The City invests in 10 electric cars for its messenger fleet
May 2015	The City of Tshwane becomes a select member of the Green Building Council of South Africa's Green Building Leadership Network
May 2015	The launch of the Private Sector Energy Efficiency Initiative
May 2015	An SLA signed between GIB and the City of Tshwane for a pre-feasibility study on photovoltaic systems for the city
May 2015	Participation in the Resilient Cities Summit 2015 in Bonn, Germany
June 2015	Finalisation of the Sustainability Financing Strategy
June 2015	Identification of nine preferred bidders for off-the-balance-sheet green economy projects
June 2015	City of Tshwane's second year to host Sustainability Week and to launch the inaugural African Capital Cities Sustainability Forum

A number of the projects are discussed hereunder; however, others are discussed in Chapter 3 and in the City Manager's overview.

The small team of dedicated staff members (one SED, three directors, three deputy directors and three administrators) accomplished these milestones, which are totally unique to the City, and in fact to many metropolitan municipalities. This team has contributed to the spirit of innovation in building the sustainability profile of the City, for which the City has been rewarded by being announced the 2015 Earth Hour Capital.

CARBON FOOTPRINT AND VULNERABILITY ASSESSMENT

Climate action planning: Baseline studies, including a vulnerability study and carbon footprint that support evidence-based planning and anchor the City's climate action in an informed and relevant body of knowledge, have been completed. A vulnerability assessment is essential for assessing risk to climate change and for identifying what adaptation is required where. Similarly, a carbon footprint identifies how the City is contributing to carbon emissions that are harmful to the world's climate and it provides useful intelligence on how to reduce those emissions. The City has completed a vulnerability assessment and a baseline carbon footprint – both of these form the basis for adaptation and mitigation plans, which in turn form the foundation of the City's climate action plan.

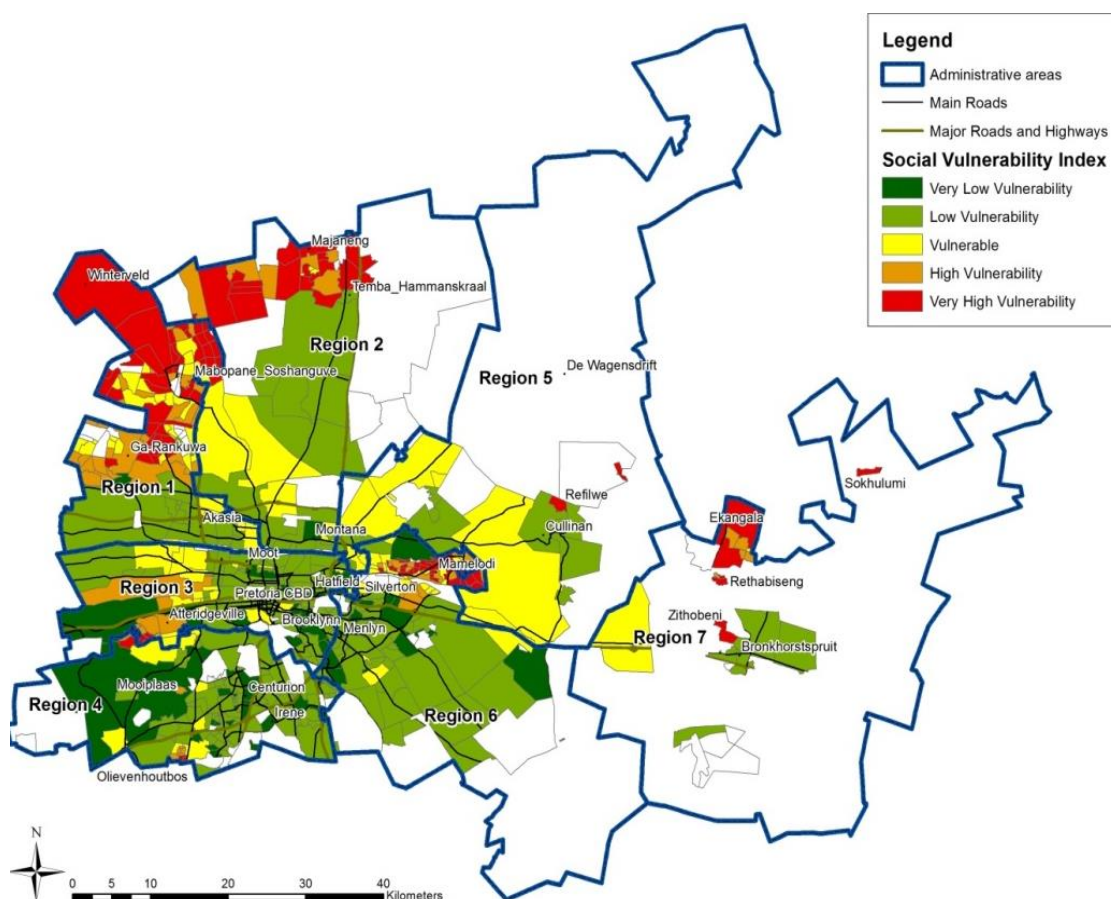


Figure 52: City of Tshwane vulnerability assessment

THE ANNOUNCEMENT OF THE CITY OF TSHWANE HEADQUARTERS, TSHWANE HOUSE, AS A GREEN BUILDING WITH A 5-STAR GREEN GRADING STATUS

The most fundamental contribution to ensuring a sustainable built environment is the promulgation of the City's Green Buildings By-law based on the City's Green Buildings Development Policy. The by-law makes provision for the inclusion of energy-efficiency and renewable energy measures in building plans for both new developments and major retrofits. A green building incentives scheme will be developed to incentivise application of the voluntary components of the by-law.

In the spirit of the Green Buildings Policy and By-law, the City is in the process of building a new state-of-the-art energy-efficient municipal centre, Tshwane House. The building design has already been approved for a five-star rating by the Green Building Council of South Africa. This project is being implemented concurrently with a R7 billion inner city rejuvenation project which is aligned with the goals of Tshwane Vision 2055.

LAUNCH OF THE GREEN SERVICE DELIVERY PROGRAMME

The Green Service Delivery project is a segment of the Tshwane Green Outreach Programme which aims to create a sustainability-conscious workforce within the City of Tshwane. The idea is to lead by example while exploiting the opportunity for sustainability that exists in the public sector, e.g. fuel efficiency/switching in transport, efficient use of electricity, proper waste management and efficient water management. As such, the segment will focus on these areas over time, with separation of waste-at-source targeted as the main activity for immediate implementation.

The City of Tshwane employs at least 19 000 people and each one of these employees can play a role to change behaviour. Actions include procuring greener goods and services, minimising the use of paper, separating waste at the source and using public transport to commute to and from work. A Green Service Delivery project was launched on 28 March 2015 as part of the Earth Hour Challenge programme.

The City Sustainability Unit in the Office of the Executive Mayor is an advisory unit that drives Outcome 1 of Vision 2055, which is aimed at transitioning Tshwane into a low-carbon, resource-efficient and climate-resilient capital city. As part of introducing and sustaining the green office and service delivery interventions, the Sustainability Unit requested departments, regions and offices to nominate green ambassadors. The Tshwane Green Ambassadors will be trained and provided with the resources, skills, and knowledge necessary to effect change and serve as leaders and change agents in their offices/sections.

PARTICIPATING IN THE 2015 RESILIENT CITIES SUMMIT IN BONN, GERMANY

Based on the outcomes of the vulnerability assessment, there is a need to share the findings of the assessment and appropriate adaptation responses amongst peers globally, with the aim of receiving inputs and being able to enhance our responses through peer exchange. The City Sustainability Unit participated in the Resilient Cities Summit that took place in Bonn, Germany in June 2015.

FINALISATION OF THE SUSTAINABILITY FINANCING STRATEGY

It is common knowledge that the demand on City resources is stretched given the development imperatives it is contending with. The City Sustainability Unit does not want to see sustainability-oriented initiatives take root in the city due to a lack of resources. Therefore it saw it fit to develop a Sustainability Financing Strategy

that would identify sustainability projects and plan how these can be financed without placing a burden on the local fiscus.

IDENTIFICATION OF NINE PREFERRED BIDDERS FOR OFF-THE-BALANCE-SHEET GREEN ECONOMY PROJECTS

As with the Sustainability Financing Strategy, the unit explored ways in which it could initiate green economy projects without placing any undue stress on the local fiscus. It initiated a request for information followed by a request for proposals aimed at engaging the marketplace for off-the-balance sheet green economy solutions. This resulted in nine bidders receiving letters confirming that they are preferred bidders. Contractual arrangements are subject to the outcome of a transactional advisory process. Key green economy projects underway include the following (discussed in Chapter 3 of this report):

- Landfill gas to energy
- Biomass
- Sewage sludge
- Solar harvesting farm

CITY OF TSHWANE'S SECOND YEAR TO HOST SUSTAINABILITY WEEK AND TO LAUNCH THE INAUGURAL AFRICAN CAPITAL CITIES SUSTAINABILITY FORUM

Essential to the unit's approach is awareness-raising amongst and engagement with the Municipality's internal and external stakeholders to ensure widespread understanding of the risks associated when climate impacts are not taken into consideration in planning and development activities as well as what actions are required to minimise negative climate impacts. This active engagement with stakeholders takes a number of forms, including awareness campaigns, events, seminars, workshops, conferences and written and electronic publications. The format or mode of engagement aligns with the identified target audiences and their content requirements.

This was the second year running that the City of Tshwane hosted the event, with key changes being the addition of the Green Home Fair and the African Capital Cities Sustainability Forum (ACCSF).

As part of Sustainability Week, the CSU also hosted the Green Home Fair at Brooklyn Shopping Centre and the Youth and Green Economy Dialogue at the Tshwane University of Technology. The Green Home Fair was held at the Brooklyn Shopping Centre because it targeted big-income earners who are notorious for their high consumptive practices and have the purchasing power to support eco-goods and services if they understand the importance of changing their ecological footprint. The City of Tshwane also had an exhibition, which was run by the City Sustainability Unit, where it raised awareness about greening tips for homeowners. Indigenous trees supplied by a City of Tshwane nursery were given to visitors to the stand.

The Youth and Green Economy Dialogue was a one-day event held in the Prestige Auditorium at the Tshwane University of Technology (TUT). The choice of venue was informed by the current MoU between the City of Tshwane and TUT. It was attended by 160 youths, mostly matriculants and students from TUT, Unisa, and other universities. It took the form of a dialogue, with keynote speakers engaging with Tshwane youths on all aspects of the green economy.



Figure 53: My Green Home Fair at Brooklyn Mall

The unit has had a highly successful 2014/15, eliciting much interest and support from all quarters.

3 GROUP INFORMATION AND COMMUNICATION TECHNOLOGY

The Group ICT Department strategically manages and directs all ICT resources to support the business of the City of Tshwane.

The Group ICT Department's functions include the following priority areas:

- Providing strategic ICT leadership in Tshwane
- Managing ICT infrastructure services within the City
- Providing strategic ICT applications support to the business
- Implementing sound ICT governance

SERVICE DELIVERY PROGRAMMES AND SUCCESSES

During the 2014/15 year, Group ICT achieved the following:

- Development of an integrated governance model of the City to improve the quality of services rendered and manage stakeholder expectations about the role of the ICT Department
- Established a business process competency centre that is capacitated by the right level of skills and tools to support the codification of Citywide business processes

E-INITIATIVES SUPPORTING THE CITY

The e-Tshwane is one of the fastest growing government online systems, with over 160 000 accounts already registered. It is an account enquiry self-service option that allows Tshwane customers to view and manage their bills online. Group ICT delivered a breakthrough in providing paying consumers with a self-service which 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 the email address is available in the system)

The electronic bill presentment and payment (EBPP) was successfully rolled out in the financial year. There are currently 113 073 registered users and 160 321 accounts.

E-Tshwane was enhanced with the automated online forms of the following:

- Application for electricity
- Application for testing of a meter
- Application for re-reading/special reading of meter

ESTABLISHMENT OF ADVANCED DISASTER RECOVERY SITES

For continuity of the City's operation, an advanced disaster recovery site was established.

The construction of the site in Rosslyn is completed; the server and storage equipment has been purchased and implemented. The site boasts a new raised floor, generators, uninterrupted power supply and air conditioners, with an integrated fire suppression and protection system.

4 RESEARCH AND INNOVATION

INTRODUCTION

The Research and Innovation Department reports to the Office of the Executive Mayor. It plays a strategic and instrumental role in spearheading research and innovation in the City of Tshwane.

KEY PROGRAMMES

ISO 9001 QUALITY MANAGEMENT SYSTEM FRAMEWORK

In its quest to realise Vision 2055 and improve service delivery, the City of Tshwane partnered with the South African Bureau of Standards (SABS) and began implementing the International Organisation for Standardisation (ISO) 9001 Quality Management System in all functional areas in the City.

Implementing the ISO 9001 standard brings about standardisation in all operations in the City. The project helps to identify non-value activities in operations and creates a platform for improving service delivery processes in the City.

The City is proud to announce that the City Planning and Development Department, the Housing and Human Settlement Department and the Services and Infrastructure Department have been officially added to the list of certified departments that include the Emergency Services Department and the Sport and Recreational Services Department.

The currently certified departments provide most of the critical services in the City and their certification will definitely impact on improving critical services provided to communities. More departments are lined up to be certified during the next calendar year, and progress is being made to turn the City into the first municipality in Africa to take the step of certifying all its operations and being regularly audited by an external body of SABS calibre in order to ensure that its citizens receive quality services at all times.



Figure 54: The City of Tshwane leadership during the implementation of a quality management system

5 OFFICE OF THE SPEAKER

INTRODUCTION

The Office of the Speaker is mandated, in accordance with the City of Tshwane governance model approved by the Council on 9 June 2011, to function as a local legislature and to serve, amongst others, as a link between the executive and the community.

The following two important functions of the Office of the Speaker are to be highlighted:

- Support to the Council and committees of the Council
- A mandate to lead public participation and consultation processes

PROGRESS

WARD COMMITTEES

Ward committees were formed in all 105 wards. However, due to court processes, ward committees were halted and suspended effective from November 2014 due to the finalisation of the court processes declaring the election of the Ward Committees invalid. The Council took a resolution to have Transitional Ward Based Consultative Forum Meetings which ensured a platform to reach the community while awaiting new elections of the Ward Committees. 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 the 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, amongst others, in the following key areas:

- Consultation on by-laws
- IDP and MTREF public participation
- Ward Delimitation process with Municipal Demarcation Board
- Voter Awareness Campaign in support of IEC

PETITIONS RAISED BY THE COMMUNITY

The Office of the Speaker facilitates responses to petitions raised by the community. During the 2014/15 financial year, the Office of the Speaker received 193 petitions; out of this, a total of 191 petitions were

resolved by the Section 79 Standing Committee on Petitions. The turnaround time to resolve petitions is 90 days; however, most petitions are resolved within 60 days.

The petitions are registered and referred to 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 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 meeting and given the opportunity to discuss the matter before resolutions are taken. The resolutions are given to petitioners and forwarded to relevant departments for implementation. The Office of the Speaker monitors the implementation of the resolutions together with petitioners.

SUPPORT FOR TRADITIONAL LEADERS

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

- (1) *Traditional Authorities that traditionally observe the system of customary law in the area of municipalities 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 municipal council.*

The Office of the Speaker provides support to recognised traditional leaders and is responsible for coordinating all issues related to traditional leadership in Tshwane.

It is therefore critically important that the Office of the Speaker engage with the various traditional leadership stakeholders in Tshwane to find common ground and formalise the areas of cooperation in order to ensure effective and efficient communication with and support to these stakeholders.

In terms of the Provincial Gazette Extraordinary, 4 February 2013, the MEC for Local Government in the Province of Gauteng identified the following two traditional leaders who may participate in the proceedings of the City of Tshwane Municipal Council:

1. Kgosi Kgomotso Cornelius Kekana, AmaNdebele-ba-Lebelo Community (Majaneng, Hammanskraal)
2. Ikosi Mkhambi Petrus Mahlangu, AmaNdebele-ka-Ndzundza Sokhulumu Community (Sokhulumu)

HIGHLIGHTS OF THE DEPARTMENT FOR 2014/15

Table 56: Highlights and achievements

Highlights	Narrative
Public information and education services	

Highlights		Narrative
1	Mobilisation for public consultations	Mobilisation for public consultation for the Outdoor Advertising By-law for all regions held from 27 to 31 October 2014
		Mobilisation for public consultation for the Ward Committee By-law for all regions held on 25 October 2014
		Mobilisation for the stakeholder consultative conference on the Ward Committee By-law for all regions held on 25 October 2014
		Mobilisation for the Outdoor Advertising By-law held in Region 4 on 5 November 2014 at Olievenhoutbosch Community Hall
		Mobilisation for the Mayoral Imbizo held in Region 2 on 24 and 28 November 2014 at Suurman Community Hall and Rooiwal Community Hall respectively
		Mobilisation for the public consultation for the Ward-based Stakeholder Consultative Briefing Session for all regions held on 28 November 2014 at Tshwabac (Pretoria Showgrounds)
Special Programme Management and Civic Support		
2	Campaign Against Child Abuse	The Speaker of Council and other principals have been leading a campaign against child abuse and have led several marches in solidarity with the Moyo family. Little Grace Moyo was raped and murdered in Ga-Rankuwa on 6 May 2014. The accused, her stepfather, Mr Johny Chauke, made his second appearance at the Ga-Rankuwa Magistrate Court on 9 June 2014. The first march started with a church service at Jesus My Answer Ministry in Ga-Rankuwa, Zone 1 at 07:30. After the service the march proceeded to the Magistrate Court.
3	AmaNdebele-ba-Lebelo Heritage Day event	The AmaNdebele-ba-Lebelo Heritage Day event, organised for Kgosi Kgomotso Cornelius Kekana, was held in Majaneng, Hammanskraal on Saturday, 18 October 2014. The event was a resounding success. All relevant City of Tshwane departments immensely contributed towards the success of the event.
1.	Moral Regeneration Movement, Region 3 Stakeholders Consultative Conference	<p>The Moral Regeneration Consultative Conference took place on Thursday, 23 October 2014 at Atteridgeville Community Hall.</p> <p>The aim of the consultative conference was to nominate different reps from stakeholder organisations that have a stake in MRM operations around Region 3.</p>
2.	Ward-based Stakeholders Consultative Conference 1	The City of Tshwane embarked on a process of ensuring the approval in principle of the draft by-law on Ward Committees by the Council on 25 September 2014.

Highlights		Narrative
3.	Ward-based Stakeholders Consultative Conference 2	<p>The City of Tshwane embarked on a process of ensuring the approval in principle of the draft by-law on Ward Committees by the Council on 25 September 2014.</p> <p>The Ward-based Stakeholders Consultative Conference was therefore held on Friday, 28 November 2014 at the Tshwane Events Centre (Tshwabac). This was a follow-up to the first Ward-based Stakeholders Conference held on 25 October 2014.</p>
Council and committees oversight services		
4.	Strengthening support to Council and committee oversight	<p>The section held a workshop on resolution tracking and monitoring workflow and C9 on 2 October 2014.</p> <p>Computer training was conducted from 8 to 11 December 2014 for all senior administrative officers.</p>
5.	IGR activities	The section attended the Gauteng Speakers Forum Oversight Task Team meeting on 9, 10 and 27 October 2014.

6 GROUP LEGAL SERVICES

The Group Legal Services renders legal services to the political and administrative arms of the City of Tshwane. The department interacts daily with and makes contributions to national, provincial and other stakeholders, including the national Department of Justice, national Department of Transport and the National Prosecution Authority (NPA).

The core functions of the department include the following:

Litigation management

- Defending all legal action/applications instituted against the City of Tshwane by third parties
- Instituting legal action/applications on behalf of the City of Tshwane against third parties

Corporate and Council legal compliance

- Providing legal comments on all reports submitted to City of Tshwane committees, the Mayoral Committee and the Council
- Providing legal opinions to the Council and departments
- Providing legal comments in respect of proposed provincial and national legislation
- Drafting City of Tshwane by-laws and assisting departments with policy-making
- Providing legal support to the Office of the Speaker
- Providing legal advice, comments or opinions to the various procurement committees in terms of the City of Tshwane's Supply Chain Policy
- Providing specialised legal services in respect of projects or initiatives of the City of Tshwane and serving on the technical task teams concerned
- Providing specialised legal support in respect of commercial ventures and related contracts

- Managing and finalising (repudiating, settling and defending) all claims instituted against the City of Tshwane by third parties
- Managing the legal process to recover damages from third parties regarding City of Tshwane property

Alienation, acquisitions and development law

- Providing legal advice, comments or opinions in respect of the alienation (sale or lease) of City of Tshwane property
- Providing legal advice, comments or opinions in respect all applications relating to changes of land use rights
- Overseeing and finalising the obtainment of land or servitudes for municipal services through expropriations or purchase agreements

I: ORGANISATIONAL PERFORMANCE SCORECARDS

INTRODUCTION

The purpose of this section of the report is to present performance against the specific targets on the following scorecards:

- The IDP targets
- The SDBIP targets
- The business plan targets of the municipal entities

Each financial year, the Municipality and its municipal entities, through the IDP and MTREF processes, take three key documents to the Council for approval, namely the IDP, the MTREF and the business plans of the municipal entities.

The IDP is developed once every five years for a Council term; it is however reviewed annually. The municipal entity business plans are multi-year documents; however, they are required by the MSA to be reviewed annually in line with the MTREF and the IDP reviews. The SDBIP targets of the Municipality are approved by the Executive Mayor and are tabled at Council.

Since the approval of Tshwane Vision 2055, the IDP, MTREF, business plans of entities and SDBIP are aligning with the outcomes for the first decade of change.

The relationship between the Tshwane Vision 2055 outcomes and the approved strategic objectives of the IDP is depicted in the following two diagrams.

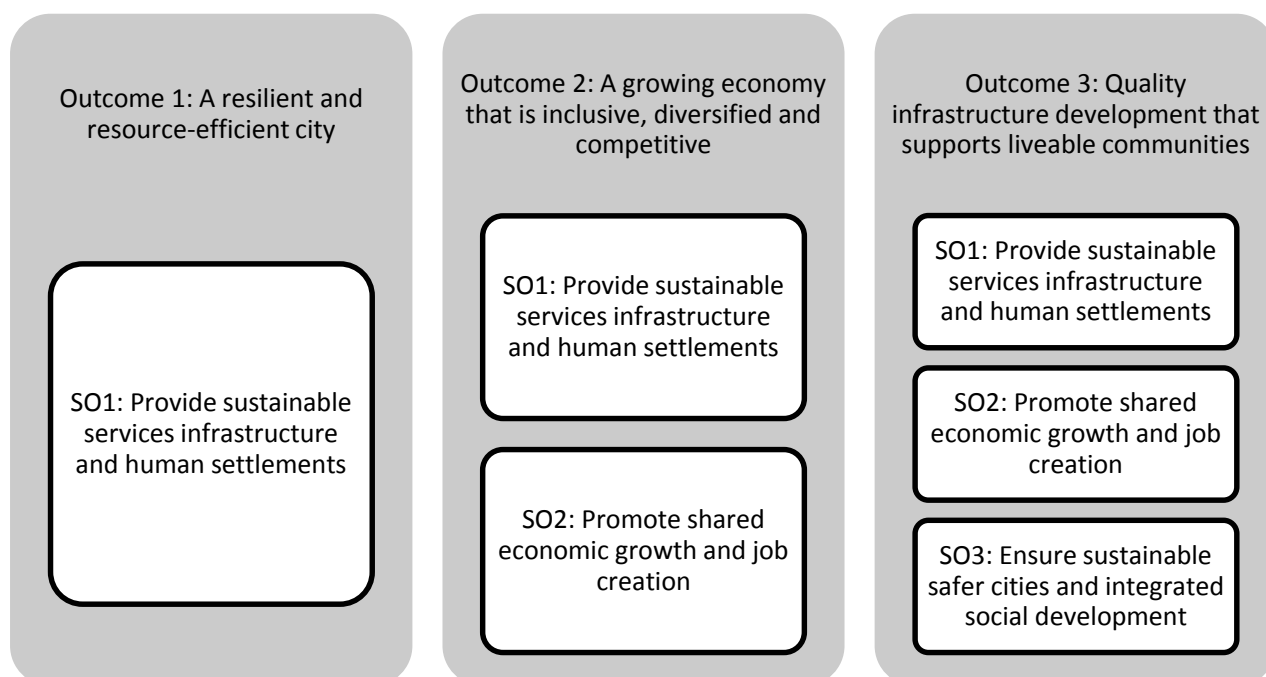


Figure 55: Tshwane Vision 2055 outcomes 1-3

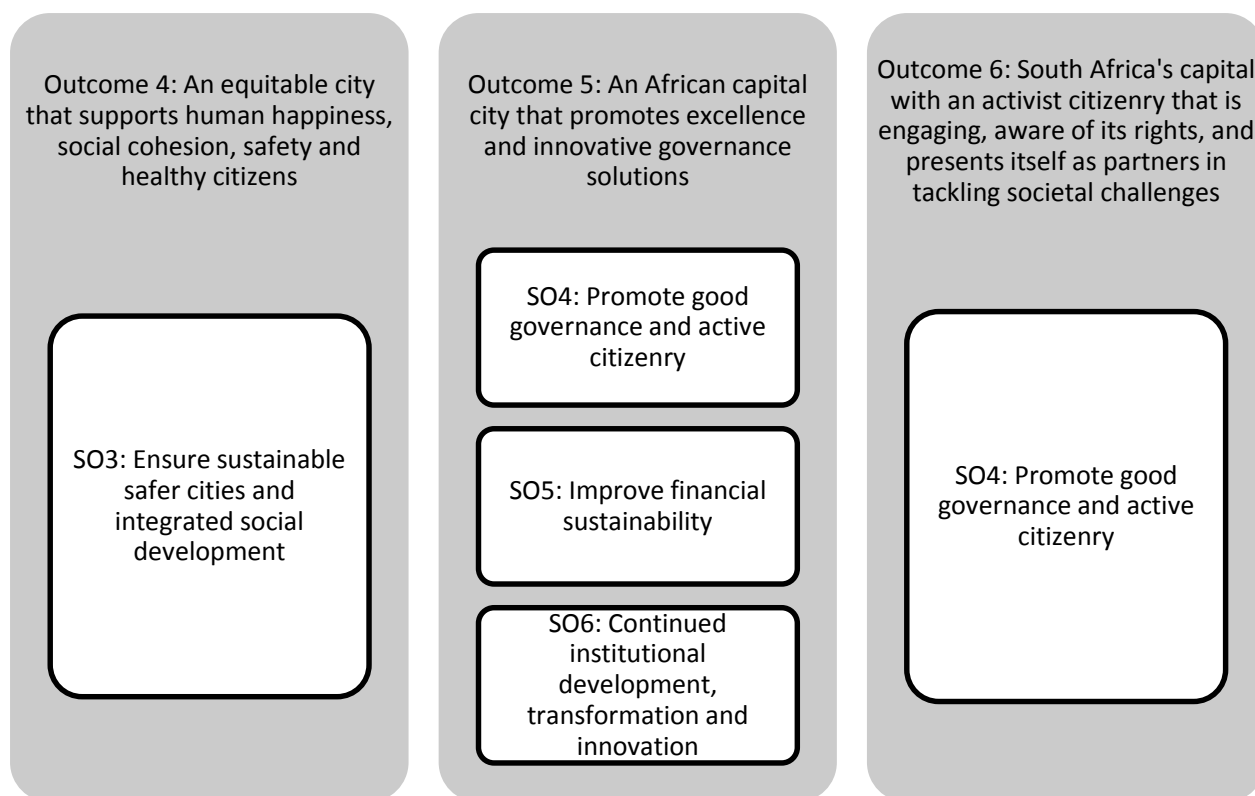


Figure 56: Tshwane Vision 2055 outcomes 4-6

1 CONTEXTUALISING THE SCORECARDS

It is important to note that the targets contained in the scorecards are not the only service delivery targets of the Municipality. However, the IDP and SDBIP scorecards in particular elevate specific areas of commitment that the Council and Mayoral Committee wished to place emphasis on for the financial year. The performance against the scorecards must be contextualised against the performance of the City as a whole on areas not reduced to indicators as reported in the rest of the annual report and on matters that have been reported to the Council and the public during the financial year.

Furthermore, a number of the targets on the scorecards, especially in SO1, some in SO3 and SO6, are influenced by capital expenditure processes and are the result of the implementation of sometimes multi-year, multi-million-rand projects. Therefore, a target reflecting "not achieved" is not zero performance (unless it is reported zero), but incomplete achievement of the planned target due to constraints that may have emerged during the financial year that impacted on the project delivery timelines. Therefore, for example, when it is reported that zero libraries were delivered, it does not mean that no work was done. In the particular case of the planned library for example, the Cullinan Library project was delayed, and was at 52% progress by the end of the financial year.

The following figure indicates the relationship between the various plans of the City.

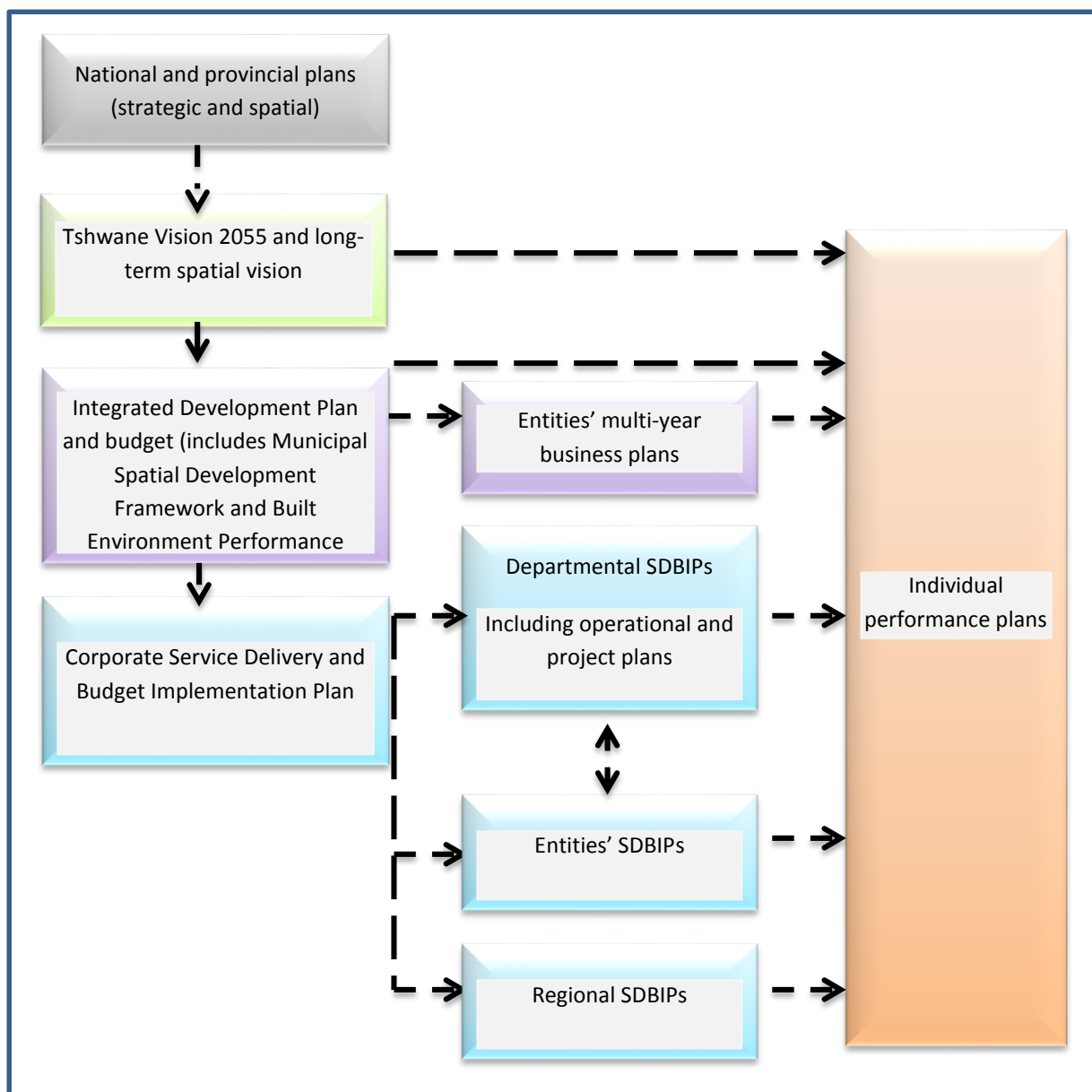


Figure 57: Levels of plans that are/will be implemented in the City of Tshwane

THE AUDIT OF PREDETERMINED OBJECTIVES AND THE CITY OF TSHWANE PERFORMANCE MANAGEMENT PROCESSES

Performance management practices in the City of Tshwane have evolved over the past three financial years. The City of Tshwane has been cognisant of the national drive towards "clean audit outcomes", and has put in place measures to consistently mature performance planning and reporting processes. As indicated in the Council-approved Performance Management Framework, numerous further initiatives will be implemented over time to continuously improve performance management in the City.

2 SUMMARY OF PERFORMANCE FOR THE 2014/15 FINANCIAL YEAR

A total of 30 of the SDBIP targets were realised, resulting in a 73% performance for the financial year. A total of 19 of the 27 applicable IDP targets were achieved (70%).

The City acknowledges that much more effort will have to be made by management to ensure accountability for performance. The findings of internal and external audit indicate that although there has been a significant improvement of performance processes and results in the City as compared to FY 2013/14, there are still areas of challenge in relation to performance monitoring and reporting within departments.

4 DETAILED SCORECARDS: PERFORMANCE OF THE CITY OF TSHWANE FOR THE 2014/15 FINANCIAL YEAR

PERFORMANCE ON THE IDP OUTCOMES

The IDP had 28 targets. However, one target was reduced to zero (broadband). A total of 19 of the 27 targets have been realised (70%)⁸⁸.

* denotes under-achieved targets

Table 57: Performance on IDP outcomes

Key performance area	Outcome	Outcome indicator	SDBIP indicators that drive the IDP outcome	Five-year target	Target 2012/13	Actual 2012/13	Target 2013/14	Actual 2013/14	Target 2014/15	Actual 2014/15
Basic service provision	Improved access to basic services re. water, sanitation, electricity and waste removal	% of households with access to water (metered connections)	1.1.2.2	78,77%	34,3% of backlog of 12 111 (4 153)	35,78%	77,93%	79,72%	79,96%	80,746%
Basic service provision	Improved access to basic services re. water,	% of total households in formalised areas with	1.1.1.2	100%	100%	100%	100%	101,48%	100%	104,202%

⁸⁸ Taking into consideration the 100km of broadband delivered during the first half of the year before adjustments.

Key performance area	Outcome	Outcome indicator	SDBIP indicators that drive the IDP outcome	Five-year target	Target 2012/13	Actual 2012/13	Target 2013/14	Actual 2013/14	Target 2014/15	Actual 2014/15
	sanitation, electricity and waste removal	access to weekly waste removal services								
Basic service provision	Improved access to basic services re. water, sanitation, electricity and waste removal	% of households with access to sanitation	1.1.2.3	77,85%	5,5% of 196 162 backlogged households	(5,0% for backlogged households)	77,32%	78,15%	77,98%	78,374%
Basic service provision	Improved access to basic services re. water, sanitation, electricity and waste removal	% of households with access to electricity	1.1.2.4 1.1.2.6	68,3%	84,08% of 686 659 households	84,44% of 686 659 households	64,87%	78,47%	79,38%	79,715%
Sustainable service provision	Reducing demand on services relying on natural resources	% of reduction of non-revenue water (NRW)	1.3.1.1	0,5%	Not an IDP target	Not an IDP target	24,05%	24,02%	23,55%	23,33%
Sustainable service provision	Reducing demand on services relying on natural resources	% of average annual non-revenue energy (NRE) (annual)	1.3.1.3	10%	Not an IDP target	Not an IDP target	10%	11,91%*	10%	16,05%*

Key performance area	Outcome	Outcome indicator	SDBIP indicators that drive the IDP outcome	Five-year target	Target 2012/13	Actual 2012/13	Target 2013/14	Actual 2013/14	Target 2014/15	Actual 2014/15
Mobility optimisation	Improve mobility through provision of roads, storm water and public transport	% of required municipal storm water drainage networks provided	1.5.1.3	47,23%	37,75% of 1 303 km required	39,13%	40,93%	45,78%	46%	48,791%
Mobility optimisation	Improve mobility through the provision of roads, storm water and public transport	% of roads provided to the required standard (km)	1.4.1.6	30,3%	23,8%	24,33%	25,65%	27,93%	28,35%	30,483%
Mobility optimisation	Improve mobility through the provision of roads, storm water and public transport	% of completed TRT busway lanes constructed	1.4.1.1	100%	Not an IDP target	Not an IDP target	44%	0*	53,8%	35,50%*

Key performance area	Outcome	Outcome indicator	SDBIP indicators that drive the IDP outcome	Five-year target	Target 2012/13	Actual 2012/13	Target 2013/14	Actual 2013/14	Target 2014/15	Actual 2014/15
Upgrading and development of informal settlements	Upgrading of informal settlements	% of households in informal settlements with access to rudimentary water services	1.1.2.1	100%	Not an IDP target	Not an IDP target	78,5%	16,60%	100%	100% ⁹
Upgrading and development of informal settlements	Upgrading of informal settlements	% of households in informal settlements with access to sanitation services	1.1.2.9	100%	Not an IDP target	Not an IDP target	78,5%	16,60%	46,96%	42,826%*
Upgrading and development of informal settlements	Incremental approach towards sustainable settlements	% of informal settlements that benefited from formalisation	1.9.1.4		9,5% of 158 informal settlements	4,43%*	14,86%	31,97%	10	16
Upgrading and development of	Diversification of City-	Number of planned	1.9.1.5	622	Not an IDP target	Not an IDP target	338	241	30	48

⁹ This target is based on those informal settlements that need rudimentary services (below basic)—these are measured in terms of the provision of water through JoJo tankers. It must be noted that other informal settlements receive basic services from standpipes that meet RDP standards. Therefore the 50 informal settlements that needed rudimentary services were provided accordingly.

Key performance area	Outcome	Outcome indicator	SDBIP indicators that drive the IDP outcome	Five-year target	Target 2012/13	Actual 2012/13	Target 2013/14	Actual 2013/14	Target 2014/15	Actual 2014/15
informal settlements	facilitated housing typologies	community residential units developed (annual)								
Job intensive economic growth	Facilitate economic growth that is labour-absorptive	Number of new income-earning opportunities facilitated by the City	2.1.1.1	178 000	21 500	21 891	100% of 31 000 jobs	104,92%	41 750	44 516
Job intensive economic growth	Facilitate economic growth that is labour-absorptive	Rand value investment attracted to the city (annual)	2.1.1.3	18,2	Not an IDP target	Not an IDP target	2,5 billion	2 175 billion	1,8 billion	2,10 billion
Job intensive economic growth	Facilitate economic growth that is labour-absorptive	Number of SMMEs and entrepreneurs supported by the City	2.1.4.1	13 823	Not an IDP target	Not an IDP target	6 523	6 335	10 573	20 360 ¹⁰

¹⁰¹⁰ This is cumulative for the five year period, and includes the TEDA results for the 2014/15 financial year which will be audited separately by the AGSA. The City of Tshwane results for the 2014/15 financial year are attached in the following scorecard

Key performance area	Outcome	Outcome indicator	SDBIP indicators that drive the IDP outcome	Five-year target	Target 2012/13	Actual 2012/13	Target 2013/14	Actual 2013/14	Target 2014/15	Actual 2014/15
Health and education	To improve the education and health outcomes through support programmes targeted at the disadvantaged communities	Number of preschool children supported through the ECD programme	3.1.1.1	30 000	Not an IDP target	Not an IDP target	33% (10 000)	45,53%	14 200	18 313
Health and education	To improve the education and health outcomes through support programmes targeted at the disadvantaged communities	% of the achievement of the child health index	3.1.2.1 3.1.1.2 3.1.2.3	87	84%	100,25%	100%	99,53%	100%	99,585%*
Poverty and inequality	To reduce household deprivation through the City's facilitated interventions	Number of new indigent households supported by the City through its social packages	3.2.1.1 3.2.1.2	10 000	Not an IDP target	Not an IDP target	102 464	105 156	115 872	110 490*

Key performance area	Outcome	Outcome indicator	SDBIP indicators that drive the IDP outcome	Five-year target	Target 2012/13	Actual 2012/13	Target 2013/14	Actual 2013/14	Target 2014/15	Actual 2014/15
Social cohesion	Increase access to social facilities and amenities	% of reduction in backlog of recreational facilities and amenities (annual)	3.3.1.1 3.3.1.3	100%	2,5% backlog reduction	7,7%	30,76% (4 facilities)	15,38%	61,5	30,769* ¹¹
Social cohesion	Increase access to recreational facilities – parks	Number of parks developed in line with two parks per ward (annual)	3.3.1.2	87	Not an IDP target	Not an IDP target	15	27	12	13 ¹²
Public safety	Promote a safer city	% of reduction in safety incidents (annual)	3.4.1.1.1 3.4.1.1.2 3.4.1.1.3	5%	Average 28% decrease	Average 42% decrease	1%	42,01%	1%	24,656%
Public safety	Promote a safer City	% of increase in interventions to root out crime and related	3.4.1.2 3.4.1.3 3.4.1.4	3%	50% increase in policing and by-law interventions	14,10%*	1%	13,05%	1%	14,599%

¹¹ The Cullinan Library was at 52% completion as at financial year end.

¹² Although an additional park was done that is not part of the two parks per ward programme

Key performance area	Outcome	Outcome indicator	SDBIP indicators that drive the IDP outcome	Five-year target	Target 2012/13	Actual 2012/13	Target 2013/14	Actual 2013/14	Target 2014/15	Actual 2014/15
		incidents (annual)								
Functioning ward committee system	Functioning ward committee system	% of functional ward committees		80	80%	100%	100%	96,24%	80	82% ¹³
Institutional governance	Improve corporate governance through performance, financial and risk management	Unqualified audit opinion achieved (annual)	4.6.1.3	Achieve unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	Unqualified Audit Opinion	Unqualified Audit Opinion achieved for 2013/14 financial year
Financial management	To improve financial sustainability of the City	% of financial targets met (regulated targets = cost coverage, debt coverage and % of service debtors to revenue)	5.1.1.1 5.1.1.2 5.1.1.3	100	100%	72% average performance*	100%	67%	100%	66,667%*

¹³ This figure is based on Quarter I reported results, as a court decision regarding the ward committees affected further performance on this indicator during the rest of the year.

Key performance area	Outcome	Outcome indicator	SDBIP indicators that drive the IDP outcome	Five-year target	Target 2012/13	Actual 2012/13	Target 2013/14	Actual 2013/14	Target 2014/15	Actual 2014/15
Employee satisfaction, transformation and efficiency	Improve organisational efficiency and employee satisfaction	% of employee satisfaction rating (annual)		82	80%	80%	N/A	N/A	82	60,00%*
Deploy smart city systems and infrastructure	Integrated ICT	% of broadband infrastructure roll-out		100	80%	80%	100%	103,5%	100% of 0 km	0*

PERFORMANCE ON THE SDBIP OUTPUTS

The SDBIP had 42 targets; however, only 41 were applicable as the broadband indicator had an adjusted target of zero. A total of 30 targets was realised, equivalent to 73% of targets achieved for the financial year.

* denotes under-achieved targets

Table 58: Performance on the SDBIP targets

Indicator number	Indicator owner	Key performance indicator	Annual target 2012/13	Annual result 2012/13	Annual target 2013/14	Annual result 2013/14	Annual target 2014/15	Annual result 2014/15
1.1.2.1	Re Aga Tshwane	Number of informal settlements with access to rudimentary water services	Not an SDBIP target	Not an SDBIP target	58 147	58 147	115	50* ¹⁴
1.1.2.2	Water and Sanitation	Number of households provided with full water meter connections	180	325	6 905	14 292	12 103	9 358*
1.1.2.3	Water and Sanitation	Number of households provided with a sanitation service	10 787	9 845*	3 607	1 910*	1 912	2 072
1.1.2.4	Energy and Electricity	Number of electricity connections provided in formalised areas	3 420	6 106	3 420	4 067	2 200	2 216

¹⁴ On the surface this may appear to be an unachieved target. Whilst we predicted 115 settlements would need rudimentary services in the form of JoJo tankers, less needed rudimentary services, as more had been provided with basic services through the provision of water standpipes. Therefore the practical target was in effect achieved.

Indicator number	Indicator owner	Key performance indicator	Annual target 2012/13	Annual result 2012/13	Annual target 2013/14	Annual result 2013/14	Annual target 2014/15	Annual result 2014/15
1.1.2.6	Energy and Electricity	Number of completed houses electrified to eradicate backlogs	12 500	14 915	9 000	15 601	15 000	9 152*
1.1.2.9	Re Aga Tshwane	Number of informal settlements with access to rudimentary sanitation services	Not an SDBIP target	Not an SDBIP target	Not an SDBIP target	Not an SDBIP target	45	49
1.1.4.1	Service Delivery Coordination and Transformation	Number of informal settlements provided with weekly minimal waste removal services	Not an SDBIP target	Not an SDBIP target	Not an SDBIP target	Not an SDBIP target	115	124
1.1.4.2	Service Delivery Coordination and Transformation	Number of households with access to weekly kerbside removal	691 612	782 985	691 612	664 519*	701 852	731 342
1.3.1.1	Water and Sanitation	% of reduction in non-revenue water from 24,05% to 23,55% (0,5% annual reduction)	Not an SDBIP target	Not an SDBIP target	24,05%	24,02%	23,55%	23,33%
1.3.1.3	Energy and Electricity	% of average annual non-revenue energy (annual)	N/A	N/A	10%	11,91%*	10	16,05%*
1.4.1.1	Roads and Transport Department	km of TRT busway lanes constructed	N/A	N/A	30,5 km	0*	11,3	12,07
1.4.1.6	Roads and Transport Department	Total length of roads in the proclaimed areas provided to the full level of service (km)	52,88	62	65	71,482	58,7	62,452
1.5.1.3	Roads and Transport Department	Total length of storm water drainage systems in the	40	71	75	87,995	37,6	37,761

Indicator number	Indicator owner	Key performance indicator	Annual target 2012/13	Annual result 2012/13	Annual target 2013/14	Annual result 2013/14	Annual target 2014/15	Annual result 2014/15
		proclaimed areas provided to the full level of service (km)						
1.9.1.4	Re Aga Tshwane	Number of informal settlements/townships formalised	15	7*	15	36	10	16
1.9.1.5	Housing and Human Settlement	Number of community residential units developed	N/A	N/A	86	104	30	48
2.1.1.1	Economic Development	Number of new income earning opportunities facilitated by the City	21 500	21 891	30 000	32 524	41 500	44 516 ¹⁵
2.1.1.3	Economic Development	Rand value of investment facilitated by the City	1,000,000,000	2,000,000,000	2,500,000,000	2,175,000,000*	1,800,000,000	2,100,000,000
2.1.4.1	Economic Development	Support through mentorship/training to the Tshepo 10 000 cooperatives in 105 wards	Not an SDBIP target	Not an SDBIP target	Not an SDBIP target	Not an SDBIP target	264	325
2.2.1.1	Economic Development	Number of SMME and entrepreneurs supported by the City	Not an SDBIP target	5 971	3 800	6 335	3 800	5 649

¹⁵ Consisting of 42026 EPWP jobs and jobs created by investors.

Indicator number	Indicator owner	Key performance indicator	Annual target 2012/13	Annual result 2012/13	Annual target 2013/14	Annual result 2013/14	Annual target 2014/15	Annual result 2014/15
3.1.1.1	Health and Social Development	Average number of ECD pupils benefiting from the City's ECD programme annually	Not an SDBIP target	Not an SDBIP target	10 000	13 660	4 200	4 653
3.1.1.2	Health and Social Development	% of PHC fixed clinics implementing PMTCT programme	Not an SDBIP target	Not an SDBIP target	100%	100%	100%	100%
3.1.2.1	Health and Social Development	% of achievement immunisation coverage for children under 1 year of age	85%	95%	91%	81,75%*	85	75,742%*
3.1.2.3	Health and Social Development	% of pregnant women testing for HIV	100%	91%*	91%	94,48%	91	99,783%
3.2.1.1	Health and Social Development	Number of new indigent households in the City's indigent register registered by the City	12 000	12 284	12 000	7 654*	8 000	7 769*
3.2.1.2	Health and Social Development	Number of indigent households exited from the indigent register	2 000	2 078	2 000	2 370	2 000	2 435
3.3.1.1	Sport and Recreational Services	Number of new libraries constructed (annual)	2	2	1	0	1	0*
3.3.1.2	Environmental Management Services	Number of parks developed in line with the 2 parks per ward programme annually	Not an SDBIP target	Not an SDBIP target	Not an SDBIP target	Not an SDBIP target	12	13
3.3.1.3	Sport and Recreational Services	Number of new recreational facilities upgraded (annual)	1	1	3	2*	2	0*

Indicator number	Indicator owner	Key performance indicator	Annual target 2012/13	Annual result 2012/13	Annual target 2013/14	Annual result 2013/14	Annual target 2014/15	Annual result 2014/15
3.4.1.1.1	Emergency Services	Number of fire incidents reported	<5 400	3 859	<3 063	1 278	<4 734	4 116
3.4.1.1.2	Emergency Services	Number of rescue incidents reported	< 3 200	3 993	<5 284	4 391	<8 052	5 810
3.4.1.1.3	Emergency Services	Number of specialised humanitarian incidents reported	< 720	469	<419	467*	<1 040	485
3.4.1.2	Tshwane Metro Police	Number of road policing operations/interventions executed in order to comply with the road safety plan (Road Policing)	709	818	728	870	736	1 220
3.4.1.3	Tshwane Metro Police	Number of crime intervention operations executed to contribute to a reduction of crime throughout Tshwane (in all 105 wards)	1 394	1 589	1 480	1 491	1 496	1 659
3.4.1.4	Tshwane Metro Police	Number of regional multi-disciplinary by-law policing operations executed to contribute to a reduction in by-law transgressions	450	537	456	646	460	567
4.6.1.3	Office of the City Manager	Unqualified audit achieved (annual)		Unqualified audit	Unqualified audit	Unqualified audit	Unqualified audit opinion	Unqualified audit opinion for 13/14.
5.1.1.1	Group Financial Services	% of cost coverage ratio	1,3	1,00 (group)	1,30	0,28 (group)	1,1	0,1* group
5.1.1.2	Group Financial Services	% of debt coverage	52,1	31,87 (group)	12,80	36,27 (group)	15	16,51%

Indicator number	Indicator owner	Key performance indicator	Annual target 2012/13	Annual result 2012/13	Annual target 2013/14	Annual result 2013/14	Annual target 2014/15	Annual result 2014/15
5.1.1.3	Group Financial Services	% of service debtors to revenue	27,4	21,74 (group)	27,40	17,31 (group)	25%	20,62%
6.1.1.3	Corporate and Shared Services	% of employees from previously disadvantaged groups appointed as per the approved EE plan (annual)	100%	100%	100%	104%	100	102%
6.1.1.4	Corporate and Shared Services	% employee satisfaction rating	80%	80%	N/A	N/A	85	60%*
6.2.1.1	Group ICT	km of broadband infrastructure rolled out	Not an SDBIP target	Not an SDBIP target	100	103,5	0	0
6.2.1.3	Group ICT	Number of new Wi-Fi sites identified and deployed	Not an SDBIP target	Not an SDBIP target	Not an SDBIP target	Not an SDBIP target	537	402*

REMEDIAL ACTIONS ON UNACHIEVED SDBIP TARGETS

The following table contains remedial actions on unachieved SDBIP targets

Table 59: Corrective measures for unachieved targets

Indicator number	KPI	Remedial actions
1.1.2.1	Number of informal settlements with access to rudimentary water services	This is not necessarily an unachieved target, in that the provision of rudimentary water services is provision of water through JoJo tankers to listed informal settlements that do not have basic water. Therefore other informal settlements received water through communal taps. In future we will continue to adjust the target as settlements are formalised, to ensure more accurate target setting in line with the formalisation process.
1.1.2.2	Number of households provided with full water meter connections	This target is affected by applications. We plan on the basis of trends analysis, past history, City Planning approval of plans. Therefore our targets are estimates.

Indicator number	KPI	Remedial actions
1.1.2.6	Number of completed houses electrified to eradicate backlogs	The shortage of prepaid meters affected the achievement of this target. The EAC has approved the procurement of additional prepaid meters late in the 2014/15 financial year. These will assist to complete the electrification of housing units when completed.
1.3.1.3	% of average annual non-revenue energy	<p>Distribution losses are made up of technical and non-technical losses. The department is currently busy with the following initiatives to reduce the non-technical losses:</p> <ul style="list-style-type: none"> • Installation of non-intrusive meter boxes • Auditing of metering installations • Installation of prepaid meters • Regular illegal cable removal operations • Electrifying informal settlements <p>The department is also addressing the technical losses by –</p> <ul style="list-style-type: none"> • refurbishing and replacing old equipment in the network; and • strengthening overhead lines.
3.1.2.1	% of achievement of immunisation coverage for children under 1 year of age	This indicator is not controlled by the City in that numerous facilities provide for immunisation. The usage of the clinics for immunisation is dependent on a mother's choice. However, the City sets targets in line with national requirements and will continue to provide advice and outreach to all residents, encouraging the use of our facilities for the purposes of PHC.
3.2.1.1	Number of new indigent households in the City's indigent register, registered by the City	The registration of indigents is based on application of households and dependent on qualifying criteria. The City will continue to take registration services to the communities to enable quick and accessible application processes, e.g. the outreach processes that are done regularly with administrative support to people applying.
3.3.1.1	Number of new libraries constructed (annual)	Requested funds transfer from Caledonian Stadium – the funds transfer was approved and construction has been accelerated.
3.3.1.3	Number of new recreational facilities upgraded (annual)	The EAC has reported emergency procurement. The contractor has been appointed to implement this project.
5.1.1.1	% of cost coverage ratio	Security of revenue project contract was terminated. A tender is to be advertised to appoint a new service provider.

Indicator number	KPI	Remedial actions
6.1.1.4	% employee satisfaction rating	Measures will be put in place to address issues that employees have raised as to why they are dissatisfied. Included in these are the submission of a retention strategy and the implementation of the approved employment equity plan.
6.2.1.3	Number of new Wi-Fi sites identified and deployed	Wi-Fi deployment has already been fast-tracked in the 2015/16 financial year. Unfortunately, the target was not correctly adjusted during the adjustments process based on the available budget.

5 PERFORMANCE OF THE MUNICIPAL ENTITIES

The municipal entities independently submitted their annual reports and financial statements to the AGSA for auditing at the end of August 2015. This section contains the performance scorecards of the municipal entities as submitted to the AGSA.

* denotes under-achieved targets

SANDSPRUIT WORKS ASSOCIATION (SWA)

Table 60: SWA scorecard

Strategic Objective	Key Performance Indicator	2014/15 Target	2014/15 Results
1. Promote Sustainable Service Infrastructure and Human Settlement Management	Reduce Unaccounted for Water by 0.5% annually	21%	19.98%
2.Promote Shared Economic Growth and Job Creation	100% of general workers employed for Long Term operations projects must reside in Ga-Rankuwa, Mabopane or Winterveldt for the 2013/14 financial year	100%	100%
	Use a minimum of 45 SMME contractors in SWA per annum	45	49
3.Ensure Sustainable, Safer City and Integrated Social Development	Number of indigent households receiving basic (12kl) water and sanitation services annually	650 households	1 441 households
4.Promote Governance and Active Citizenry	Financial Compliance in terms s87 (11) of the MFMA annually	100%	100%
4.Promote Governance and Active Citizenry	SCM Compliance in terms of s12 of the SCM regulations annually	100%	33%*
4.Promote Governance and Active Citizenry	Compliance with Contract Management in terms of s116 of MFMA annually	100%	0%*
4.Promote Governance and Active Citizenry	Number of ward committee meetings held annually to discuss community concerns	16	38

Strategic Objective	Key Performance Indicator	2014/15 Target	2014/15 Results
5.Improve Financial Sustainability	Increase revenue collection by 2% annually	70%	51.58%*
6.Continued Institutional Development, Transformation and Innovation	Number of Training and Leadership programmes scheduled annually in order to increase skills development of the employees	12	14

CORRECTIVE MEASURES TO IMPROVE PERFORMANCE FOR TARGETS NOT ACHIEVED

Table 61: Corrective measures for non-achieved targets SWA

Target not achieved	Remedial actions
Increase revenue collection from 66% to 70%	<ul style="list-style-type: none"> • Regular disconnections of government and commercial • Restrictions for residential. • Handing the long outstanding debt over to debt collectors • Data cleansing to ensure accurate consumer details • Contacting residential consumers via phone to make payments. • Inactive accounts with outstanding amounts to be investigated and collected in terms of the credit control and debt collection policy • Illegal Connections: Systems and processes to be improved to ensure that disconnection instructions are implemented and those consumers don't reconnect themselves. • Regular monitoring of disconnections, restrictions and reconnections.
SCM Compliance in terms of s12 of the SCM regulations	<ul style="list-style-type: none"> • The SCM Manager post has being filled effective 1st July 2015. • Review and approval of the SCM policies. • Training on SCM policies. • Utilisation of checklists. • Disciplinary measures for non-compliance
Compliance with Contract Management in terms of s116 of MFMA	<ul style="list-style-type: none"> • Enforcement of penalties for non-conformance to the contract terms and conditions.

HOUSING COMPANY TSHWANE

The following table provides achievement against the HCT scorecard for the 2014/15 financial year.

Table 62: HCT Scorecard

Strategic Objective	Key Performance Indicator	2014/15 Target	2014/15 Results	Remedial Measures for non-achieved targets
Sustainable Services Infrastructure and Human Settlements	Number of New units built and developed (Greenfields development) - Townlands	Engineering services installed and procurement of main contractor.	0*	Approval to procure through the parent-municipality's existing contract.
	Timberlands	Engineering services installed.	0*	Approval to procure through the parent-municipality's existing contract.
	Nr of City of Tshwane rental units transferred to HCT for management (Brownfields developments) (Baseline: 95 Eloff Building)	411	233*	The entity did not achieve the target after the City of Tshwane realized the nature of problem the envisaged stock for transfer would bring to the entity in terms of maintenance required as well as the current revenue collection levels.
	Property Management and Maintenance Plans approved and implemented for each housing project developed and received from CoT (aligned to number of buildings transferred in each quarter). Implementation of approved property management plans on buildings transferred	10	2*	The entity did not achieve the target which is linked to the properties envisaged for transfer after the City of Tshwane realized the nature of problem the envisaged stock for transfer would bring to the entity in terms of maintenance required as well as the current revenue collection levels.
	Number of tenant occupancy and contracts (95% occupancy)	724	233*	The entity did not achieve the target which is linked to the properties envisaged for transfer after the City of Tshwane realized the nature of problem the envisaged stock for transfer would bring to the entity in terms of maintenance required as well as the current revenue collection levels.
	Percentage of complaints resolved (80%)	80	85.25%	NA.

Strategic Objective	Key Performance Indicator	2014/15 Target	2014/15 Results	Remedial Measures for non-achieved targets
Improved Financial Sustainability	Approval of Management and Internal control guideline/policy	1	1	NA
	Review and approval of Delegations of Authority.	1	1	NA.
	% Compliance with GRAAP 17 in terms of Asset Register management.	100%	100%	NA
	% of total expenditure to spent on BBBEE and SMME procurement.	25%	87.5%	NA.
	% Reconciliation of company balances with CoT Manage budget processes of the Department in accordance with regulatory frameworks.	Quarterly budget processes managed.	100%	NA.
	Number of units billed as per tenant listings (10% increase in rental collections) NB: exclude Clarina estate targeted for rent-free accommodation.	724	233*	The properties envisaged for transfer to the entity were no longer transferred by the City of Tshwane. The entity has not included this possibility as a KPI in its 2015/2016 Business Plan.
	Approval of a reviewed Performance Management policy.	1	1.	NA.
Improved Financial Sustainability	% of vacant positions filled.	95%	64%*	The entity has reviewed its Human Resources plan and aligned it with its operational requirements.

Strategic Objective	Key Performance Indicator	2014/15 Target	2014/15 Results	Remedial Measures for non-achieved targets
	Skills Development Plan reviewed.	1	1	NA
Improved Financial Sustainability	Frequency of conducting and submitting performance appraisals for all staff members.	4	4	NA
	Review a marketing and communication plan.	1	1	NA
	Frequency of updates on the website with Social Housing Information.	4	4	NA
	Review of legal documents template.	1	1	NA
	Review of strategic plan.	1	1	NA.
	Risk Management Plan approved and risk review conducted.	Plan Implemented.	Quarterly Risk Management Reviews.	NA.
	Frequency of back-ups made in a secure offsite storage (CoT network dependent)	12	12	NA.

TSHWANE ECONOMIC DEVELOPMENT AGENCY (TEDA)

* denotes under-achieved targets

Strategic Objective	Key Performance Indicator	2014/15 Target	2014/15 Result	Remedial Actions
To develop, facilitate and promote viable foreign and local investments in the City of Tshwane. This also contributes to City of Tshwane strategic objective 2: Promote shared economic growth and job creation	Number of trade and investment reports / studies produced	1	3	NA
	Number of export market briefs produced	2	3	NA
	Number of investment leads generated, followed up and facilitated	20	45	NA
	Number of capacity building initiatives held for SMME export readiness	2	6	NA
	Number of outward and inward trade and investment missions undertaken, hosted and/or participated	2	7	NA
To establish and maintain an economic infrastructure investment vehicle. This also contributes to City of Tshwane strategic objective 5: Improve financial sustainability	Development and implementation of the funding model with multiple revenue streams	Financial sustainability model	Phase 1 of the implementation plan is in progress	NA
	Nr of new income earning opportunities facilitated by TEDA	250	0*	The 2015/16 Business Plan includes a refurbishment project, TEDA will also improve its investment attraction effort
	Provide SMME and entrepreneurs supported by TEDA	460	549	NA
To identify, design, develop and manage projects with strategic economic and social benefits for the greater Tshwane community	Needs and demand assessment (desk top study) conducted	1	1	NA
	Project Charter produced	1	1	NA
	Feasibility study	1	0*	The feasibility study could not commence due to budgetary constraints
	Project Charter produced	1	1	NA
	Facilitate funding application	1	1	NA
	Facilitate the Feasibility Study development	1	0*	The project was removed from business plan as

Strategic Objective	Key Performance Indicator	2014/15 Target	2014/15 Result	Remedial Actions
				per Mayco report of January 2015
	Project Charter produced	1	1	NA
	Funding Application	1	1	NA
	Partnership Agreements entered into	1	1	NA
	No. of participants trained according to the agreement	50	0*	The rollover of funding for training of cooperatives has been requested and will take place in 2015/16 after approval
	Planning and execution of TITIIC	Launch of TITIIC Conference	0*	Problems were experienced with the 100% funding model by external sources of revenue TEDA is seeking Council approval on postponement of TITIIC to March 2016 and review of funding model.
To develop and maintain a strategic immovable and property asset portfolio for maximum return on investment	Number of land parcels identified for development	1	0*	Asset and Property Management function has not yet being established in TEDA
	No. of buildings identified for revitalisation	1	1	NA
To facilitate the implementation of agreements signed between the City of Tshwane and key stakeholders	Number of initiatives implemented to support the signed agreement	1	1	NA
To promote Tshwane as a viable investment destination through the implementation of an integrated marketing and communication programme	Number of marketing events hosted to promote the City's competitiveness	1	2	NA
	Number of internal and external platforms used to profile and position TEDA	12	33	NA

Strategic Objective	Key Performance Indicator	2014/15 Target	2014/15 Result	Remedial Actions
To establish and build TEDA as a strong and effective organisation in the context of good governance best practice	Unqualified audit without repeated findings	100%	0%*	TEDA achieved an unqualified audit with repeated findings. Repeated findings will be addressed.
	Establishment and implementation of good human resource practices	Implementation of selected HR good practices	0*	Phase 2 of SAP implementation of project will commence in September 2015
	Number of strategic risk monitoring reports compiled and submitted to the board	4	4	NA
	Introduction of systems and processes guidelines towards improved TEDA operations	Standard operating procedures developed	Standard operating procedures documented and developed	NA

5 ORGANISATIONAL DEVELOPMENT PERFORMANCE MANAGEMENT

INTRODUCTION

Tshwane Vision 2055 sets out an outcome for Tshwane to be “An African capital city that promotes excellence and innovative governance solutions”¹⁶.

It is the City’s goal to have a responsive leadership to manage change and enhance service delivery. In doing so, a capable workforce is essential and central. According to Tshwane Vision 2055, service delivery excellence and innovation is about a dependable institution that serves its residents at a sustained level of quality of services in a cost-effective manner.

In order to contribute to tackling the triple challenges of unemployment, poverty and inequality, the City is determined to strengthen the institutional and human capacity, promote life-long learning, foster a learning organisation and strengthen the City’s competitiveness.

In the 2014/15 financial year, the City of Tshwane in its IDP set out three strategic objectives towards contributing to Outcome 5 of Tshwane Vision 2055. The three objectives are “Promote good governance and active citizenry”, “Improve financial sustainability” and “Continued institutional development, transformation and innovation”. The IDP identified human capital management, the introduction and roll out of ethical standards and induction and training of staff as strategic medium-term actions to be implemented towards achieving continued institutional development, transformation and innovation.

This chapter of the report provides progress on the organisational development initiatives of the City for the 2014/15 financial year. Amongst others, it reports on the Municipality’s employment statistics, training initiatives and awards for service excellence, and declares benefits provided to senior management and the Council.

¹⁶ Outcome 5

A INTRODUCTION TO MUNICIPAL PERSONNEL

INTRODUCTION

The City of Tshwane strictly abides by legislation guiding the appointment, management and termination of personnel. The Corporate and Shared Services Department, under the political leadership of Councillor Mmoko, has been tasked with providing leadership, guidance and direction to the human resource practices of the Municipality and its entities. The department is headed by a strategic executive director and reports administratively to the City Manager.

1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

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

Table 63: Explanatory table – categorisation of occupational levels

Occupational levels	2012/13	2013/14	2014/15
Top management	(F1 – F3)	(F1 – F3)	Contract CM, DCM, SED (F1 – F3)
Senior management	(E1 – E3)	(E1 – E3)	Contract SED (F3) Contract ED (E3) (E1 – E2)
Professionally qualified	(D1 – D2/3/E1)	(D1 – D2/3/E1)	(D1 – D2/3/E1)
Skilled technical	(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)
Unskilled	(A1 – A3/B1/2)	(A1 – A3/B1/2)	(A1 – A3/B1/2)

EMPLOYEE TURNOVER

The City of Tshwane has an objective of being an employer of choice. However, being a fairly large institution with high employee numbers, the recorded employee turnover for the 2014/15 financial year was 1,93%. The employee turnover is detailed below.

- Number of staff at the beginning of the year = 19 879
- Number of staff at the end of the year = 19 499
- Number of employees who left during the year = 380

The following table provides statistics on the employees per occupational level as at the end of the 2014/15 financial year. Top management consisted of 17 officials, 4 of whom are female. Senior management consisted of 989 officials, 381 of whom are female. A total of 2 male foreigners were employed in senior management in the 2014/15 financial year.

All 17 top management officials are from the HDI group, 16 of whom are black. Of the 19 499 employees, 86 are non-permanent.

Table 64: Total number of employees (including disabled ones) per occupational level as at 30 June 2015

Occupational levels	Male				Female				Foreign nationals		TOTALS
	A	C	I	W	A	C	I	W	Male	Female	
Top management	13	0	0	0	3	0	0	1	0	0	17
Senior management	413	16	14	163	270	12	11	88	2	0	989
Professionally qualified	387	12	6	314	301	8	6	116	0	0	1 150
Skilled technical	1 599	36	18	860	1 371	50	21	424	0	0	4 379
Semi-skilled	2 836	93	22	431	1 902	83	28	448	0	1	5 844
Unskilled	5 795	52	1	64	1 108	5	0	9	0	0	7 034
Total permanent	3051	209	61	1832	1958	158	66	1086	2	1	2430
Non-permanent employees	42	4	0	4	33	1	0	2	0	0	86
GRAND TOTAL	11 085	213	61	1 836	4 988	159	66	1 088	2	1	19 499

VACANCY RATE

The vacancy rate is based on permanent employees only, and excludes councillors, temporary workers and students. The vacancy rate is determined by dividing the total number of vacant positions on the approved organisational structure by the total number of filled permanent positions. This formula can be used to calculate the vacancy rate for one position, a class code, a division or the entire organisation. It is formulated by the total number of vacant positions of a specified date, divided by the total number of authorised positions of the same date.

The vacancy rate is affected by a number of factors, including available resources and the ability to attract suitable candidates that meet the advertised criteria.

Table 65: Vacancy rate – City of Tshwane

Total number of vacant positions as of 30 June 2015 (A)	11 698
Total number of authorised positions as of 30 June 2015 (B)	19 499
Total % of vacancy rate	59,99%

The following table indicates filled vacant positions in the SWA.

Table 66: Vacancy rate – SWA

2013/14				2014/15			
Units	Number of posts	Number of filled posts	Number of vacancies	Number of posts	Number of filled posts	Number of vacancies	Contract workers
Chief Executive Officer	1	1	0	1	1	0	0
Chief Financial Officer	1	1	0	1	0	1	0
Asset Management	1	1	0	1	1	0	0
Projects Officer	1	1	0	1	1	0	0
Trade and Investment							0
Marketing and Communication	34	28	6	34	27	7	1
Legal Services	4	3	1	4	3	1	0
Risk Department	7	5	2	7	5	2	0
Finance Department	63	56	7	63	59	4	1
Human Resources Management	12	7	5	12	7	5	3
Operation	92	86	6	92	89	3	1
Waste Water Treatment Works: Klipgat	42	27	15	42	30	12	0
Waste Water Treatment Works: Temba	25	25	0	25	19	6	0
Office of the CEO	4	4	0	4	4	0	0
TOTAL	287	245	42	287	246	41	6

The following table provides a summary of positions filled vs those advertised to be filled for the 2014/15 financial year.

Table 67: Positions filled vs those advertised – City of Tshwane

Positions advertised/filled	Q1	Q2	Q3	Q4	Total	Remarks
Positions advertised	504	92	57	88	741	None
Positions filled	504	91	52	40	687 *	166 additional positions filled for alternative periods (853 positions filled)
Average days (weekends included therefore average on allowed 90 days)	70,41	96,60 *	15,19	46,6	68,31	Finalisation of appointments delayed due to moratorium on the filling of positions

Positions advertised/filled	Q1	Q2	Q3	Q4	Total	Remarks
Total days to fill all positions	35 487	8 791	790	1 864	46 932	None

The following table presents the number of posts filled per department. As can be seen, generally there has been an increase in the number of posts filled in departments when compared to the 2013/14 financial year in order to ensure stability of the organisation and the availability of required skills for service delivery.

Table 68: Number of posts filled

Department/function	2013/14		2014/15	
	Number of posts	Number of posts filled	Number of posts	Number of posts filled
Office of the City Manager	120	34	120	47
Office of the Executive Mayor	252	145	252	152
Office of the Speaker	267	139	267	200
Office of the Chief Whip	74	31	74	34
Office of the Deputy City Manager: Infrastructure and Programme Management	31	11	31	9
Service Infrastructure	4 518	1 961	4 518	2 082
Transport	1 573	994	1 573	1 013
Housing and Human Settlement	131	65	131	74
Integrated Rapid Public Transport Network			160	62
Office of the Deputy City Manager: Strategy Development and Implementation	51	23	51	18
City Planning and Development	591	411	591	420
Economic Development	139	39	139	76
City Strategies and Performance Management	60	21	60	24
Communication, Marketing and Events	173	81	173	82
Research and Innovation	50	18	50	19
Office of the Deputy City Manager: Operations	19	3	19	3

Department/function	2013/14		2014/15	
	Number of posts	Number of posts filled	Number of posts	Number of posts filled
Sport and Recreational Services	91	80	91	109
Environmental Management	734	526	734	530
Health and Social Development	742	311	742	369
Group Audit and Risk	189	105	189	129
Group Financial Services	1 473	1 069	1 473	1 256
Metro Police Services	4 409	2 655	4 409	2 719
Corporate and Shared Services	1 090	625	1 090	761
Group Legal Services	268	129	268	142
Group ICT	272	92	272	97
Emergency Services	1 649	1 200	1 649	1 183
Office of the Service Delivery Coordinator	1 106	695	1 106	1 484
Region 1	1 616	1 302	1 616	1 125
Region 2	977	540	977	393
Region 3	3 482	2 787	3 482	2 518
Region 4	1 250	882	1 250	632
Region 5	696	242	696	247
Region 6	2 210	1 469	2 210	1 282
Region 7	894	259	894	208
TOTAL	31 197	19 879	31 197894	19 499208

The following table provides a breakdown of employees in permanent positions as a percentage, in comparison with those in the economically active population. The City, like all other employers or organisations, has a challenge to fill positions that reflect the economically active population for permanent employees, as the recruitment process can only be undertaken when vacancies present themselves. Unfortunately, the highest number of African male employees falls within the unskilled labour category.

Table 69: Permanent positions

Economically active population %						City of Tshwane %					
Male			Female			Male			Female		
AM	African male	40,3%	AF	African female	33,8%	AM	African male	82,12%	AF	African female	15,47%
CM	Coloured male	5,9%	CF	Coloured female	5,2%	CM	Coloured male	0,79%	CF	Coloured female	0,10%
IM	Indian male	1,8%	IF	Indian female	1,1%	IM	Indian male	0,14%	IF	Indian female	0,07%
WM	White male	6,6%	WF	White female	5,3%	WM	White male	1,16%	WF	White female	0,14%
	TOTAL	54,6%		TOTAL	45,4%		TOTAL	84,21%		TOTAL	15,78%

2 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 17 top management employees, excluding those employed by the municipal entities.

Table 70: Section 56 employees

Designation	Number of persons
City Manager	1
Deputy City Manager	3
Service Delivery Coordination and Transformation Manager	1
Chief Financial Officer	1
Chief of Staff	1
Chief of Police	1
Chief of Emergency Services	1
Chief Information Officer	1
Chief Audit Executive	1
Strategic Executive Head	2
Strategic Executive Director	4
TOTAL	17

EMPLOYEES WITH DISABILITIES

The City is committed to providing fair opportunities to people with disabilities. 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 989 officials in senior management, 16 (1,6%) have a recognised form of disability. A total of 205 of the employees in the City is recognised as having a disability (1,05% of total employees). Of the 205 employees with disabilities, 63 are female (30,73%) and 147 are from the HDI group.

Table 71: Total number of employees with disabilities in each of the following occupational levels

Occupational levels	Male				Female				Foreign nationals		TOTAL
	A	C	1	W	A	C	1	W	A	C	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	5	0	0	5	4	0	0	2	0	0	16
Professionally qualified	1	0	1	16	4	1	0	0	0	0	23
Skilled technical	17	1	0	27	6	0	1	7	0	0	59
Semi-skilled	19	1	0	10	6	1	0	15	0	0	52
Unskilled	27	0	0	0	5	0	0	1	0	0	33
Total permanent	69	2	1	58	25	2	1	25	0	0	183
Non-permanent employees	11	1	0	0	10	0	0	0	0	0	22
GRAND TOTAL	80	3	2	58	35	2	1	25	0	0	205

EMPLOYMENT EQUITY

The City recruits for vacancies against an approved employment equity plan. The employment equity plan is approved internally and has to be considered by the Department of Labour. The high-level objectives of the City of Tshwane Employment Equity Strategy (2012 - 2017) are to –

- achieve equity at the workplace;
- demonstrate the City's intention to create a conducive working environment in order to recruit, develop and retain a diversified workforce;
- identify opportunities to appoint people with disabilities and women in senior positions; and
- main-stream development programmes for women, youths and people with disabilities.

The strategy identifies the following forums for the implementation of the strategy:

- Employment equity forums
- Disability forums
- Top and senior management

The Employment Equity Plan 2012–2017 identified the following objectives:

1. To ensure equal representation at top management level
2. To address over-representation by white males and white females at senior management, professionally qualified and skilled technical levels
3. To address over-representation by black males at semi-skilled and unskilled and under-representation of coloured males, Indian males and white males, African females, coloured females and indian females
4. To appoint and retain people with disabilities
5. To address inequities between salaries for all employees
6. Training programmes and initiatives aimed at eliminating affirmative action barriers
7. Assessment of all HR-related policies annually

The table below provides the numeric targets, including people with disabilities as at 30 June 2015.

Table 72: Employment equity targets – City of Tshwane

Occupational levels	Males				Females				Foreign nationals		TOTAL
	A	C	I	W	A	C	I	W	Male	Female	
EAP	40,3%	5,9%	1,8%	6,6%	33,8%	5,2%	1,1%	5,3%	0%	0%	100%
Top management	19	0	1	0	9	0	0	1	0	0	30
Percentage	63,33 %	0,00%	3,33%	0,00%	30,00 %	0,00%	0,00%	3,33%	0,00%	0,00%	100,00%
Gap	23,03 %	-5,9%	1,53%	-6,6%	-3,8%	-5,2%	-1,1%	-1,97%	0%	0%	0%
Senior management	364	20	18	150	260	16	11	82	1	0	922
Percentage	39,48 %	2,17%	1,95%	16,27 %	28,20 %	1,74%	1,19%	8,89%	0,11%	0,00%	100,00%
Gap	- 0,82%	-3,73%	0,15%	9,67%	-5,6%	-3,46%	0,09%	3,59%	0,11%	0%	0%
Professionally qualified	476	20	21	316	415	20	10	124	0	0	1402
Percentage	33,95 %	1,43%	1,50%	22,54 %	29,60 %	1,43%	0,71%	8,84%	0,00%	0,00%	100,00%
Gap	- 6,35%	-4,47%	-0,3%	15,94 %	-4,2%	-3,77%	0,39%	3,54%	0%	0%	0%
Skilled technical	1 399	40	20	731	1 350	84	35	409	0	0	4 068
Percentage	34,39 %	0,98%	0,49%	17,97 %	33,19 %	2,06%	0,86%	10,05 %	0,00%	0,00%	100,00%
Gap	- 5,91%	-4,92%	-1,31%	11,37 %	-0,61	-3,14%	-0,24	4,75%	0%	0%	0%
Semi-skilled	3 098	95	22	530	1 943	81	28	450	0	0	6 247
Percentage	49,59 %	1,52%	0,35%	8,48%	31,10 %	1,30%	0,45%	7,20%	0,00%	0,00%	100,00%
Gap	9,29%	-4,38%	-1,45%	1,88%	-2,7%	-3,9%	-0,65%	1,9%	0%	0%	0%

Unskilled	5 686	55	10	80	1 071	7	5	10	0	0	6 924
Percentage	82,12 %	0,79%	0,14%	1,16%	15,47 %	0,10%	0,07%	0,14%	0,00%	0,00%	100,00%
Gap	41,82 %	-5,11%	-1,66%	-5,44%	-18,33 %	-5,1%	-1,03%	-5,16	0%	0%	0%
Total permanent	11 042	230	92	1 807	5 048	208	89	1 076	1	0	19 593
Non-permanent employees	3 336	19	9	87	7 700	26	8	62	2	0	11 249
GRAND TOTAL	14 378	249	101	1 894	12 748	234	97	1 138	3	0	30 842

The following table (a repeat of the one in the section on vacancies) provides the state of employment equity per employment category as compared to the numeric targets set out above.

Table 73: Employment levels per category showing employment equity (including disability) – City of Tshwane

Occupational levels	Males				Females				Foreign nationals		TOTALS
	A	C	I	W	A	C	I	W	Male	Female	
Top management	13	0	0	0	3	0	0	1	0	0	17
Senior management	413	16	14	163	270	12	11	88	2	0	989
Professionally qualified	387	12	6	314	301	8	6	116	0	0	1 150
Skilled technical	1 599	36	18	860	1 371	50	21	424	0	0	4 379
Semi-skilled	2 836	93	22	431	1 902	83	28	448	0	1	5 844
Unskilled	5 795	52	1	64	1 108	5	0	9	0	0	7 034
Total permanent	3051	209	61	1832	1958	158	66	1086	2	1	2430
Non-permanent employees	42	4	0	4	33	1	0	2	0	0	86
GRAND TOTAL	11 085	213	61	1 836	4 988	159	66	1 088	2	1	19 499

WORKFORCE PROFILE FOR THE SANDSPRUIT WORKS ASSOCIATION (SWA)

The workforce profile information in terms of race, gender and disability as at 30 June 2015:

This table contains information on all employees, including people with disabilities.

Table 74: SWA

Occupational levels	Males				Females				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Males	Females	
Top management	1	0	0	0	0	0	0	0	0	0	1
Senior management	1	0	0	1	2	0	1	0	0	0	5
Professionally qualified and experienced specialists and mid-management	12	0	1	1	12	0	0	0	0	0	26
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	15	1	0	0	14	0	0	1	0	0	31
Semi-skilled and discretionary decision-making	65	0	0	0	46	0	0	0	0	0	111
Unskilled and defined decision-making	67	0	0	0	11	0	0	0	0	0	78
TOTAL PERMANENT	161	1	1	2	85	0	1	1	0	0	253
GRAND TOTAL	161	1	1	2	85	0	1	1	0	0	252

VACANCIES AND FILLED POSITIONS OF THE HOUSING COMPANY TSHWANE (HCT)

As indicated earlier in the report, the HCT experienced capacity challenges during the 2014/15 financial year, which impacted on its ability to achieve its planned targets. The following table indicates the filled vacant positions in the HCT as at the end of June 2015.

Table 75: Vacancies HCT

Units	Number of posts	Number of filled posts	Number of vacancies	Percentage of vacancies
Chief Executive Officer	3	0	3	100%
Finance Department	5	4	1	20%
Property Management	7	6	1	14%
Property Development	2	1	1	50%
Operations	5	3	2	40%
TOTAL	22	12	8	45%

Table 76: Employment equity – HCT

Employment equity figures					
	African	Coloured	Indian	White	Total
Males	9	0	0	0	9
Females	4	0	1	0	5
Total	13		1		14
Actual %	68,4%	0%	100%	0%	63,64%
Target %	100%	100%	100%	100%	100%
Gap	6	1	0	1	8
Target total	19	1	1	1	22
Change totals					
Staff levels:					
Senior management	3	0	0	0	3
Administration	11				11

Table 77: Employment equity – TEDA (female positions, people with disabilities)

Job levels	Black (a/c/i)		White		Foreign nationals		Gender		Grand
	M	F	M	F	M	F	M	F	Total
Executives	2	4	0	0	0	0	2	4	6
Senior management	6	2	0	0	0	0	6	2	8
Middle management	2	5	0	0	0	0	2	5	7
Operational	1	4	0	0	0	0	1	4	5
Support	4	5	0	0	0	0	4	5	9
Total permanent	15	20	0	0	0	0	15	20	35
Temps and interns	0	1	0	0	0	0	0	1	0
Grand total	15	21	0	0	0	0	15	21	35

Females with disabilities are not represented in the TEDA population at all levels.

Table 78: TEDA vacancies and filled positions

Business units	2014/15 approved posts as per the structure	Number of filled posts	Vacant posts
Office of the CEO	7	4	3
Company Secretary	3	2	1
CFO	8	8	0
Corporate Services	13	9	4
Asset Management	6	0	6
Investment Promotion and Funding	10	7	3
Internal Audit	2	0	2
Risk and Compliance	1	0	1
Projects Portfolio	10	3	7
Total	60	33	27

The following section considers information related to the management of the municipal workforce.

B MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION

The Municipal Systems Act (MSA) of 2000 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration in accordance with the Employment Equity Act of 1998.

This component reports on the following elements:

- Capacitating the municipal workforce
- Suspensions uplifted
- Disclosures of senior managers and councillors

During the 2014/15 financial year there were no new human resource policies developed and none of the existing ones were reviewed. An HR risk policy will be developed in the 2015/16 financial year in correspondence with the Anti-corruption Policy.

1 INJURIES, SICK LEAVE AND SUSPENSIONS

The City of Tshwane has shown a marked improvement regarding compliance with administration of occupational health and safety. A total of 856 injuries on duty was reported, which is still too high. This could be attributed to the more accurate recording of incidents since the incidents of the whole organisation are now captured on a singular reporting system. Employees are also better-informed of their responsibility to report sustained injuries.

INJURIES

The cumulative number of section 24 incidents according to available data is 36; the total number of employees employed as at 22 June 2015 was 32 443. The statistics include permanent and non-structural employees such as EPWPs, interns, etc. as their incidents are logged on the SAP EHS system and reflected on incident statistics.

The number of section 24 incidents as a percentage of persons employed for the 2014/15 financial year thus far is therefore 0,11%. This indicates an improvement of 0,05% as compared to the previous financial year. Any incident is however still one incident too many.

There has been a marked improvement in OHS administrative compliance over the past few years. The City is evaluated against a set of OHS performance indicators that are reviewed annually to ensure improved performance. This indicates that the OHS management system which has been developed and implemented for the City is bearing fruit.

The City of Tshwane has shown a marked improvement regarding the management over injury on duty cases. The number of IODs reported for this financial year is 856 incidents, which shows a positive incident decline of 74 (7%) incidents reported as compared with the previous financial year (930).

The following figures indicate injuries that were recorded in line with the Occupational Health and Safety Act.

In addition, the SWA recorded two injuries on duty.

Table 79: Injuries for 2014/15 compared to previous financial years

Activity	Total employees or incidents for 2012/13	Total employees or incidents for 2013/14	Total employees or incidents for 2014/15	Challenges
Medical surveillance, including biological monitoring	5 620 employees	7 497 employees	7 790 employees	Non-compliance of employees
Initial and exit medical examinations	508 employees	2 441 employees	364 employees	Not all employees attend exit evaluations
Evaluation of medically incapacitated employees	51 cases	86 employees	65 employees	None
Development of occupational risk profiles	243 profiles	0 profiles	273 profiles	Some positions not indicated on the structure
General medical services provided	11 475 clinic visits	9 731 clinic visits	8 383 clinic visits	None
Specialised and general health and safety training provided to employees	781 employees	1 895 employees	1 082 employees	Insufficient OHS training officers
Legal compliance audits	96 audits	204 audits	250 audits	None
Inspections of workplaces	58 inspections	58 inspections	80 inspections	None
Accidents recorded, investigated and legally required documentation produced	721 incidents	930 incidents	856 incidents	700 cases investigated (backlog and current cases) for the 2014/15 financial year
Section 24 incidents investigated	-	48 incidents	45 incidents	Personnel shortage hampers the timeous investigation of incidents
Health and Safety Committee meetings attended as co-opted members	197 meetings	511 meetings	498 meetings	None

SICK LEAVE

The City is currently in the process of implementing the e-leave solution and the employee self-service platform. These systems will improve the management and functioning of the leave system.

The conditions of service allow for an employee to take two days' sick leave within an eight-week cycle without a medical certificate. An employee must provide a supporting medical certificate when taking more than two consecutive days of sick leave.

Table 80: Total sick leave recorded in the 2014/15 financial year as compared to 2013/14

Description	2013/14		2014/15	
	Total sick leave days	Proportion of sick leave	Total sick leave days	Proportion of sick leave
Sick leave with medical certificate	80 874,31	83,5%	87 473	88%
Sick leave without medical certificate	16 030,67	16,5%	11 952	12%
Total number of days sick leave	96 904,98		99 425	

The conditions of service allow for additional sick leave under conditions of half pay or unpaid leave.

- 4 388 employees took sick leave at half pay supported by a medical certificate.
- 108 employees took sick leave at half pay without a supporting medical certificate.

SUSPENSIONS UPLIFTED

In the 2014/15 financial year, 15 suspensions were uplifted. A total of 9 of the suspensions uplifted were as a result of a forensic report that cleared the officials of any misconduct. The following table provides information on the suspensions uplifted during the 2014/15 financial year.

Table 81: Suspensions uplifted – 2014/15

Position	Pay number	Reason for suspension	Date of suspension	Date of upliftment and reason
Bus Driver	10002045	Drove the bus without permission to do so	October 2014	February 2015 – South African Local Government Bargaining Council awards in favour of the employee
Bus Driver	10014351	Drove the bus without permission to do so	October 2014	February 2015 – South African Local Government Bargaining Council awards in favour of the employee
Bus Driver	348313	Drove the bus without permission to do so	October 2014	February 2015 – South African Local Government Bargaining Council awards in favour of the employee
Functional Head	605806	Alleged fraud and contravention of procurement processes	28 July 2014	26 January 2015 – case withdrawn as written warning had been given previously for the act of misconduct

Position	Pay number	Reason for suspension	Date of suspension	Date of upliftment and reason
Truck Driver	10012390	Theft of City of Tshwane steel bins	May 2014	February 2015 – three-month suspension period ended
Truck Driver	10012273	Theft of City of Tshwane steel bins	May 2014	February 2015 – three-month suspension period ended
Admin Officer	10024705	Contravention of section 4(3) 4(2) and schedule 2 of the Municipal Systems Act, 2000 (Act 32 of 2000)	October 2014	February 2015 – findings of forensic investigation report indicated that there was no misconduct
Admin Officer	10003871	Contravention of section 4(3) 4(2) and schedule 2 of the Municipal Systems Act, 2000 (Act 32 of 2000)	October 2014	February 2015 – findings of forensic investigation report indicated that there was no misconduct
Admin Officer	10023871	Contravention of section 4(3) 4(2) and schedule 2 of the Municipal Systems Act, 2000 (Act 32 of 2000)	October 2014	February 2015 – findings of forensic investigation report indicated that there was no misconduct
Administrator	10009549	Contravention of section 4(3) 4(2) and schedule 2 of the Municipal Systems Act, 2000 (Act 32 of 2000)	October 2014	February 2015 – findings of forensic investigation report indicated that there was no misconduct
Artisan	10003826	Contravention of section 4(3) 4(2) and schedule 2 of the Municipal Systems Act, 2000 (Act 32 of 2000)	October 2014	February 2015 – findings of forensic investigation report indicated that there was no misconduct
Artisan	10006000	Contravention of section 4(3) 4(2) and schedule 2 of the Municipal Systems Act, 2000 (Act 32 of 2000)	October 2014	February 2015 – findings of forensic investigation report indicated that there was no misconduct
Constable	155388	Contravention of section 4(3) 4(2) and schedule 2 of the Municipal Systems Act, 2000 (32 of 2000)	October 2014	February 2015 – findings of forensic investigation report indicated that there was no misconduct
Constable	10017569	Contravention of section 4(3) 4(2) and schedule 2 of the Municipal Systems Act, 2000 (Act 32 of 2000)	October 2014	February 2015 – findings of forensic investigation report indicated that there was no misconduct

Position	Pay number	Reason for suspension	Date of suspension	Date of upliftment and reason
Buyer	10003177	Contravention of section 4(3), 4(2) and schedule 2 of the Municipal Systems Act, 2000 (Act 32 of 2000)	October 2014	February 2015 – findings of forensic investigation report indicated that there was no misconduct

2 CAPACITATING THE MUNICIPAL WORKFORCE

In the Tshwane Vision 2055, the City indicated its aspirations to be a learning organisation. Innovation was also identified to be a driver of efficient service delivery. The capacitation of the municipal workforce is an essential element of service delivery, innovation and improving efficiencies. Capacitation of the workforce is done in a number of ways including –

- training;
- skills development; and
- internships.

In an effort to develop competency, the City, through the Tshwane Leadership and Management Academy (TLMA), provides training to its leadership, senior management, junior management and operational staff to build capacity. All training provided by the TLMA was based on needs to address priorities determined in accordance with the Workplace Skills Plan.

The following table presents statistics on the number of Tshwane employees who received training during the 2014/15 financial year. Just over 8 000 employees were provided access to formal training in the 2014/15 financial year.

- 500 graduates were placed on the Work-integrated Learning (WIL) programme.
- 500 non-employees were trained on the **NTIP** tooling programme.
- 245 employees were trained on the Mayoral Basic Computer Literacy (MBCL) programme.

Table 82: Total employees trained – City of Tshwane

Management level	Gender	Employees in post as at 30 June 2015	Number of skilled employees required and actual employees as at 30 June 2015			
			Apprentice ships	Skills programmes and other short courses	Other forms of training	Total
		Number	Actual: End of 2014/15	Actual: End of 2014/15	Actual: End of 2014/15	Actual: End of 2014/15
1. Legislators	Female	85	1			1
	Male	134				
2. Managers	Female	322	1	57	76	134
	Male	580	1	73	136	210
3. Professionals	Female	2 390	6	34	623	663

Management level	Gender	Employees in post as at 30 June 2015	Number of skilled employees required and actual employees as at 30 June 2015			
			Apprentice ships	Skills programmes and other short courses	Other forms of training	Total
		Number	Actual: End of 2014/15	Actual: End of 2014/15	Actual: End of 2014/15	Actual: End of 2014/15
	Male	1 519	1	39	376	416
4. Technicians and Trade Workers	Female	322	8		131	139
	Male	1 813	69	3	443	515
5. Community and Personal Service Workers	Female	785	9		71	80
	Male	254	5		38	43
6. Clerical and Administrative Workers	Female	2 036	10	9	615	634
	Male	1 007	42	1	250	293
7. Sales and Service Workers	Female	1 534	2	114	1 437	1 553
	Male	3 064	2	172	2 479	2 653
8. Machinery Operators and Drivers	Female	106			19	19
	Male	1 330	4	2	137	143
9. Elementary Workers	Female	1 004		4	170	174
	Male	4 552	18	11	420	449
Grand Total		22 837	179	519	7 421	8 119

The City has, in partnership with the Local Government Sector Education and Training Authority (LGSETA), provided learning and experiential opportunities to students and work seekers through the internship programme. Learnerships offer current students' workplace-related experiential training in order to meet the requirements of their qualification. Internships offer work seekers who have completed their qualifications a chance to gain work-related experience. The internships and learnerships are normally for a period of 12 months. During the 2014/15 financial year the City funded 264 interns and the LGSETA funded 500 interns.

The City has a formal application process that is followed when providing learnership and internship opportunities.

The following table presents the training statistics per category.

Table 83: Training by category

CATEGORY	NUMBER
Employees trained	8 119
Interns funded by LGSETA	500
Non-employees trained	1 111
Interns funded by Municipality	264

Apart from the formal training opportunities, a number of other types of skills development takes place as part of the management of service delivery. This would include for example –

- seminars that are held to enhance specific areas of knowledge: In the 2014/15 financial year the City Strategies and Performance Management Department conducted seminars for senior management in order to improve organisational performance knowledge and practices; and
- mentoring and coaching: As part of the work of many departments, it is essential to ensure that role players understand the technical requirements of other departments. In the efforts to ensure an unqualified audit of predetermined objectives (AOP) outcome by the AGSA, the City Strategies and Performance Management Department worked with all departments, assisting them to improve their performance practices, and providing guidance, mentorship and support in, for example, the development of listings, how to conduct first-level reviews and the preparation of source documents.

TRAINING: SWA

Table 84: SWA training statistics for the 2014/15 financial year

	Description	Male				Female				Disability		Age groups			Total
		A	C	I	W	A	C	I	W	M	F	<35	35-55	>55	
1	Quality Management														0
2	SHE Rep	15				4							18		19
3	Employment Equity Training	2				1						1			3
4	Skills Development Training					1									1
5	Incident Investigation	16													16
6	First Aid Level 2	19				7									26
7	First Aid Level 3	13				5									18
8	EWP for Managers	5		1		4									10
9	Health and Safety	2		1		1		1							5
10	Tax Seminar					2							1	21	2
11	Retirement Fund Management	1											1		
12	Municipal Finance Programme	4											4		4
13	Paralegal Practitioner	1											1		1
14	Fire Fighting Training	18											18		18
	TOTALS	27	0	2	0	7	0	1	0			0	21	21	36

Table 85: SWA SETA reimbursement funding

	Description	Male				Female				Disability		Age groups			Total
		A	C	I	W	A	C	I	W	M	F	<35	35-55	>55	
1	B Tech: Civil Engineering					1							1		1
2	General Secretary					1					1		1		1
3	Civil Engineering	1											1		1
4	Labour Dispute Resolution Practices	1											1		1

		Male				Female				Disability		Age groups			Total
	Description	A	C	I	W	A	C	I	W	M	F	<35	35-55	>55	
5	Programme in Human Resources					1							1		1
6	Customer Service Management					1									1
7	Relations Management	1				4							5		5
8	Fundamental Accounting	1				2							3		3
9	Practical Bookkeeping					1									1
10	Chemical Plant Operations					1									1
11	Risk Management Programme					1									1
12	Management Assistant					1									1
13	TOTALS	4	0	0	0	14	0	0	0		1	0	13	0	18

In 2014, the SWA received R242 000,00 from EWSETA as a skills levy reimbursement. This was used to fund the training programmes listed above. To date, R205 000,00 of the refund has been spent on providing financial assistance to employees. A total amount of R413 505,00 was spent on the SWA's skills development.

TRAINING – HCT
Table 86: Training statistics – HCT

Type of training	2013/14						2014/15					
	Gender	Employees in post as at 30 June 2012/13	Learnerships	Skills programmes and other short courses	Other forms of training	Total	Gender	Employees in post as at 30 June 2014/15	Learnerships	Skills programmes and other short courses	Other forms of training	Total
Case-ware	Female	Yes	0	0	0	R3,169		Yes	0	0	0	
Municipal Financial Management Programme			0	0	0	Paid for by City of Tshwane	2 females	Yes	0	0	0	
GRAAP Standards			0	0	0	Paid for by City of Tshwane	2 females	Yes	0	0	0	
Contract Management			0	0	0	0	Male	Yes	0	0	0	R8,749
Social Housing Legislation and Regulations Training			0	0	0	0	2 males	Yes	0	0	0	R6,500
Property Leasing			0	0	0	0	3 males and 1 female	Female resigned	0	0	0	R33,098

Table 87: TEDA training

Type of training	2013/14						2014/15						Remarks
	M/ F	Employees in post as at 30 June 2013	Learnership	Skills programmes and other short courses	Other forms of training	Total	M/ F	Employees in post as at 30 June 2013	Learnership	Skills programmes and other short courses	Other forms of training	Total	
Smart Screen Application	F	34	0	Smart Screen Application	1	1	F	35	0	Company Secretary Training/ Logistics Management/Chartered Secretaries Board Exam/ Microsoft Excel/Telephone Etiquette/Smart Screen Application	0	6	Training was put on hold due to the implementation of OD project.

3 DISCLOSURES

In order to ensure good governance practices, officials (especially senior management) and councillors are required to make financial disclosures in order to prevent fraud, unauthorised work outside of the City, and possible conflicts of interest when participating in specific committees.

This section of the report discloses to the public the remuneration of the City Manager and his direct reports, as well as councillors for the 2014/15 financial year. The following table presents the annual remuneration of the City Manager and his direct reports.

Table 88: Remuneration of Municipal Manager and direct reports to the Municipal Manager

Name	Designation	Entry date	Annual remuneration (R)
Jason Ngobeni	City Manager	01/09/2011	3,052,954,00
Ernest Webster Shoji	Chief of Staff: Office of the Executive Mayor	01/08/2012	1,777,308,00
Mapiti David Matsena	SEH ¹⁷ : Office of the Speaker	01/08/2010	1,587,539,00
Kgaugelo Welheminah Mkhwebane	SEH: Office of the Chief Whip	01/01/2008	1,587,536,00
Tshilidzi Douglas Nemahagala	SED ¹⁸ : City Manager Support	01/05/2012	1,739,989,00
Mahlomola Daniel Manganye	SED: Community and Business Safety	01/10/2010	1,587,536,00
Lindiwe Kwele	Deputy City Manager: Strategy Development and Implementation	01/01/2012	2,451,294,00
Mokhokela Kgope Frans Boshielo	Deputy City Manager: Operations	01/12/2011	2,076,009,00
Lisa Nkosinathi Mangcu	Deputy City Manager: Infrastructure and Programme Management	01/12/2011	2,076,009,00
Obed Thenga	Chief Audit Executive	01/01/2012	1,587,525,00
Andile Phillip Dyakala	Chief Financial Officer	01/08/2007	2,014,949,00
Khazamula Steven Ngobeni	Chief of Police	01/05/2012	1,719,974,00
Khathutshelo Cynthia Ramulifho	SED: Corporate and Shared Services	01/12/2014	1,600,000,00
Bruno Segopotso Seabela	SED: Legal Services	22/05/2012	1,924,575,00
Dudlana John Otumile	Chief Information Officer	05/11/2012	1,777,308,00
Joan Kathlen de Beer	Chief of Emergency Services	01/07/2012	1,752,200,00
Ndivhoniswani Lukhwani	Service Delivery Coordinator and Transformation Manager	01/07/2007	2,076,005,00

The following table provides the disclosures on the remuneration package of councillors.

¹⁷ SEH refers to Strategic Executive Head

¹⁸ SED refers to Strategic Executive Director

Table 89: Disclosures concerning councillors

Name	Designation	Entry date	Actual remuneration (per annum)(R)
Perpetua Lucy Lekgema	Councillor	23/05/2011	416,098,00
Daniel Mthetwa	Councillor	23/05/2011	832,197,00
Selejane Moses Phasha	Councillor	04/12/2013	416,098,00
Selopi Peter Tlomatsane	Councillor	23/05/2011	832,197,00
Gerhardus Cornelius Pretorius	Councillor	23/05/2011	416,098,00
Hendrik Frederik Fourie	Councillor	23/05/2011	416,098,00
Maria Gertruida Aucamp	Councillor	23/05/2011	416,098,00
Clive John Napier	Councillor	23/05/2011	416,098,00
Tessa Ernest	Councillor	23/05/2011	416,098,00
Petrus Johannes Fourie	Councillor	23/05/2011	416,098,00
Subesh Pillay	Member of the Mayoral Committee	23/05/2011	891,640,00
Thembi Alexia Sebata	Councillor	23/05/2011	416,098,00
Tshililo Victor Rambau	Councillor	23/05/2011	416,098,00
Sello Esrom Huma	Councillor	23/05/2011	416,098,00
Kgosientso David Ramokgopa	Executive Mayor	02/11/2010	1,177,639,00
Lucas Johannes Welmans	Councillor	23/05/2011	416,098,00
Johanna Christina Spoelstra	Councillor	23/05/2011	416,098,00
Joseph Mkhize	Councillor	23/05/2011	832,197,00
Stanley Desmond Rens	Councillor	23/05/2011	416,098,00
Yvonne Kwena Dzumba	Councillor	23/05/2011	416,098,00
Thembekile Elizabeth Mmoko	Member of the Mayoral Committee	23/05/2011	891,640,00
Petunia Faith Mashaba	Member of the Mayoral Committee	23/05/2011	891,640,00
Joan Denise Muller	Councillor	23/05/2011	832,197,00
Percy Ben Zitha	Councillor	21/05/2011	416,098,00
Karen Meyer	Councillor	23/05/2011	416,098,00
Daniel Gabriel Wannenburg	Councillor	23/05/2011	416,098,00
Peter Edward Millar	Councillor	23/05/2011	416,098,00
Victoria Ann Bosch	Councillor	23/05/2011	416,098,00
Derek Lanchester Fleming	Councillor	23/05/2011	416,098,00
Elmarie Linde	Councillor	23/05/2011	416,098,00
Johan Jansen	Councillor	23/05/2011	416,098,00
Oupa Sandy Lebese	Councillor	23/05/2011	416,098,00
Lot Ratsela Mathibedi	Councillor	23/05/2011	416,098,00
Barend William Chapman	Councillor	23/05/2011	416,098,00
Catharina Dorothea Prinsloo	Councillor	23/05/2011	416,098,00
Magrietha Aucamp	Councillor	23/05/2011	416,098,00
Daniel Jacobus Erasmus	Councillor	23/05/2011	416,098,00
Albertus Martinus van Niekerk	Councillor	23/05/2011	416,098,00

Name	Designation	Entry date	Actual remuneration (per annum)(R)
Makopo Arow Makola	Councillor	23/05/2011	416,098,00
Magate Daniel Sekonya	Councillor	23/05/2011	416,098,00
Maribishi Simon Marotola	Councillor	23/05/2011	416,098,00
Pieter Daniel Uys	Councillor	23/05/2011	416,098,00
Mahomed Essop	Councillor	23/05/2011	416,098,00
Thomas Ketlane Mathebula	Councillor	23/05/2011	416,098,00
Audrey Winifred Morakane Ketlhoilwe Mosu	Speaker	23/05/2011	951,083,00
Maligana Edward Musehane	Councillor	23/05/2011	416,098,00
Duncan Charles Baker	Councillor	23/05/2011	416,098,00
Dikeledi Johanna Lehobye	Councillor	23.05.2011	416,098,00
Elizabeth Paulina Moselelane	Councillor	23/05/2011	416,098,00
Michael Mbitjana Buthelezi	Councillor	23/05/2011	416,098,00
Manakedi Elisa Mlotshwa	Councillor	23/05/2011	416,098,00
Thoko Ellen Guduza	Councillor	23/05/2011	416,098,00
Lesiba Johannes Lekgoathi	Proportional Councillor	20/08/2014	416,098,00
Dolly Caroline Ledwaba	Councillor	23/05/2011	832,197,00
John Willem Barendrecht	Councillor	23/05/2011	416,098,00
Pearl Lucy Majeng	Councillor	23/05/2011	416,098,00
Anniruth Kissoonduth	Councillor	2/.05/2011	416,098,00
Lenda Hunadi Kwenda	Councillor	23/05/2011	416,098,00
Daniel Jacobus Swanepoel	Councillor	23/05/2011	416,098,00
Benjamin Jacobus Wannenburgh	Councillor	23/05/2011	416,098,00
Brandon Rodney Topham	Councillor	23/05/2011	416,098,00
Alban Winston Campbell	Councillor	23/05/2011	416,098,00
Marubini Rosemary Ngobeni	Councillor	23/05/2011	416,098,00
Casper Nicolaas MC Donald	Councillor	23/05/2011	416,098,00
Refiloe Helen Motsepe	Councillor	21/05/2011	416,098,00
Gertruida Magdalena Erasmus	Councillor	23/05/2011	416,098,00
Chris Francois Bekker	Councillor	23/05/2011	416,098,00
Alphina Anna Ndlovana	Councillor	23/05/2011	832,197,00
Suzette Fourie	Councillor	23/05/2011	416,098,00
Sheila Modise	Councillor	21/05/2011	416,098,00
Mokgadi Maria Rallele	Councillor	28/05/2014	416,098,00
Marnette Sutherland	Councillor	21/05/2011	416,098,00
Crezane Bosch	Councillor	01/11/2011	416,098,00
Simon Motsaneng	Councillor	23/05/2011	416,098,00
Elsabe Louw	Councillor	23/05/2011	416,098,00
Rasello Terence Mashego	Member of the Mayoral Committee	23/05/2011	891,640,00
Derick Butinyana Mosito	Councillor	23/05/2011	832,197,00

Name	Designation	Entry date	Actual remuneration (per annum)(R)
Maid Joyce Mabena	Proportional Councillor	23/05/2011	416,098,00
Mfana Abram Marobane	Proportional Councillor	23/05/2011	416,098,00
Aaron Mokgale Maluleka	Proportional Councillor	21/05/2011	832,197,00
Sephiwe Phillip Montlha	Proportional Councillor	23/05/2011	416,098,00
Machueene Joyce Boshomane	Proportional Councillor	23/05/2011	416,098,00
Amos Matome Mampheko	Proportional Councillor	21/05/2011	416,098,00
Malesela Piet Marema	Councillor	21/05/2011	416,098,00
Nathaniel Rabasotho Masupha	Proportional Councillor	21/05/2011	416,098,00
Mmametja Ida Sebopa	Proportional Councillor	23/05/2011	416,098,00
Jonathan Kleinbooi Baloyi	Proportional Councillor	21/05/2011	416,098,00
Makgodu Jacob Aphané	Proportional Councillor	21/05/2011	416,098,00
Poppy Letty Maseko	Proportional Councillor	21/05/2011	416,098,00
Duduzile Elsa Majola	Proportional Councillor	21/05/2011	416,098,00
Apson Sepadi Makaung	Proportional Councillor	21/05/2011	416,098,00
Titos Khalo	Proportional Councillor	21/05/2011	416,098,00
Jane Tebogo Makgatho	Proportional Councillor	21/05/2011	416,098,00
Resemate William Baloyi	Proportional Councillor	21/05/2011	416,098,00
Nontobeko Joyce Komani	Proportional Councillor	21/05/2011	416,098,00
Nokie Ben Makitla	Proportional Councillor	21/05/2011	832,197,00
Christian Hendrik Boshoff	Proportional Councillor	21/05/2011	416,098,00
Daniel Laki Mojela	Proportional Councillor	21/05/2011	416,098,00
Mankoto Levy Lesufi	Proportional Councillor	21/05/2011	416,098,00
Sophie Thembi Sithole	Proportional Councillor	21/05/2011	416,098,00
Victor Phitisi Mabelane	Proportional Councillor	21/05/2011	416,098,00
Kgomotso Rachael Mokonyane	Proportional Councillor	21/05/2011	416,098,00
Nkele Doreen Malapane	Proportional Councillor	21/05/2011	416,098,00
Maidi Dorothy Mabiletsa	Member of the Mayoral Committee	21/05/2011	891,640,00
Joel Malebogo Sindane	Proportional Councillor	21/05/2011	416,098,00
Absalom Setumo Boroto	Proportional Councillor	21/05/2011	416,098,00
Johannes Jacobus Coetsee	Proportional Councillor	21/05/2011	416,098,00
John Buti Masombuka	Proportional Councillor	21/05/2011	416,098,00
Juanita Du Plooy	Proportional Councillor	21/05/2011	416,098,00
Masindi Gertrude Rebecca Morudu	Proportional Councillor	21/05/2011	416,098,00
Daniel Chauke	Proportional Councillor	21/05/2011	416,098,00
Bronwynn Anne Engelbrecht	Proportional Councillor	21/05/2011	416,098,00
Joseph Sibaya	Proportional Councillor	21/05/2011	416,098,00
Johannah Hlangani Matentjie	Proportional Councillor	21/05/2011	416,098,00
Swartland Jabulane Mabona	Chief Whip	21/05/2011	891,640,00

Name	Designation	Entry date	Actual remuneration (per annum)(R)
Dikeledi Wilhemina Mosime	Proportional Councillor	21/05/2011	416,098,00
Lettah Bafedile Dlamini	Proportional Councillor	21/05/2011	416,098,00
Roelof Petrus Fourie	Proportional Councillor	21/05/2011	416,098,00
April Daniel Mabona	Proportional Councillor	21/05/2011	416,098,00
Francina Maredi	Proportional Councillor	21/05/2011	416,098,00
Dorcas Mathe	Proportional Councillor	21/05/2011	416,098,00
Theresa-Eulanda Mabusela	Member of the Mayoral Committee	21/05/2011	891,640,00
Joyce Ngazimbe Sibanyoni	Proportional Councillor	21/05/2011	416,098,00
Barend Hendrik Josephes Erasmus	Proportional Councillor	21/05/2011	416,098,00
Modisa Jason Jacobs	Proportional Councillor	21/05/2011	416,098,00
Christopher Mantual Mahlase	Proportional Councillor	21/05/2011	416,098,00
Moetjie Violet Motsei	Proportional Councillor	21/05/2011	416,098,00
Nomvula Lesiah Matenjwa	Proportional Councillor	21/05/2011	416,098,00
Elsie Shibe Tshabalala	Proportional Councillor	21/05/2011	416,098,00
Phumzile Brian Hlatshwayo	Proportional Councillor	21/05/2011	416,098,00
Magdeline Pretty Sebotsane	Proportional Councillor	21/05/2011	416,098,00
Unus Joosub	Proportional Councillor	21/05/2011	416,098,00
Naome Salphina Katake	Proportional Councillor	21/05/2011	416,098,00
Refiloe Johannah Kekana	Proportional Councillor	21/05/2011	832,197,00
Nozipho Paulina Tyobeka-Makeke	Member of the Mayoral Committee	21/05/2011	891,640,00
Marika Elizabeth Kruger Muller	Proportional Councillor	21/05/2011	416,098,00
Joyce Mangalane Ngobeni	Proportional Councillor	21/05/2011	416,098,00
Tsung Wei Lee	Proportional Councillor	21/05/2011	416,098,00
Nicolaas Cornelius Pascoe	Proportional Councillor	21/05/2011	416,098,00
Lucas Martins Ngobeni	Ward Councillor	21/05/2011	416,098,00
Martha Senwelo Mareme	Ward Councillor	21/05/2011	416,098,00
Isak Jacobus Pietersen	Ward Councillor	21/05/2011	416,098,00
Joshua John Ngonyama	Member of the Mayoral Committee	21/05/2011	891,640,00
Mokganya Ramohoebo	Ward Councillor	21/05/2011	416,098,00
Esther Ntombifuthi Nhlapo	Ward Councillor	21/05/2011	416,098,00
Jacob Mlandu Masango	Member of the Mayoral Committee	21/05/2011	891,640,00
Ingle Singh	Ward Councillor	21/05/2011	416,098,00
Thobatse Peter Matshela	Ward Councillor	21/05/2011	416,098,00
Catharina Elizabeth Strydom	Ward Councillor	21/05/2011	416,098,00
Fikile Emily Nkosi	Ward Councillor	21/05/2011	416,098,00
Peter Sutton	Ward Councillor	21/05/2011	416,098,00
John Ntuli	Ward Councillor	21/05/2011	832,197,00
Alfred Khala Phahlane	Ward Councillor	21/05/2011	416,098,00

Name	Designation	Entry date	Actual remuneration (per annum)(R)
Reyaan Uys	Ward Councillor	21/05/2011	416,098,00
Lobisa Pretty Moganedi	Ward Councillor	21/05/2011	416,098,00
Hilda Weber	Ward Councillor	21/05/2011	416,098,00
Solomon Bongani Phiri	Ward Councillor	21/05/2011	416,098,00
Nkabutsana Phillemon Mogoboya	Ward Councillor	21/05/2011	416,098,00
Jabulani Paulus Rammushi	Ward Councillor	21/05/2011	416,098,00
Mamosa Betty Ringane	Ward Councillor	21/05/2011	416,098,00
Letlotlo Precious Marole	Ward Councillor	21/05/2011	416,098,00
Funny Joshua Mbele	Ward Councillor	21/05/2011	416,098,00
Mmina-Tau Seabelo Marishane	Ward Councillor	21/05/2011	416,098,00
Wildri Dennis Peach	Ward Councillor	21/05/2011	416,098,00
Maupe George Matjila	Member of the Mayoral Committee	21/05/2011	891,640,00
Susan Malekgwabana Ngobeni	Ward Councillor	21/05/2011	416,098,00
Cilliers Brink	Ward Councillor	21/05/2011	416,098,00
Molatelo Samuel Mashola	Ward Councillor	21/05/2011	832,197,00
Lema Godfrey Motau	Ward Councillor	21/05/2011	416,098,00
Joel Kgomotso Masilela	Ward Councillor	21/05/2011	416,098,00
Jonathan Daniel Mashego	Ward Councillor	21/05/2011	416,098,00
Joseph Morake Mogale	Ward Councillor	21/05/2011	416,098,00
Darryl Moss	Ward Councillor	21/05/2011	416,098,00
Mosima Maria Napo	Ward Councillor	21/05/2011	416,098,00
Alfred Butiki Ncube	Ward Councillor	21/05/2011	416,098,00
Felistus Cheeky Ndlovu	Ward Councillor	21/05/2011	416,098,00
Maqoba Abel Ngwenya	Ward Councillor	21/05/2011	416,098,00
Hendrik Jacobus Nortje	Ward Councillor	21/05/2011	416,098,00
Abdulqadir Osman	Ward Councillor	21/05/2011	416,098,00
Shane Maas	Ward Councillor	21/05/2011	416,098,00
Magane Magic Mampuru	Ward Councillor	21/05/2011	416,098,00
Karel Johannes Minnie	Ward Councillor	21/05/2011	416,098,00
Doris Swabi Lindiwe Mnguni	Ward Councillor	21/05/2011	416,098,00
Nontsikelelo Lucia Mokhotho	Ward Councillor	21/05/2011	416,098,00
Alexander Willem Frederik Middelberg	Ward Councillor	21/05/2011	416,098,00
Siobhan Muller	Ward Councillor	21/05/2011	416,098,00
Rachel Kedibone Mathebe	Ward Councillor	20/05/2011	416,098,00
Arthur August Ngwezi	Ward Councillor	19/08/2013	416,098,00
Daddy Cedrick Tsela	Ward Councillor	21/05/2011	416,098,00
Oscar Masarona Mathafa	Ward Councillor	21/05/2011	832,197,00
Phillipus Andries van der Walt	Ward Councillor	23/05/2011	416,098,00

Name	Designation	Entry date	Actual remuneration (per annum)(R)
Nomthandazo Eveline Maseko	Ward Councillor	20/02/2012	832,197,00
Rebone Mothaolo Mokgathadi	Ward Councillor	15/02/2012	832,197,00
Ramphelane Johnny Bophelo Mohlala	Ward Councillor	23/02/2012	832,197,00
Cameron Brighton Ngwenya	Ward Councillor	15/02/2012	416,098,00
Tiyiselani Joseph Babane	Ward Councillor	12/06/2012	416,098,00
Christiaan Mauritz van den Heever	Ward Councillor	23/10/2012	416,098,00
Eugenia Moetedi Thobejane	Ward Councillor	09/11/2012	416,098,00
Lourens Abraham Erasmus	Ward Councillor	14/02/2013	416,098,00
Gert Petrus Visser	Youth Councillor	16/09/2013	416,098,00
Zwelibanzi Charles Khumalo	Youth Councillor	01 /01/2014	416,098,00
Michael Stephen Shackleton	Youth Councillor	01/03/2014	416,098,00
Elma Johanna Nel	Youth Councillor	01/06/2014	416,098,00
Michael Mkhari	Youth Councillor	25/06/2014	416,098,00
Yolanda Duvenage	Youth Councillor	25/06/2014	416,098,00
Isak Petrus Du Plooy	Youth Councillor	25/06/2014	416,098,00
Mare-Lise Fourie	Councillor	01/08/2014	416,098,00
Frans Johannes Smith	Councillor	14/08/2014	416,098,00
Joseph Bafana Nkosi	Councillor	18/09/2014	416,098,00
Maatane Rosina Maake	Councillor	27/10/2014	416,098,00

DISCLOSURES OF THE MUNICIPAL ENTITIES

This section of the report provides information on the municipal entity disclosures.

Table 90 SWA director's remuneration

Name	Position	Board fees	Special board meeting	AGM	Other: Meeting with CEO and City of Tshwane	APC	2-day strategic planning workshop	Retainer	Total (R)
Adv. KD Garlip	Acting Chairperson	77 664,00	48 868,50	10 180,00	7 635,00	56 647,00	30 540,00	53 000,00	284 534,50
CV Maboka	Non-executive Director	48 540,00	26 579,00	-	-	11 545,00	30 540,00	27 000,00	132 659,00
LN Bokaba	Non-executive Director	48 540,00	26 579,00	7 635,00	11 545,00	-	30 540,00	27 000,00	151 839,00
TL Moromane	Non-executive Director	35 815,00	9 236,00	7 635,00	-	-	-	27 000,00	79 686,00
KA Eales *	Non-executive Director	11 545,00	9 236,00	-	-	-	-	0	20 781,00
B Malatji ^	Non-executive Director	-	-	7 635,00	-	-	30 540,00	-	38 175,00
Z Kabini ^	Chairperson(&)	-	2 545,00	7 635,00	-	10 180,00	30 540,00	-	50 900,00
Zwe Ndlala ^	Non-executive Director	-	-	-	-	-	15 270,00	-	15 270,00
	Total	222 104,00	120 498,50	40 720,00	19 180,00	66 827,00	167 970,00	134 000,00	773 844,50

^: Appointed to the board of directors in May 2015

&: Appointed chairperson from 19 June 2015

*: Resigned during second quarter

Table 91: Remuneration of the SWA executive managers

	Basic salary (R)	Total (includes allowances) (R)
Chief Executive Officer	1 434 398,97	1 673 207,96
Chief Financial Officer (Acting)	521 706,13	1 103 272,54
Chief Financial Officer	260 853,07	656 367,24
Human Resource Manager	521 706,13	1 030 320,40
Operations Manager	527 067,61	1 068 663,97
Marketing and Communication Manager	432 270,24	848 417,78
Risk Manager	490 798,58	972 906,04
Legal Manager	521 706,13	976 601,19
Total	4 710 506,86	8 329 757,12

Table 92: Disclosures concerning the HCT executives

Designation	Remuneration paid for 2014/2015 financial year (R)
CEO	N/A (there was only an acting CEO during this period)
Finance Manager	551,156
Property Development Manager (Acting CEO)	508,892

Table 93: TEDA director's remuneration

No.	Surname	Initials	Year to date (R)
1	Mosoma	LD	R41 136,00
2	Bahula- Ermias	RS	R211 086,00
3	Gouvelis	H	R173 378,00
4	Matsho	J	R94 270,00
5	Mpungose	ZG	R37 708,00
6	Mpyane	C	R233 368,00
7	Mzizi	SP	R30 852,00
8	Ntsinde	NM	R11 998,00
9	Sibanda	FK	R116 552,00
10	Singh	N	R118 266,00
11	Thubakgale	JL	R187 090,00
12	Vutula	L	R225 062,00
13	Yates	MW	R207 640,00
Total			R 1 725 670,00

Table 94: TEDA executive remuneration

Name	Designation	Total cost to company	Total cost to company: Monthly before ALL deductions	Total cost to company: Monthly before ALL deductions from January to March 2015	Total cost to company: Monthly before ALL deductions from April to June 2015	Total cost to company: Monthly before ALL deductions from the 2014/15 financial year
Boledi Seopela	Executive Corporate Services	R ,409,628,00	R 17,469,00	R 352,407.00	R 352,407.00	R1,409,628.00
Solly Mogaladi	Chief Executive Officer	R1 709,808,00	R142,484,00	R 142,484.00	R 427,452.00	R 569,936.00
Khanya Mahlare	Executive Marketing and Communication	R1,409,628,00	R117,469,00	R 352,407,00	R 352,407,00	R1,409,628,00
Lebogang Mahaye	Company Secretary	R1,174,690,00	R 97,890,83	R 293,672,50	R 293,672,50	R1,174,690,00
Mmatlou Sebogodi	Chief Financial Officer	R1,409,628,00	R117,469,00	R 352,407,00	R 352,407,00	R1,409,628,00
Tshifhiwa Mafela	Executive Trade and Investment	R1,409,628,00	R117,469,00	R 352,407,00	R 352,407,00	R1,409,628,00
Total		R8,523,010,00	R710,250,83	R1,845,784,50	R2,130,752,50	R7,383,138,00

4 TOWARDS A MOTIVATED WORKFORCE

EMPLOYEE SATISFACTION LEVELS

In order to improve service delivery, it is important to regularly assess the satisfaction levels of employees and to put in place measures to address burning concerns that could impact on motivation levels and service delivery. The Corporate and Shared Services Department conducts the employee satisfaction survey. The surveys are normally conducted at least every two years.

During the 2014/15 financial year an employee satisfaction survey was conducted. The survey results show that employee satisfaction is not at the target level of 85%, with a high number of people indicating they are likely to seek employment elsewhere. The percentage of satisfied employees is 60%, which is within

internationally accepted benchmarks. However, the City has to address the following issues to improve employee satisfaction:

- Putting in place measures to facilitate professional growth
- Addressing high levels of workplace stress
- Providing more adequate supervision
- Creating a balance with regard to the degree of challenge in work
- Improving performance feedback and communication
- Addressing employees' concerns about benefits
- Addressing health and safety practices

SERVICE EXCELLENCE

The City rewards service excellence through a thorough process of assessing performance. The City held its annual service excellence awards for employees in March 2014. The purpose of the awards is to reward and acknowledge those employees that went beyond the call of duty in delivering the services to the people within the Municipality. Awards were rewarded as follows:

Table 95: Winners of the service excellence awards

Category	Kind of award	Name of the person
1. Trade and Technical Support	Winner received a trophy and a certificate 2 nd place: A certificate 3 rd place: A certificate	Winner: Ivan Mohlabane 2nd place: Mpho Ester Mothokoa 3rd place: Lettie Masango
2. Woman in a Technical or Specialised Field	Winner received a trophy and a certificate 2 nd place: A certificate 3 rd place: A certificate	Winner: Matodzi Nancy Nagana 2nd place: Lebogang Anna Mushi 3rd place: Mulalo Tshimange
3. Programme or Project Management	Winner received a trophy and a certificate 2 nd place: A certificate 3 rd place: A certificate	Winning team: Dirk Oegema, Hannelie du Plessis, Teresa Viljoen, George Chauke, Dawood Khan, Philemon Ramoadi, Mmutle Kgokong, Jimmy Baloyi, Jackson Minyuku, Jairos Ngoepe, Patric Talane, Gerda Guldemon 2nd place: Gideon Visser 3rd place: Joyce Hlone
4. Innovation Best Radical Innovation Best Improved Innovation	Winner received a trophy and a certificate 2 nd place: A certificate 3 rd place: A certificate	Winner: Best Radical Innovation: Nkhensani Siwele Winning team: Best Improved Innovation: Kgomotso Mohlala, Jenny C Malan, Bernard Hanekom, Laura Lourens, Schalk Bruwer, Willem de Meyer, Heinrich Eksteen, Virgil

Category	Kind of award	Name of the person
		Easthorpe, Julius Metswamere, Elsie Makinda, Thivhulawi Nyambeni, Davina Jacobs, Pierre Botes, Dina Kruger, Ben Mathebula, Jerry Mabena, David Manchidi, Koos Visagè, Vincent Makgato, Phineas Mashala, Maniki Rakumakwe, Solomon Khale, Peter Mogale Machete
5. Most Improved Individual or Team	Winner received a trophy and a certificate 2 nd place: A certificate 3 rd place: A certificate	Winning team: Obed Makgamatha, Annah Malobola, Mmabatho Mohotsi, Mogau Phofedi, Isaac Magakwa, Phillimon Sepeng, Ricardo Abersalie, Boitumelo Monama, Botle Mpatsi, Ntswaki Ralekgokgo, Mariska Scholtz 2nd place: Lovey Pule, Florah Moagi, Linda Malaka, Marion Kurtz, Thabo Marera, Aaron Phetla 3rd place: Maria Khobo, Mokgadi Ramaphoko, Zandile Ramatsui, Morongwa Mokgokong, Matshidiso Molosiwa, Lizzie Matsabe, Tshilidzi Netshifhefhe, Jacob Sambo, Ivan Mohlabine, Martha Sema, Leonard Netshankhu, Cynett Nchabeleng
6. Customer Service	Winner received a trophy and a certificate 2 nd place: A certificate 3 rd place: A certificate	Winner: Lorraine Waters 2nd place: Neo Matladi 3rd place: Matodzi Nancy Nagana
7. Outstanding Supervisor	Winner received a trophy and a certificate 2 nd place: A certificate 3 rd place: A certificate	Winner: Owen Mahlangu 2nd place: Matsarome Mabena 3rd place: Brigid Thereje- Tabitha Sellar
8. Best Professional or Specialist	Winner received a trophy and a certificate 2 nd place: A certificate 3 rd place: A certificate	Winner: Joshua Netshipale 2nd place: Richard Serame Ndala 3rd place: Lida Lochner
9. Administrative and Auxiliary Support	Winner received a trophy and a certificate 2 nd place: A certificate 3 rd place: A certificate	Winner: Tsholofelo Mokgoshi 2nd place: Lorraine Waters 3rd place: Velaphi Lefifi
10. Tshwane Heroes	Winner received a trophy and a certificate 2 nd place: A certificate 3 rd place: A certificate	Winning team: Them bani Makhubele, Lebogang Fancy Mononyane, Joyce Hlone, Phindile Luswazi, Arivhadvhi Joshua Netshipale, Thivhulawi Nyambeni

Category	Kind of award	Name of the person
		Runners up: Joleen Smith, Sgt Marthinus Stephanus Van Dyk

RETENTION OF SKILLED STAFF

In the past financial year a retention strategy was developed. The focus of the strategy is to support goals of employees and encourage employee involvement in crucial organisational decisions. A key objective is to ensure that departments and regions are capacitated with relevantly skilled people in order to deliver on the City's mandate. Changes in the market impact directly on the operations of municipalities. The City will conduct continual skills assessments to ensure that we remain relevant and are able to deliver on the goals contained in Tshwane Vision 2055.

6 FINANCIAL PERFORMANCE

PURPOSE

The purpose of this section of the report is to report on the financial performance of the City of Tshwane for the 2014/15 financial year. The results presented in this chapter reflect discussions with the AGSA as at December 2015. The detailed consolidated Annual Financial Statements (AFS) is a separate volume to the Annual Report (Volume 2).

1. INTRODUCTION

Since the recent economic crisis, the global economy has been on a slow road towards recovery. It is more evident than ever that the role of emerging economies should not be underestimated, despite the slowdown in growth of emerging and developing economies, they accounted for approximately three-quarters of global growth in 2014. Economic growth is forecast to be stronger in 2015 for advanced economies, with emerging economies expected to experience subdued growth.

The 2014/15 Medium-Term Revenue and Expenditure Framework (MTREF) was shaped by a dynamic global and local macroeconomic environment. Acute risks within the global economy have decreased albeit not entirely eliminated. We are living in a time within which macroeconomic weaknesses are becoming increasingly costly, particularly with the speed and magnitude of these events affecting an increasingly large number of impoverished citizens across the globe.

Economic growth and urban growth are inextricably intertwined. The real challenge within the urban transition is for governments to enable an environment that will allow residents to make the most of living in cities. Although South Africa's economy has expanded over the past years, the rate of growth has steadily declined and this reflects a convergence of un-favourable global and domestic circumstances which impact on all spheres of government.

The 2014/15 MTREF was compiled to operationalise the proposed programmes and projects with financial allocations in line with the six strategic objectives, namely:

1. provide sustainable services, infrastructure and human settlement;
2. promote shared economic growth and job creation;
3. ensure sustainable, safer communities and integrated social development;
4. promote good governance and an active citizenry;
5. improve financial sustainability; and
6. continue institutional development, transformation and innovation.

The long-term financial strategy 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. OPERATIONAL AND FINANCIAL PERFORMANCE REVIEW

Maintaining financial viability of the City of Tshwane is critical to the achievement of service delivery and economic objectives. Revenue generation is fundamental in strengthening the institutional environment for the delivery of municipal basic services and infrastructure. The capacity for generating revenue is challenged by poverty and unemployment that is prevalent in the municipal area.

The City continues to explore ways of generating revenue through the Revenue Enhancement Strategy and Balance Sheet Restructuring and Optimisation.

It is required that the annual financial statements of the City of Tshwane present 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 fulfill this mandate and responsibility, thereby also managing limited resources and economic condition challenges while focusing on effective service delivery.

During the 2014/15 MTREF, a strategy towards the cash-backing of the City of Tshwane's capital reserves, capital provisions and unspent conditional grants, as well as the taking up of long-term loans or bonds was modeled into the long-term financial model (LTFM) to ensure the sustainability of the City over the medium to long term.

Together with the City's objectives – such as a balanced and funded budget, cash-backing of reserves, concentrating on core functions and Tshwane Vision 2055 – the rebirth of our capital city is a reality.

3. ACCOUNTING FRAMEWORK FOR 2014/15

During 2014/15 no considerable changes to the accounting framework had to be implemented. Only one new accounting standard became effective from 1 July 2014, namely:

- GRAP 100 (revised): Discontinued operations

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

- | | |
|--------------------|---|
| • GRAP 18 | Segment reporting |
| • GRAP 105 | Transfer of functions between entities under common control |
| • GRAP 106 | Transfer of functions between entities not under common control |
| • GRAP 107 | Mergers |
| • GRAP 20 | Related parties |
| • IGRAP 11 | Consolidation – Special purpose entities |
| • IGRAP 12 | Jointly controlled entities: Non-monetary contributions by ventures |
| • GRAP 6 (revised) | Consolidated and separate financial statements |
| • GRAP 7(revised) | Investments in Associates |

- GRAP 8 (revised) Interests in Joint ventures
- GRAP 32 Service Concession arrangements: Grantor
- GRAP 108 Statutory Receivables
- IGRAP 17 Service concession Arrangements where a grantor controls a significant residual interest in an asset

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 better and more disclosures.

4 REVIEW OF OPERATING RESULTS

The 2014/15 budget of the City of Tshwane was approved by Council on 30 May 2014 and the Adjustment Budget was approved by Council on 26 February 2015.

4.1 GENERAL

Details of the 2014/15 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:

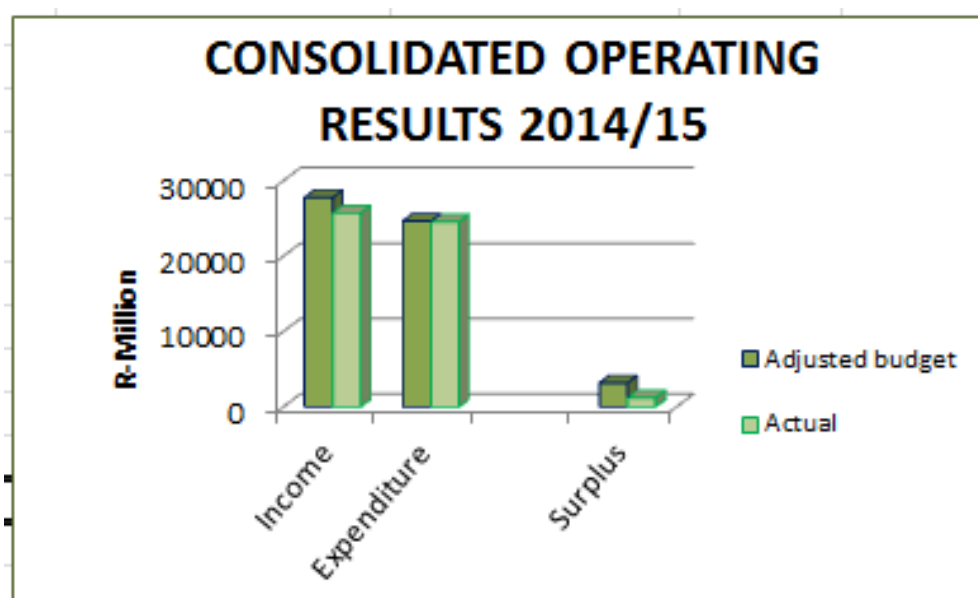


Figure 58: Consolidated Operating Results 2014/15

The overall operating results for the financial year ending 30 June 2015 are as follows:

Table 96: Overall operating results

Description	Adjusted Budget 2015 Municipality R'000	Adjusted Budget 2015 Group R'000	Actual 2015 Municipality R'000	Actual 2015 Group R'000	Variance Actual/ Adjust-ment Budget Municipality %	Actual 2014 Restated Municipality R'000	Actual 2014 Restated Group R'000
Opening Accumulated surplus	-	-	17 513 578	17 556 533		16 778 304	16 833 247
Operating revenue	27 128 774	27 734 074	25 713 961	25 680 658	5.22	23 350 629	23 334 089
	27 128 774	27 734 074	43 227 539	43 237 191		40 128 933	40 167 336
Operating expenditure	23 984 420	24 589 717	24 535 985	24 501 996	2.29	22 731 338	22 726 786
Sundry transfers *	-	-	4 785	4 785		(115 983)	(115 983)
Closing Accumulated surplus:	3 144 354	3 144 357	18 686 769	18 730 410		17 513 578	17 556 533
	27 128 774	27 734 074	43 227 539	43 237 191		40 128 933	40 167 336

* Sundry transfers consist of transfers from the reserves such as the Housing Development Fund and Insurance reserve.

For the Municipality the revenue represents 94.7% of the total adjustment budget. For the group the revenue represents 92.60% of the total adjustments budget.

Service charges (93.9%) and assessment rates (100.3%) are on target while the other revenue line items are between 43.7% and 185.8% of the budget, for example: rental of facilities and equipment (43.7%) licences and permits (90.9%). Capital grant revenue ended on 97.8% of the budget. Operational grant revenue ended on 98.7% of the budget. Fines ended on 61.9% of the budget, which is consistent with the performance of prior years.

The actual net expenditure of the Municipality compared to the adjustment budget represents 102.2% which is an over expenditure of 2.2%. The actual net expenditure of the group compared to the adjustments budget represents 99.64%.

Repairs and maintenance ended on 95.4% of the budget and the contribution to bad debt provision ended on 106.8% of the budget. Collection cost ended on 99.0% of the budgeted expenditure whereas depreciation expense ended on 131.3% of the budgeted amount, contributing to the overall over expenditure.

4.3 OPERATING REVENUE

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

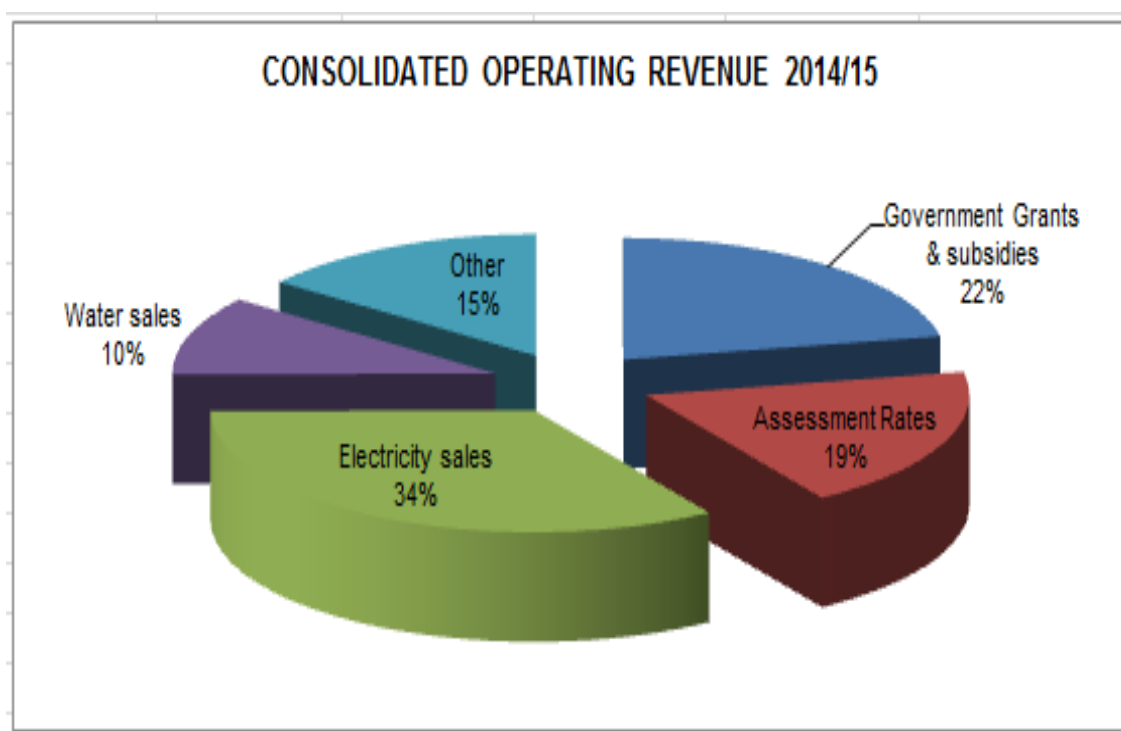


Figure 59: Operating Revenue

4.4 OPERATING EXPENDITURE

The graph below indicates the breakdown per main expenditure group.

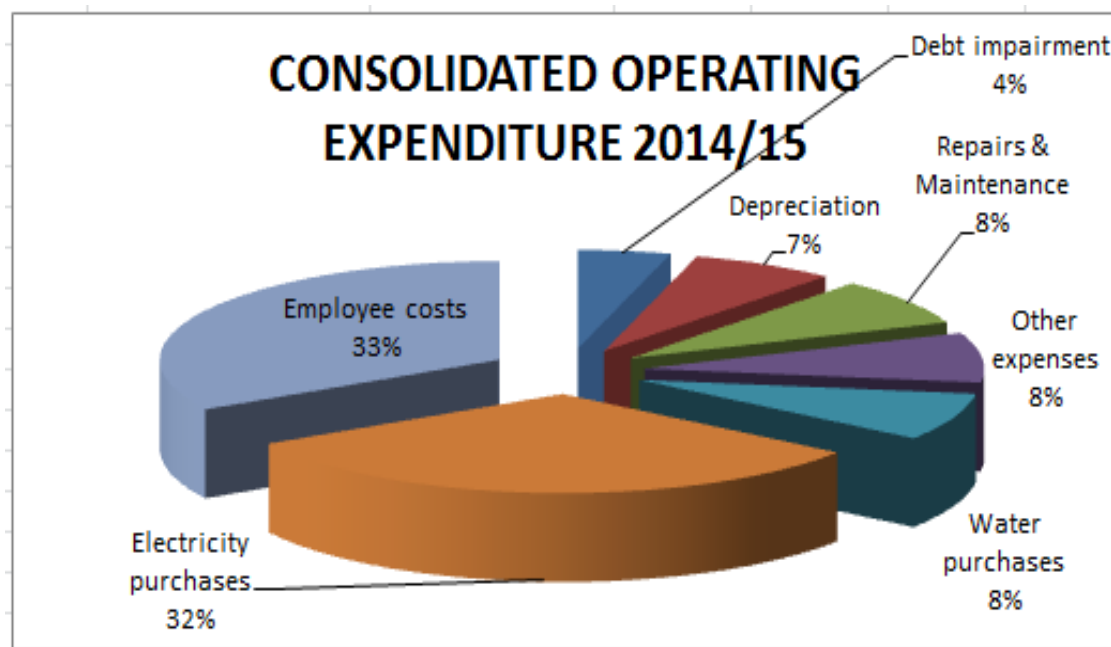


Figure 60: Consolidated Operating Expenditure

4.5 REMUNERATION

The actual expenditure on remuneration expressed as a percentage of the total expenditure for the municipality shows a decrease from 26.72% in 2013/14 to 25.20% in 2014/15. This decrease of 1.52% is due to the fact that the remuneration increased with 3.88% compared to an increase in the total expenditure of 7.94%. For the Group the remuneration as a percentage of total expenditure decreased from 27.75% to 26.21% since 2013/14.

In terms of the Restructuring grant, the target for remuneration as a percentage of revenue is 33 %. The City is well below the ceiling with a percentage of 25.01% (2014: 27.03%) for the group.

Table 97: Remuneration

Description	2014/15		2013/14 Restated	
	Group R'000	Municipality R'000	Group R'000	Municipality R'000
Total operating expenditure	24 501 996	24 535 985	22 726 786	22 731 338
Total operating revenue	25 680 658	25 713 961	23 334 089	23 350 629
Employee remuneration	6 423 146	6 183 293	6 306 606	6 074 122
Ratio: % of total expenditure	26.21%	25.20%	27.75%	26.72%
Ratio: % of total revenue	25.01%	24.05%	27.03%	26.01%
% Growth in remuneration	3.88%	13.92%	16.37%	13.75%

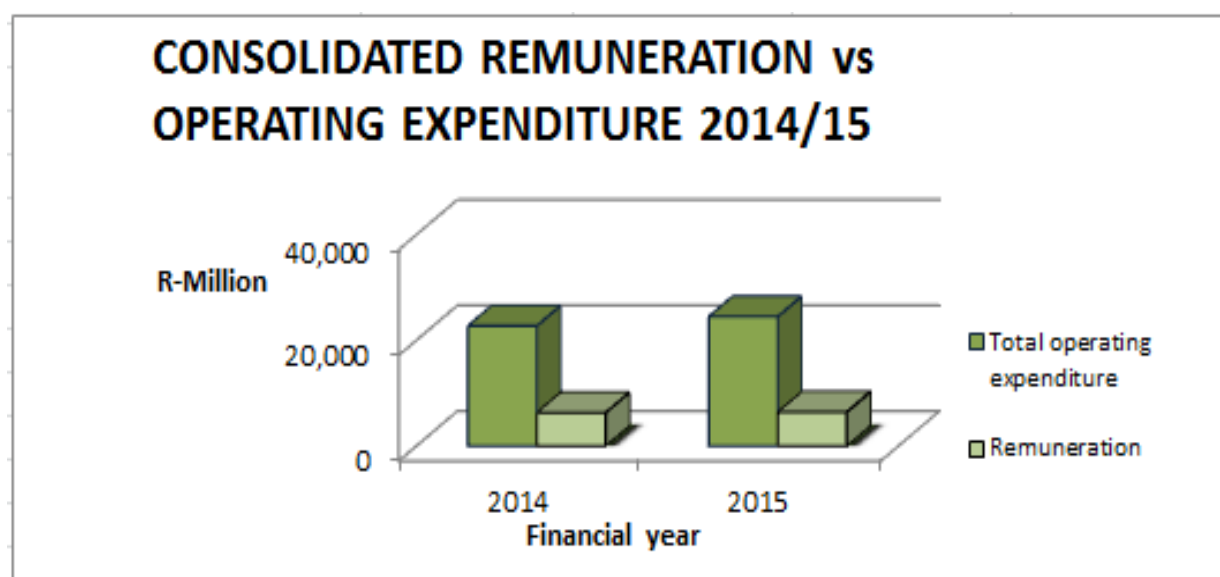


Figure 61: Consolidated remuneration vs Operating Expenditure

4.6 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 98: Government grants and subsidies

Description	2014/15		2013/14 Restated	
	Group R'000	Municipality R'000	Group R'000	Municipality R'000
Equitable share	1 375 518	1 375 518	1 166 964	1 166 964
Primary health care subsidy	39 967	39 967	35 837	35 837
Emergency management subsidy	56 683	56 683	53 750	53 750
Equitable share fuel levy	1 352 410	1 352 410	1 308 179	1 308 179
Housing top structure	-	-	-	-
PTNOG	138 000	138 000	178 366	178 366
USDG(operational)	195	195	39 178	39 178
Other operational grants #	118 712	118 712	79 108	79 108
Capital grants and donations	2 560 527	2 560 527	2 112 512	2 112 512
	5 642 012	5 642 012	4 973 894	4 973 894

Other operational grants include for example: LG SETA, Finance Management grant, OPCA, Revenue enhancement, EPWP, etc

5 FINANCIAL RATIOS, NORMS AND INTERPRETATION

Local government uses different financial ratios and norms to assess their 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. Various categories of ratios and norms exist and cover various aspects of local government's finances, such as financial position, financial performance and cash flow.

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.

5.1 FINANCIAL POSITION

Table 99: Financial position ratios

Measure	Financial ratio and norm	2014/15		2013/14 Restated	
		Group	Municipality	Group	Municipality
Asset management	Capital expenditure to total expenditure	16.79%	16.775	18.61%	18.60%
	Impairment of PPE (including investment property and intangible assets)	0.37%	0.02%	0.37%	0.02%
	Repairs and maintenance as % of Property, plant and equipment and Investment property	5.11%	5.08%	5.26%	5.22%
	Borrowings to Assets (property, plant & equipment)	31.36%	31.37%	30.63%	30.65%
	Collection rate	94.48%	95.22%	94.10%	94.72%

Measure	Financial ratio and norm	2014/15		2013/14 Restated	
		Group	Municipality	Group	Municipality
Debtor management	Bad debts written off as % of bad debt provision	8.13%	8.58%	4.28%	4.10%
	Net debtor days	54	54	62	61
	Growth in total gross receivables (%)	7.03%	5.81%	14.13%	14.25%
	Growth in total net receivables (%)	1.13%	(4.10%)	(5.08%)	(4.67%)
	Growth in net consumer receivables (%)	(0.51%)	(0.38%)	(18.63%)	(18.72%)
	Net receivables to total annual operating revenue	19.20%	18.83%	20.11%	19.89%
Liquidity management	Cash/Cost coverage ratio (excluding unspent conditional grants) (months)	0.26	0.23	0.43	0.40
	Current ratio	0.72:1	0.72:1	0.79:1	0.78:1
	Acid test ratio	0.65:1	0.64:1	0.73:1	0.71:1
	Solvability ratio	1.97:1	1.97:1	2.00:1	2.00:1
	Inventory turnover	3.15 times	3.15 times	2.49 times	2.49 times
	Liquidity ratio	11.61	12.48	7.79	8.20
Liability Management	Capital cost (interest paid and redemption) as % of total operating revenue	11.61%	11.56%	11.25%	11.21%
	Capital cost as % of total operating expenditure	9.50	9.46%	9.09%	9.07%
	Debt (total borrowing) to Total operating revenue (including grants)	40.78%	40.71%	39.70%	39.65%
	Gearing ratio*(Total long-term debt to total revenue less grants)	52.26%	52.16%	50.45%	50.39%
	Financing to capital expenditure	0.26:1	0.26:1	0.19:1	0.19:1
Sustainability	Level of cash backed reserves (net assets – accumulated surplus)	189.07%	169.41%	289.05%	268.83%

* According to credit rating companies the benchmark for local government is a ratio of less than 50%

5.2 FINANCIAL PERFORMANCE

Table 100: Financial Performance ratios

Measure	Financial ratio and norm	2014/15		2013/14 Restated	
		Group	Municipality	Group	Municipality
Efficiency	Net operating surplus margin	4.59%	4.58%	2.60%	2.65%
	Net surplus electricity	11.99%	11.99%	9.22%	9.22%
	Net surplus water and sanitation	40.43%	40.43%	61.50%	61.50%
Distribution losses	Electricity distribution losses (%)	16.05%	16.05%	14.25%	14.25%
	Water distribution losses (%)	18.94%	18.94%	20.70%	20.70%
Revenue Management	Growth in number of active consumer accounts	1.90%	1.90%	6.51%	6.51%
	Revenue growth (%)	10.06%	10.12%	7.07%	7.14%
	Revenue growth (%) – Excluding capital grants	8.95%	9.02%	8.04%	8.09%
	Growth in grants (%)	13.43%	13.43%	4.85%	4.85%
	Growth in service charges (%)	8.87%	8.99%	7.027%	7.17%
Expenditure Management	Creditors payment period (trade creditors) (days)	46	45	56	55
	Irregular, Fruitless and wasteful and Unauthorised expenditure to Total operating expenditure	3.74%	3.67%	5.95%	5.92%
	Remuneration as % of Total operating expenditure	26.21%	25.70%	27.21%	26.72%
	Contracted services as % of Total operating expenditure	11.99%	11.97%	16.17%	16.17%
	Operating Expenditure growth (%)	7.81%	7.94%	13.98%	13.82%
	Capital expenditure growth (%)	(2.69%)	(2.69%)	(7.07%)	(7.07%)

Measure	Financial ratio and norm	2014/15		2013/14 Restated	
		Group	Municipality	Group	Municipality
	Repairs and maintenance to annual operating revenue	5.85%	5.80%	5.91%	5.86%
Grant dependency	Own funded capital expenditure (internally generated funds + borrowing) to Total Capital expenditure	36.27%	36.27%	47.77%	47.77%
	Own funded capital expenditure (internally generated funds) to Total Capital expenditure	2.54%	2.54%	12.46%	12.46%
	Own source revenue to Total Operating revenue (including Agency revenue)	120.97%	120.94%	120.30%	120.28%

5.3 CASH FLOW

Table 101: Cash-flow ratios

Measure	Financial ratio and norm	2014/15		2013/14 Restated	
		Group	Municipality	Group	Municipality
Efficiency	Cashbook balance (plus short-term loans) to total operating revenue#	3.00%	2.74%	4.62%	4.34%
	Cash to interest coverage	3.21:1	3.22:1	3.90:1	3.89:1
	Debt to cash ratio	3.27:1	3.27:1	2.92:1	2.93:1
	Debt to equity	87.55%	87.24%	85.08%	84.92%
	Cost coverage	0.10	0.06	0.28	0.21
	Number of days total cash held	68	63	98	92
	Number of days total cash held (operating cash)	54	49	82	76
	Cash and cash equivalents	R97.6 m	R57.2 m	R224.9 m	R174.3 m

According to credit rating companies the bench mark for local government is a ratio of less than 5%

6 ANALYSIS OF FINANCIAL POSITION AS AT 30 JUNE 2015

Table 102: Group

Type	June 2015 R'000	June 2014 Restated R'000	Variance (R) R'000	Variance (%)
Current assets	5 039 323	5 217 109	(177 786)	(3.41)
Non-current assets	33 577 391	30 387 481	3 189 910	10.49
Total Assets	38 616 714	35 604 590	3 012 124	8.46
Current liabilities	6 970 949	6 606 962	363 987	5.51
Non-current liabilities	12 661 935	11 192 461	1 469 474	13.13
Total liabilities	19 632 884	17 799 423	1 833 461	10.66
Net Assets	18 983 830	17 805 167	1 178 663	6.62

Table 103: Municipality

Type	June 2015 R'000	June 2014 Restated R'000	Variance (R) R'000	Variance (%)
Current assets	4 914 269	5 126 139	(211 870)	(4.13)
Non-current assets	33 556 421	30 363 637	3 192 784	10.52
Total Assets	38 470 690	35 489 776	2 980 914	8.39
Current liabilities	6 871 506	6 538 084	333 422	5.10
Non-current liabilities	12 658 995	11 189 479	1 469 516	13.13
Total liabilities	19 530 501	17 727 563	1 802 938	10.17
Net Assets	18 940 189	17 762 213	1 177 976	6.63

Current assets decreased as a result of a considerable decrease in cash and cash equivalents and consumer debtors. Current liabilities increased mostly due to an increase in lease liabilities, payables and VAT. Non-current liabilities increased due to an increase in long-term loans, post employee benefit obligation and rehabilitation provisions.

7 RECEIVABLES

Details regarding the receivables are provided in Note 20 (Long-term receivables), Note 22 (Consumer receivables) and Note 23 (Other receivables) of the Notes to the Consolidated Annual Financial Statements.

7.1 LONG-TERM RECEIVABLES (NOTE 20)

The long-term receivables show a decrease of R132.595 million (36.84%). This decrease can mainly be ascribed to a decrease in the arrangement consumer debtors (decrease of R117.859 million), a decrease in housing loans (R10.389 million decrease) and a decrease in sale of land (R4.297 million decrease).

7.2 OTHER RECEIVABLES (NOTE 23)

The Other receivables (receivables other than consumer receivables – see note 23 for detail) for the Municipality in total increased with an amount of R153.459 million (9.66%). This is mainly the result of an increase in miscellaneous other debtors of R61.367 million and an increase in lease revenue debtor (R1.164 million and an increase in AARTO fine debtor due to IGRAP1 requirements (R123.879 million). For the Group the Other receivables increased with an amount of R188.221 million since 2014.

7.3 CONSUMER RECEIVABLES (NOTE 22)

For the Municipality the gross consumer receivables increased in total with an amount of R388.231 million (5.26%). For the Group the gross consumer receivables increased with an amount of R498.847 million.

The increase in debt per customer classification is made up as follows:

Table 104: Increase in debt per customer classification

Customer classification	Group			Municipality		
	2014/15		2013/14 Restated	2014/15		2013/14 Restated
	Total R-million	Increase/ (Decrease) R-million	Total R-million	Total R-million	Increase/ (Decrease) R-million	Total R-million
Households	5 332 592	308 379	5 024 213	4 773 551	198 766	4 574 785
Industrial/Commercial	2 267 659	136 988	2 130 671	2 256 162	129 714	2 126 448
National and Provincial government	298 502	11 414	287 088	281 388	17 685	263 703
Other	459 318	42 066	417 252	459 318	42 066	417 252
Total	8 358 071	498 847	7 859 224	7 770 419	388 231	7 382 188

The increase/ (decrease) in consumer debt per ageing analysis is as follows:

Table 105: Increase/decrease in consumer debt

Age analysis group	Group			Municipality		
	2014/15		2013/14 Restated	2014/15		2013/14 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)	2 069 084	(79 329)	2 148 413	2 055 891	(81 666)	2 137 557
31 – 60 days	234 378	(5 714)	240 092	219 718	(9 562)	229 280
61 – 90 days	214 656	10 246	204 410	202 315	7 152	195 163
91 – 120 days	204 186	56 022	148 164	189 289	50 191	139 098

Age analysis group	Group			Municipality		
	2014/15		2013/14 Restated	2014/15		2013/14 Restated
	Total R-million	Increase/ (Decrease) R-million	Total R-million	Total R-million	Increase/ (Decrease) R-million	Total R-million
121 – 150 days	118 466	(3 890)	122 356	105 848	(7 338)	113 186
151 – 180 days	223 237	77 399	145 838	207 073	71 640	135 433
181 – 365 days	1 267 738	54 086	1 213 652	763 959	(32 213)	796 173
365 + days	4 026 326	390 027	3 636 299	4 026 326	390 027	3 636 299
Total	8 358 071	498 847	7 859 224	7 770 419	388 231	7 382 188

The following is an indication of the effectiveness of credit control and the ability to convert debtors into cash:

Table 106: Conversion of debtors into cash

Description	Group		Municipality	
	2014/15	2013/14 Restated	2014/15	2013/14 Restated
	R'000	R'000	R'000	R'000
Debits levied : Consumer receivables	18 210 483	16 727 281	18 288 846	16 779 734
Balance on 1 July	7 859 224	7 111 430	7 382 188	6 706 897
Balance on 30 June	8 358 071	7 859 224	7 770 418	7 382 188
Average balance	8 108 648	7 485 327	7 576 303	7 044 543
Days in the financial year	365	365	365	365
Turnover: Number of days	162	164	151	153
Turnover: Number of times (levies/average balance)	2.25	2.23	2.41	2.38

A collection rate calculated on the total levies for a period compared to the total payments received during the same period is used to measure revenue recovery. The actions taken in terms of the credit control policy were not fully effective, since an average collection rate on current billing regressed to 98.2% (2014 = 103.7% and 2013 = 108.6 %) in 2015.

8 CAPITAL EXPENDITURE AND FINANCING (MUNICIPALITY ONLY)

The Municipality's original approved Capital Expenditure Budget for 2014/15 amounted to R4 167 986 756 which was amended by means of an adjustments budget approved by Council on 26 February 2015 to R4 388 781 289 in total, which resulted in an increase of R220 794 533, primarily to address transfers from the Operating Budget, roll-overs and additional allocations of external funding.

Council funding increased with R140.3 million, owing to transfers from the operating budget for inter alia:

- Tshwane House – R41.2 million
- Re-aga Tshwane – R86.4 million
- Purchase of electric vehicles (EVs) – R4.0 million
- Tshwane Leadership and Management Academy – R8.6 million

The table below reflects the net increase / decrease in the various funding sources:

Table 107: Increase/decrease in funding sources

Funding source description	Original Budget Municipality 2014/15	Adjusted Budget Municipality 2014/15	Increase/ (Decrease)
	R	R	R
Council Funding	-	140 261 793	140 261 793
Public Transport Infrastructure and Systems Grant (PTIS)	867 571 000	867 571 000	-
Neighbourhood Development Partnership Grant (NDPG)	150 000 000	175 000 000	25 000 000
Urban Settlements Development Grant (USDG)	1 469 450 000	1 513 457 693	44 007 693
Integrated National Electrification Programme (INEP)	32 000 000	32 000 000	-
Capital replacement reserve	43 486 756	49 306 756	5 820 000
Energy Efficiency Demand Side Management (EEDSM)	10 000 000	3 000 000	(7 000 000)
Financial Management Grant (FMG)	250 000	280 000	30 000

Funding source description	Original Budget Municipality 2014/15	Adjusted Budget Municipality 2014/15	Increase/ (Decrease)
	R	R	R
Community Library Services (CLS)	3 129 000	4 104 047	975 047
Borrowings	1 500 000 000	1 500 000 000	-
Public contributions and donations	80 100 000	76 100 000	(4 000 000)
Social Infrastructure Grant	-	11 200 000	11 200 000
Gautrans Grant	12 000 000	12 000 000	-
LG Seta discretionary grant	-	4 500 000	4 500 000
TOTAL	4 167 986 756	4 388 781 289	220 794 533

Actual expenditure incurred during the period 1 July 2014 to 30 June 2015 as indicated in the table below amounts to R4 114 917 583 or 93.8% measured against the adjusted budget.

Table 108: Actual capital expenditure

Actual Capital expenditure according to asset class – Municipality			
Type of Asset	Actual 2015	Actual 2014	Actual 2013
	R	R	R
Infrastructure	2 664 184 514	3 020 198 537	3 636 381 709
Community	346 202 454	532 358 032	630 759 927
Investment properties	873 235 026	449 956 618	-
Other assets	231 175 592	224 292 781	247 431 365
Specialised vehicles	119 997	-	35 024 399
Intangibles	-	1 776 542	906 001
TOTAL	4 114 917 583	4 228 582 510	4 550 503 401

The above-mentioned assets were financed from the following sources as reflected below:

Table 109: source of funding for assets

Actual Capital expenditure per Sources of Finance – Municipality			
Sources of Finance	Actual 2015	Actual 2014	Actual 2013
	R	R	R
External loans	1 387 942 005	1 493 166 332	2 129 535 219
Surplus cash	104 463 984	526 849 135	182 987 248
Public contributions / donations	57 530 022	93 818 354	86 435 401
National Government transfers and grants	2 551 806 060	2 097 657 610	2 076 699 120
Provincial Government transfers and grants	8 721 122	17 091 079	74 846 413
Other transfers and grants	4 454 390	-	-
TOTAL	4 114 917 583	4 228 582 510	4 550 503 401

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

9 CREDITORS

Creditors as at financial year end mainly related to the following categories:

Table 110: Creditor categories

Type	Group		Municipality	
	2014/15 R'000	2013/14 Restated R'000	2014/15 R'000	2013/14 Restated R'000
Trade creditors	2 822 679	2 975 175	2 747 808	2 932 483
Payment received in advance	406 488	151 114	405 378	149 563
Accrued leave pay	462 743	644 877	456 163	637 564
Debtors with credit balances	814 354	666 483	814 057	666 193
Retention	380 474	372 164	380 474	372 164
13th Cheque accrual	199 148	178 612	197 309	176 894
Other creditors	609 322	549 909	601 311	543 342
Total	5 695 208	5 538 334	5 602 500	5 478 203

10 LONG-TERM DEBT

For the Municipality the long-term debt (external loans and lease liabilities) increased from R9.251 billion to R10.260 billion (R1.009 billion increase) during the period under review. This is as a result of the draw downs on long-term loans of R1.5 billion counteracted by the repayment of loans of R490.7 million. For the Group the long-term debt increased from R9.253 billion to R10.262 billion (R1.009 billion increase).

11 ACCUMULATED SURPLUS

For the Municipality the period under review was closed with an accounting accumulated surplus of R18.940 billion compared to R17.762 billion at the end of 2014. This increase of R1.178 billion is the result of the surplus from operations (i.e. the difference between the total revenue and the total expenditure) for the year.

For the Group the period under review closed with an accounting accumulated surplus of R18.984 billion compared to R17.805 billion of 2014.

12. CREDIT RATING (MUNICIPALITY ONLY)

Moody's Investor Services (Pty) Ltd

Following the annual credit review of the City's 2014/15 financial statements, Moody's assigned the following credit rating on City of Tshwane on 18 December 2015:

Table 111: National Scale Ratings

Rating Type	Long Term	Short Term	Category	Rating Outlook	Rating Action
Issuer	A3.za	P-2.za	Investment Grade	Negative	Affirmation

This newly assigned credit rating is unchanged from the City's previous year's credit rating profile in Moody's opinion. The A3.za is a third tier investment grade rating whose status presents above-average creditworthiness relative to peer Metros, whereas the rating of P-2.za represents an above-average ability to repay short term senior unsecured debt obligations relative to peer Metros. This means that the City of Tshwane has an above-average ability to clear its short term debt without straining its cash resources. Moody's has, however, changed South Africa's rating outlook from stable to negative, resulting in several municipalities, including the City of Tshwane, and national government institutions' rating outlook moving in the same direction. Moody's expects the City of Tshwane to continue experiencing high debt levels and cash flow pressures in the medium term, as a result of the City's large capital expenditure programme, especially that the City of Tshwane is the third largest Metropolitan Municipality in the world in land mass.

13. MUNICIPAL ENTITIES

In the 2014/15 financial year the City of Tshwane had three (3) active and viable municipal entities functioning in compliance with the Municipal Finance Management Act and the Local Government Systems Act, namely:

- Sandspruit Works Association
- Housing Company Tshwane
- Tshwane Economic Development Agency (TEDA)

Consistent with the previous financial years separate and consolidated 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 2015 for auditing. The municipal entities produced good audit opinions and these are summarised in the table below:

Table 112: Audit opinions for the municipal entities

Municipal entity	Audit opinion	Emphasis of matter items
Housing Company Tshwane	Unqualified	Yes <ul style="list-style-type: none"> • Material impairment on debtors • Restatement of corresponding figures
Sandspruit Works Association	Unqualified	Yes <ul style="list-style-type: none"> • Material impairment on debtors
Tshwane Economic Development Agency	Unqualified	Yes <ul style="list-style-type: none"> • Restatement of corresponding figures

14. CASH FLOW MANAGEMENT VS RATIOS

The cash flow situation of the Municipality on 30 June 2015, reflects that cash and cash equivalents reduced by R246.828 million from R797.248 million (2013/14) to R550.420 million (2014/15). This is largely due to the increased financing activities and investing activities in the current financial year compared to the prior year in the City's quest to improve service delivery. The deterioration in the overall debtor collection rates also contributed negatively to the overall net cash position of the City. For the Group the cash flow statement reflected an overall decrease of cash and cash equivalents of R247.297 million from R847.816 million (2013/14) to R600.518 million (2014/15).

In the medium term, the City plans to use grant funding and borrowings more to fund capital expenditure and use less of its own cash reserves to ensure that the cash flow position is strengthened and to also ensure that its liabilities and reserves are adequately cash-backed.

15. FINANCIAL SUSTAINABILITY

In the current economic climate it has become necessary for municipalities to move from short-term to long-term planning and a long-term sustainability strategy is needed that focusses on financial viability, financial sustainability and value for money. Financial sustainability is defined as whether or not the City will have the financial capacity to continue existing in the long term. The City of Tshwane therefore continuously develops processes in striving for excellence as well as strategies and programmes to deal with the challenges it faces. Planning enables the City of Tshwane to move towards a proactive target setting approach.

To ensure that the City is financially sustainable and responds to the Growth and Development Strategy, policies, priorities and infrastructure needs; a long-term financial model (LTFM) was developed and maintained. The LTFM essentially informs the compilation of the MTREF with the emphasis on affordability and long-term sustainability. Although the LTFM is predominantly a financial planning tool to ensure long-term financial sustainability for the organisation, the financial planning process and LTFM run in parallel to ensure that the strategies and direction of the municipality are at all times informed by best practice. One of the salient features of the LTFM is the attentiveness to ultimate sustainability, not only from a municipal finance perspective, but also in relation to service delivery in line with the GDS imperatives or priorities that drive the five-year Integrated Development Plan.

Long-term financial planning is currently moving towards planning for achieving the Tshwane Vision 2055 and the realization of the four decades of change in the build up to a livable, resilient and resource efficient City as outlined in Tshwane Vision 2055. Furthermore, the financial implications of the following programmes, which are part of the Tshwane Vision 2055, will form part of the future planning processes:

- Green economy
- Enhancing residential precincts
- Tshwane International Convention Centre
- Symbio City
- Pedestrianisation
- Upgrading the inner city – beautification of Paul Kruger Street
- Densification and mixed-use development
- West Capital Development
- Upgrading the inner city – Lilian Ngoyi Square

Due to the inherently limited revenue base (municipal rates, user charges and grants/subsidies), we have to be pro-active with respect to the minimization of costs and the maximization of efficiencies to meet daily and ever-increasing service delivery imperatives. Our objective is therefore the creation of a prudent and sound medium to long-term financial framework that is resilient to future shocks, and ensures sustainability of services through investment in infrastructure and the associated requisite adequate maintenance.

16 CITY OF TSHWANE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

The consolidated financial statements for the City of Tshwane and its municipal entities will follow.

16.1 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note(s)	Group		Municipality	
		2015	2014	2015	2014
		R	Restated*	R	Restated*
			R		R
Assets					
Current assets					
Inventories	21	485,475,154	391,915,945	482,345,921	388,533,035
Current portion of long-term receivables	20	102,185,812	162,118,924	102,185,812	162,118,924
Operating lease asset	62	181,025	57,995	-	-
Other receivables	23	1,299,725,370	1,132,210,205	1,244,338,234	1,111,189,545
VAT receivable	12	3,771,137	122,506,729	-	122,506,729
Consumer debtors	22	2,547,486,005	2,560,483,315	2,534,999,605	2,544,542,918
Investments	19	502,959,844	622,948,673	493,261,328	622,948,673
Cash and bank	24	97,558,776	224,867,307	57,158,360	174,299,426
		5,639,322,723	5,217,109,093	4,914,269,090	5,128,139,248
Non-current assets					
Investment property	14	752,720,378	753,547,231	747,726,605	748,303,771
Property, plant and equipment	13	28,575,537,744	25,482,880,538	28,560,401,354	25,464,424,039
Leased assets	17	204,414,497	8,084,445	204,414,497	8,084,445
Intangible assets	15	247,412,322	388,914,828	247,012,654	388,770,333
Heritage assets	18	3,607,628,201	3,607,621,710	3,607,628,201	3,607,621,710
Investments	19	710,520	5,807,092	710,520	5,807,092
Deferred tax	61	440,350	-	-	-
Long-term receivables	20	58,404,812	108,213,968	58,404,812	108,213,968
Interest rate swap asset	69	130,122,756	34,411,454	130,122,756	34,411,454
		33,577,391,578	30,387,481,262	33,556,421,369	30,363,636,810
Total assets		39,216,714,301	35,604,590,355	38,470,690,459	35,491,776,058
Liabilities					
Current liabilities					
Loans and bonds	4	601,699,751	507,480,155	601,384,353	507,144,757
Lease liabilities	5	85,909,635	8,745,768	85,909,635	8,745,768
Deferred operating lease liability	62	574,936	2,608,775	-	2,308,997
Payables from exchange transactions	10	5,695,207,622	5,538,333,691	5,602,499,977	5,478,203,183
VAT payable	12	109,353,039	649,242	108,639,319	-
Consumer deposits	9	355,015,828	410,749,321	351,259,691	407,023,659
Unspent grants and receipts	11	122,091,261	134,936,618	121,812,407	134,657,784
Taxation	64	1,096,292	3,277,985	-	-
		8,976,948,564	8,606,961,555	8,871,505,582	8,538,084,128
Non-current liabilities					
Loans and bonds	4	9,660,757,064	8,746,039,145	9,658,563,062	8,743,549,702
Lease liabilities	5	122,953,054	222,617	122,953,054	222,617
Deferred operating lease liability	62	795,930	481,254	-	-
Employee benefit obligation	44	2,136,304,667	1,955,900,647	2,136,304,667	1,955,900,647
Deferred tax	61	-	8,653	-	-
Provisions	6	655,529,112	445,694,280	655,529,112	445,691,718
Interest rate swap liability	69	65,625,408	44,114,153	65,625,408	44,114,153
		12,661,935,455	11,192,460,949	12,658,995,503	11,189,478,837
Total liabilities		19,638,884,019	17,799,422,504	19,530,501,085	17,727,562,965
Net assets		19,583,830,282	17,805,167,851	18,940,189,404	17,762,213,093
Net assets					
Accumulated surplus	43	18,983,830,282	17,805,167,851	18,940,189,404	17,762,213,093

* See Note 47

16.2 STATEMENT OF FINANCIAL PERFORMANCE

		Group		Municipality	
		2015	2014	2015	2014
	Note(s)	R	Restated*	R	Restated*
		R	R	R	R
Revenue					
Revenue from exchange transactions					
Service charges	26	13,344,134,833	12,318,948,211	13,422,205,882	12,389,231,588
Rental of facilities and equipment		118,802,095	98,912,338	114,055,073	95,318,719
Interest received - outstanding consumer debtors		374,847,547	328,840,827	338,788,897	299,341,858
Licences and permits		53,243,503	55,801,028	53,243,503	55,801,028
Other income	28	775,237,414	728,108,972	769,992,149	721,890,994
Interest received - external investments	34	38,131,712	52,402,469	38,874,337	51,799,573
Total revenue from exchange transactions		14,701,997,104	13,577,009,873	14,735,229,841	13,593,381,548
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	25	4,868,348,173	4,410,334,578	4,868,550,478	4,410,502,438
Transfer revenue					
Government grants, subsidies, awards and donations	27	5,842,012,120	4,973,894,475	5,842,012,120	4,973,894,475
Public contributions and donations		257,515,881	237,944,478	257,515,881	237,944,478
Fines, penalties and forfeits		160,582,313	134,883,538	160,582,313	134,883,538
Sponsorship revenue		131,579	-	-	-
Total revenue from non-exchange transactions		10,928,569,868	9,757,037,067	10,928,549,592	9,757,204,927
Total revenue		25,628,566,970	23,334,046,940	25,661,879,233	23,350,586,467
Expenditure					
Employee-related cost	29	(8,318,953,832)	(8,088,504,529)	(8,202,412,814)	(5,977,333,289)
Remuneration of councilors	31	(104,192,823)	(96,788,502)	(104,192,823)	(96,788,502)
Depreciation and amortisation	32	(1,329,504,834)	(1,251,559,330)	(1,324,227,544)	(1,247,700,840)
Impairment loss/reversal of impairments	63	(124,922,833)	(5,200,780)	(124,922,833)	(5,200,780)
Finance costs	33	(997,488,530)	(813,827,200)	(998,547,870)	(812,932,071)
Debt impairment	35	(850,881,938)	(1,338,600,788)	(721,971,875)	(1,242,883,805)
Collection costs		(274,254,321)	(160,388,658)	(274,245,100)	(160,321,325)
Repairs and maintenance		(1,498,579,577)	(1,379,804,715)	(1,488,573,018)	(1,367,741,018)
Bulk purchases	36	(7,574,254,174)	(7,098,541,045)	(7,717,077,474)	(7,178,709,747)
Transfers and subsidies	37	-	-	(191,734,734)	(284,529,992)
General expenses	38	(5,258,822,141)	(4,344,835,441)	(5,218,120,733)	(4,188,504,918)
Total expenditure		(24,329,502,903)	(22,534,048,968)	(24,384,026,818)	(22,540,648,283)
Operating surplus		1,299,064,067	799,997,974	1,297,843,417	809,940,204
Gain/(loss) on disposal of assets and liabilities		(171,819,804)	(143,237,830)	(171,774,542)	(143,185,851)
Profit/(loss) on foreign exchange transactions		(183,984)	42,328	(183,984)	42,328
Fair value adjustments		52,091,422	(47,528,582)	52,091,422	(47,528,582)
		(119,912,368)	(198,721,888)	(119,867,104)	(198,649,907)
Surplus before taxation		1,179,151,701	609,278,088	1,177,976,313	619,290,297
Taxation	64	489,270	1,972,887	-	-
Surplus for the year		1,178,662,431	607,305,401	1,177,976,313	619,290,297

The National Treasury classification of expenditure is disclosed in Note 68.

16.3 STATEMENT OF CHANGES IN NET ASSETS

	Accumulated surplus R	Total net assets R
Group		
Opening balance as previously reported	13,603,541,876	13,603,541,876
Adjustments		
Prior year adjustments (refer to Note 43 and 47)	3,504,322,574	3,504,322,574
Balance at 01 July 2013 as restated*	17,107,864,450	17,107,864,450
Changes in net assets		
Surplus for the year	607,303,401	607,303,401
Total changes	607,303,401	607,303,401
Opening balance as previously reported	18,141,028,105	18,141,028,105
Adjustments		
Prior year adjustments (refer to Note 43 and 47)	(335,660,254)	(335,660,254)
Restated* Balance at 01 July 2014 as restated*	17,805,367,851	17,805,367,851
Changes in net assets		
Surplus for the year	1,178,662,431	1,178,662,431
Total changes	1,178,662,431	1,178,662,431
Balance at 30 June 2015	18,983,830,282	18,983,830,282
Note(s)	43	
Municipality		
Opening balance as previously reported	13,540,603,360	13,540,603,360
Adjustments		
Prior year adjustments (refer to Note 43 and 47)	3,602,029,427	3,602,029,427
Balance at 01 July 2013 as restated*	17,142,632,786	17,142,632,786
Changes in net assets		
Surplus for the year	619,290,297	619,290,297
Total changes	619,290,297	619,290,297
Opening balance as previously reported	18,006,244,331	18,006,244,331
Adjustments		
Prior year adjustments (refer to Note 43 and 47)	(334,031,240)	(334,031,240)
Restated* Balance at 01 July 2014 as restated*	17,662,213,091	17,662,213,091
Changes in net assets		
Surplus for the year	1,177,976,313	1,177,976,313
Total changes	1,177,976,313	1,177,976,313
Balance at 30 June 2015	18,840,189,404	18,840,189,404
Note(s)	43	

16.4 CASH FLOW STATEMENT

	Note(s)	Group		Municipality	
		2015	2014	2015	2014
		R	Restated* R	R	Restated* R
Cash flows from operating activities					
Receipts					
Cash receipts from other revenue sources		1,410,489,511	1,388,812,298	1,419,383,030	1,375,010,409
Cash receipts from ratepayers and service charges		17,711,835,681	15,979,488,809	17,900,818,312	16,104,442,894
Grants		5,877,719,992	4,984,560,788	5,877,719,992	4,983,222,000
Interest income		38,131,712	52,402,499	38,874,337	51,799,573
		<u>24,837,976,896</u>	<u>22,403,062,190</u>	<u>25,034,593,671</u>	<u>22,514,474,876</u>
Payments					
Cash paid to employees		(8,423,148,485)	(8,183,203,031)	(8,308,808,637)	(8,074,121,791)
Cash paid to suppliers		(14,210,772,874)	(12,233,895,217)	(14,335,547,754)	(12,199,542,037)
Finance costs (interest paid)		(997,466,530)	(813,827,200)	(998,547,870)	(812,932,071)
Transfers and grants		-	-	(191,734,734)	(284,529,992)
Taxes on surpluses		(489,289)	(1,972,885)	-	-
		<u>(21,631,874,028)</u>	<u>(19,232,988,133)</u>	<u>(21,830,435,965)</u>	<u>(19,351,125,891)</u>
Net cash flows from operating activities	39	<u>3,206,101,868</u>	<u>3,170,074,057</u>	<u>3,204,157,676</u>	<u>3,163,348,985</u>
Cash flows from investing activities					
Purchase of property, plant and equipment	13	(4,521,638,335)	(4,629,583,275)	(4,519,929,284)	(4,618,933,488)
Purchase/redemption of leased assets	17	(268,880,819)	2,458,838	(268,880,819)	2,458,838
Proceeds from sale of assets (including gain/loss)	13	(82,413,642)	(11,427,542)	(82,413,642)	(11,427,542)
Purchase of investment property and retirements	14	(2,448,823)	24,040,510	(2,448,823)	24,040,509
Purchase of other intangible assets and retirements	15	(1,418,263)	(9,638,378)	78,848,301	(9,594,927)
Proceeds from sale of other intangible assets	15	77,675,587	13,434,315	-	13,434,315
Purchase of heritage assets	18	(8,491)	-	(8,491)	-
Proceeds from sale of heritage assets	18	-	538	-	538
Movement in long-term receivables	20	109,782,488	(48,820,859)	109,782,488	(48,820,859)
Movement in long-term investments	19	5,098,572	(820,880)	5,098,572	(820,880)
Movement in interest rate swap asset		-	47,142,877	-	47,142,877
Movement in interest rate swap liability	69	-	44,114,153	-	44,114,153
Net cash flows from investing activities		<u>(4,662,251,548)</u>	<u>(4,587,098,105)</u>	<u>(4,660,153,520)</u>	<u>(4,556,406,879)</u>
Cash flows from financing activities					
Proceeds from loans and bonds		1,500,000,000	1,800,000,000	1,500,000,000	1,800,000,000
Repayment of loans and bonds	4	(491,042,485)	(848,537,184)	(490,727,044)	(848,221,594)
Finance lease payments		199,894,504	(83,594,090)	199,894,504	(83,594,090)
Net cash flows from financing activities		<u>1,208,852,019</u>	<u>867,868,726</u>	<u>1,209,167,460</u>	<u>868,184,216</u>
Net increase/(decrease) in cash and cash equivalents		(247,297,661)	(529,155,302)	(246,828,384)	(524,873,689)
Cash and cash equivalents at the beginning of the year		847,815,980	1,376,971,281	797,248,699	1,322,121,787
Cash and cash equivalents at the end of the year	24	<u>590,518,419</u>	<u>847,815,979</u>	<u>550,419,715</u>	<u>797,248,098</u>

7 REPORT OF THE AUDITOR-GENERAL

A AUDITOR-GENERAL OPINION OF THE PREVIOUS FINANCIAL YEAR (2013/14)

INTRODUCTION

The City achieved an unqualified audit in the 2013/14 financial year, with findings on compliance with laws and regulations and predetermined objectives. The annual report of the 2013/14 financial year indicated that the management team of the City is committed to attaining a financially unqualified audit with no material findings on compliance and predetermined objectives, as well as ensuring financial sustainability underpinned on principles of good governance.

In order to ensure an unqualified audit opinion with no findings, these items need to be properly addressed and rectified. A high-level Operation Clean Audit (OPCA) project plan and Management Letter Action Plan (MLAP) was developed. The OPCA 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. This will be an ever evolving plan, which will be improved as the project progresses and new and/or more appropriate steps become necessary.

The MLAP captures each and every finding on the management letter indicating the root cause of the finding and action plans by management to address the finding and to prevent a re-occurrence. This MLAP is tracked by Internal Audit and Internal Audit reports on the progress and status of the actions identified by management.

The OPCA process and MLAP process have seen an improvement in the City of Tshwane's audit outcomes for the year ended 30 June 2015. 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 the attaining a financially unqualified audit 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 MLAP) 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.

This section of the report reflects on the some of the detailed initiatives undertaken by the City during the 2014/15 financial year to address the AG findings of the previous financial year and improve the audit outcomes for the 2014/15 financial year.

1 COMMITMENTS AND PROGRESS ON CLEAN AUDIT INITIATIVES

The City committed, in the 2013/14 financial year, to implementing effective internal controls, preparing action plans responding to findings raised by AGSA, and reviewing and monitoring progress against the action plans on a regular basis.

Specific planned interventions to address the AG findings included –

- improving and strengthening the supply chain management process, including stricter controls to close the gap on non-compliance with the SCM regulations and the City's Code of Conduct;
- improving expenditure management processes, especially to curb unauthorised and irregular expenditure;
- improving contract management processes to address the findings raised on expenditure management and the contravention of SCM regulations;
- strengthening internal controls to address inaccurate data and the 2014/15 financial year targets and indicators;
- monitoring the performance of the municipal entities by the Shareholder Unit in the Office of the Executive Mayor;
- the alignment of internal audit processes and methodology to that of the AGSA, in order to perform additional and more rigorous testing of departmentally reported performance results;
- strengthening of departmental multi-level reviews and maintenance of accurate records of work done;
- beginning a process of building capacity to address certain knowledge gaps in terms of performance processes; and
- further institutionalisation, quality assurance and monitoring of the systems descriptions.

Considering that the AG report was made available in December 2014, the City had less than six months in which to implement a turnaround strategy to address the findings of the AG and put in place measures to prevent a recurrence of the findings. This was a challenge the City took up with fervour and, although issues may not have been completely removed, great strides were made with regard to the implementation of the turnaround strategy. Progress made against the turnaround strategy is discussed in the following table.

Table 113: Progress on the turnaround strategy to address AG findings

Measures/commitments	Progress made
Departments to quality assure systems descriptions	<ul style="list-style-type: none"> • The preparation of systems descriptions has been institutionalised in the City of Tshwane. • Departments developed systems descriptions during the planning processes of the IDP and SDBIP. • These were quality assured during the budget and SDBIP adjustments processes. • They were submitted to the AGSA for the purposes of the interim audit.

Measures/commitments	Progress made
Departments to provide listings with reports (to support first-level assurance)	<ul style="list-style-type: none"> • SDBIP adjustments were made in consideration of the AG findings, especially with regard to indicators that are not within the control of the City. • Departments prepared listings in excel format after advice and support given by the City Strategies and Performance Management Department (CSPM). • Listings were tested for all the quarters' performance results and for the annual results.
Validation reports/verification reports submitted to top management (in support of second-level assurance)	<ul style="list-style-type: none"> • Meetings to monitor the management letter action plans (MLAP) have been institutionalised in the City of Tshwane, with the Deputy City Manager: Strategy Development and Implementation as the champion of the MLAP. • First-level assurance measures in departments were interrogated and feedback given to departments at the MLAP by the CSPM Department. • All SEDs committed to signing declarations, being held accountable for the quality of submissions.
Align audit process and methodology to the AGSA	<ul style="list-style-type: none"> • CSPM utilised the AGSA methodology to verify performance results. • Internal audit has re-aligned its audit processes to the AGSA requirements.
Capacity-building	<ul style="list-style-type: none"> • Ongoing engagement and capacity-building was done with departments, including assisting departments to develop their systems descriptions, addressing usefulness of indicators towards the adjusted SDBIP process and developing listings. • Performance seminars were held. • This is a short to medium-term measure that will continue to take place in the Municipality.
Ensure multi-level reviews take place	<ul style="list-style-type: none"> • SEDs undertook to implement detailed multi-level reviews within their departments, and were held accountable at the MLAP meetings. • No information has been accepted for purposes of reporting or verification of results unless it has been signed off by the accounting officers of each department.
Municipal entities	<ul style="list-style-type: none"> • The shareholder unit has played a central role in coordinating inputs from the entities and ensuring that the entities information is quality assured and meets AOPO quality standards.

B AUDITOR-GENERAL OPINION YEAR 2 (2014/15 FINANCIAL YEAR)

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE AND THE COUNCIL ON CITY OF TSHWANE METROPOLITAN MUNICIPALITY

REPORT ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

INTRODUCTION

1. I have audited the consolidated and separate financial statements of the City of Tshwane Metropolitan Municipality and its municipal entities as set out on **pages xx to xx**, which comprise the consolidated and separate statement of financial position as at 30 June 2015, the consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

ACCOUNTING OFFICER'S RESPONSIBILITY FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2. The accounting officer is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (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.

AUDITOR-GENERAL'S RESPONSIBILITY

3. My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the consolidated and separate financial statements 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 municipality's internal control. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

6. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the City of Tshwane Metropolitan Municipality and its municipal entities as at 30 June 2015 and its consolidated and separate financial performance and cash flows for the year then ended, in accordance with the SA standards of GRAP and the requirements of the MFMA and DoRA.

EMPHASIS OF MATTERS

7. I draw attention to the matters below. My opinion is not modified in respect of these matters

Significant uncertainties

8. With reference to note 55 to the consolidated financial statements, the municipality was the defendant in a number of legal cases. The ultimate outcome of these matters could not be determined at the time of this report, and no provision for any liability that might result was made in the financial statements.

Restatement of corresponding figures

9. As disclosed in note 47 to the consolidated financial statements, the corresponding figures for 30 June 2014 were restated as a result of errors discovered in the financial statements during the year ended 30 June 2015.

Material losses

10. As disclosed in note 60 to the consolidated and separate financial statements, material losses amounting to R973 512 190 (2013-14: R819 056 737) were incurred as a result of electricity distribution losses, which represents 16,05% (2013-14: 14,25%) of total electricity purchased. The total technical losses of electricity amounted to R424 584 756 (2013-14: R402 343 660). Non-technical losses amounted to R548 927 434 (2013-14: R416 713 077) and were due to unauthorised consumption, tampering and faulty meters.

Expenditure incurred on the smart prepaid meter contract

11. As disclosed in note 45 to the consolidated and separate financial statements, the municipality incurred service fee expenditure of R808 333 532 on the smart prepaid meter contract for the year ended 30 June 2015 (2013 -14: R177 557 908).

Material impairments

12. As disclosed in note 22 to the consolidated financial statements, receivables have significantly been impaired. The impairment of receivables amounts to R5 664 049 393 (2014: R5 034 345 185), which represents 69% (2014: 66%) of debtors and the contribution to the provision for doubtful debts for the year under review amounted to R842 780 280 (2014: R1 272 836 856).

ADDITIONAL MATTERS

13. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited supplementary information

14. The supplementary information set out on pages xx to xx¹⁹ does not form part of the consolidated and separate financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

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. 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 thereon.

¹⁹ Of the AFS volume 2

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

16. 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 findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

PREDETERMINED OBJECTIVES

17. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2015:

- Strategic objective 1: Provide sustainable services infrastructure and human settlements management on pages x to x
- Strategic objective 2: Promote shared economic development and growth on pages x to x
- Strategic objective 3: Ensure sustainable, safer cities and integrated social development on pages x to x

18. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

19. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).

20. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

21. The material findings in respect of the selected objectives are as follows:

STRATEGIC OBJECTIVE 1: PROVIDE SUSTAINABLE SERVICES INFRASTRUCTURE AND HUMAN SETTLEMENTS MANAGEMENT

Reliability of reported performance information

22. The FMPPI requires municipalities to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Overall, some significantly important targets were not reliable as I was unable to obtain sufficient appropriate audit evidence. The auditee's records did not permit the application of alternative audit procedures. This was due to ineffective standard operating procedures for the accurate recording of actual achievements.

STRATEGIC OBJECTIVE 2: PROMOTE SHARED ECONOMIC DEVELOPMENT AND GROWTH

Reliability of reported performance information

23. The FMPPI requires municipalities to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Overall, some significantly important targets were not reliable as I was unable to obtain sufficient appropriate audit evidence. The auditee's records did not permit the application of alternative audit procedures. This was due to ineffective standard operating procedures for the accurate recording of actual achievements and a lack of adequate reviews on the validity of reported achievements against source documentation.

STRATEGIC OBJECTIVE 3: ENSURE SUSTAINABLE, SAFER CITIES AND INTEGRATED SOCIAL DEVELOPMENT

Reliability of reported performance information

24 The FMPPI requires municipalities to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Overall, some significantly important targets were not reliable as I was unable to obtain sufficient appropriate audit evidence. The auditee's records did not permit the application of alternative audit procedures. This was due to ineffective standard operating procedures for the accurate recording of actual achievements and a lack of adequate review of the validity of reported achievements against source documentation.

ADDITIONAL MATTERS

25. I draw attention to the following matters:

ACHIEVEMENT OF PLANNED TARGETS

26. Refer to the annual performance report on page(s) x to x and x to x for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the reliability of the reported performance information for the selected objectives reported in paragraph(s) x to xx of this report.

ADJUSTMENT OF MATERIAL MISSTATEMENTS

27. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for the following selected objectives:

- Strategic objective 1: Provide sustainable services infrastructure and human settlements management
- Strategic objective 2: Promote shared economic development and growth
- Strategic objective 3: Ensure sustainable, safer cities and integrated social development

As management subsequently corrected only some of the misstatements, I identified material findings on the reliability of the reported performance information.

COMPLIANCE WITH LEGISLATION

28. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Strategic planning and performance management

29. The controls relating to the performance management system were inadequate in some instances as it did not fully represent the processes of timely performance monitoring and review and how it is conducted, organised and managed, including determining the roles of different role players as required by section 38 of the Municipal Systems Act of South Africa, 2000 (Act No.32 of 2000) and regulation 7 of the *Municipal planning and performance management regulation*.

Annual financial statements

30. The consolidated and separate financial statements submitted for auditing were not prepared, in all material respects, in accordance with the requirements of section 122 of the MFMA. Material misstatements on non-current assets were identified in the submitted financial statements of which some were subsequently corrected and supporting records subsequently provided.

Procurement and contract management

31. Sufficient appropriate audit evidence could not be obtained that some contracts were awarded in accordance with the legislative requirements and a procurement process which is fair, equitable, transparent and competitive, as some contracts were not submitted for auditing.
32. Sufficient appropriate audit evidence could not be obtained that invitations for competitive bidding were advertised for a required minimum period of days, as required by Supply Chain Management (SCM) regulation 22(1) and 22(2) for some of the contracts.
33. Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a) for some of the contracts.

Expenditure management

34. Steps taken were not effective to prevent unauthorised, irregular and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Asset management

35. Controls implemented by the accounting officer were not adequate and effective to ensure that the municipality maintained a system of internal control of the asset register, as required by section 63 (2)(c) of the MFMA.

INTERNAL CONTROL

36. I considered internal control relevant to my audit of the consolidated and separate financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

37. The accounting officer and senior management did not adequately perform oversight responsibility of financial and performance reporting resulting in material adjustments required on the financial statements, findings on reliability of performance information and non-compliance with MFMA and SCM regulations.
38. The municipality developed a plan to address audit findings, but adherence to the plan on key items, such as procurement and contract management and performance reporting, was not monitored effectively by the appropriate level of management, this resulted, in a number of findings relating to assets, performance information and non-compliance with MFMA and SCM regulations.

Financial and performance management

39. The financial statements and annual performance report preparation and review process were inadequate in certain instances, resulting in material adjustments to the financial statements and findings on the reliability of performance information.

OTHER REPORTS

Investigations

40. The Public Protector is investigating the smart prepaid meter contract. The investigation was initiated based on an allegation of the possible misappropriation of the municipality's assets. At the time of the report, the outcome of the investigation was unknown.

Auditor-General

Johannesburg

27 January 2016



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

RESPONSE OF THE CITY OF TSHWANE TO THE AGSA AUDIT OPINION FOR THE 2014/15 FINANCIAL YEAR

The Auditor General presented the audit opinion on the City of Tshwane Municipality to the Council meeting of 28 January 2016.

The City welcomes the audit opinion of the AGSA. This has resulted on the City achieving an unqualified audit for the fifth (5th) consecutive year. We, however, acknowledge the findings raised by the AGSA under emphasis of matters and additional matters. All matters raised by the AGSA will be tracked through the Management Letter Action Plan and Operation Clean Audit processes of the City, which have yielded year-on year improvement as compared to FY 2013/14. In addition to the initiatives and plans put in place during FY 2014/15, emphasis will be placed on the appropriate levels of management ensuring sound controls within departments to rectify deficiencies identified.

APPENDICES: ADDITIONAL INFORMATION

APPENDIX A: CAPITAL EXPENDITURE

Circular 63 requires reporting on the expenditure on the provision of services in terms of all functional areas listed in the service delivery chapter. The following table sets out detailed capital expenditure at the end of the 2014/15 financial year against projects identified in the IDP and MTREF, as adjusted. The figures are interim and will be updated once the AFS audit is finalised.

Table 114: City of Tshwane capital expenditure for the 2014/15 financial year as at 25 August 2015

Department	Project name	WBS level 3	Current budget 2014/15	Cumulative SAP actual	Cumulative AUC journal	Cumulative Capex actual
SI: Electricity	Upgrading/strengthening of existing network schemes	9.710005.1.016	4,000,000	2,258,967	-	2,258,967
SI: Electricity	Payments to townships for reticulated towns	9.710006.1.016	3,500,000	3,499,224	-	3,499,224
SI: Water	Township water services development: Tshwane contributions	9.710022.1.016	2,171,429	1,421,138	-	1,421,138
SI: Water	Lengthening of network and supply pipelines	9.710023.1.016	5,000,000	2,741,260	-	2,741,260
SI: Water	Upgrading of networks where difficulties exist	9.710024.1.016	3,000,000	2,902,504	-	2,902,504
SI: Water	Replacement of worn out network pipes	9.710026.1.016	13,028,571	7,597,495	-	7,597,495
Transport	Contributions: Services for township development	9.710115.1.015	103,500	-	-	-
SI: Electricity	Sub-transmission system equipment refurbishment	9.710163.1.015	10,000,000	9,986,705	-	9,986,705
SI: Electricity	11 kV panel extension in substations	9.710164.1.015	8,500,000	8,499,992	-	8,499,992
SI: Electricity	Electricity for all	9.710178.2.005	223,000,000	221,655,142	-	221,655,142
SI: Electricity	Electricity for all	9.710178.2.006	32,000,000	31,999,050	-	31,999,050

Department	Project name	WBS level 3	Current budget 2014/15	Cumulative SAP actual	Cumulative AUC journal	Cumulative Capex actual
SI: Electricity	Electricity for all	9.710178.2.015	-	-244,777	-244,777	-0
Service Delivery and Transformation Management	New Gazankulu Clinic	9.710204.1.015	5,000,000	5,000,000	-	5,000,000
Information and Communication Technology	One integrated transaction processing system	9.710213.1.015	14,300,000	14,182,153	-	14,182,153
Transport	Essential and unforeseen road improvements	9.710226.1.015	1,600,000	-	-	-
Transport	Traffic calming and pedestrian safety for Tshwane	9.710229.2.015	10,000,000	9,684,048	-	9,684,048
Environmental Management	Upgrading and extension of facilities	9.710276.1.007	5,000,000	4,992,811	-	4,992,811
SI: Electricity	Communication upgrade: Optical fibre network	9.710325.1.015	10,000,000	9,300,028	-	9,300,028
Service Delivery and Transformation Management	Development of parks and traffic islands (backlog and new)	9.710348.1.016	20,000,000	19,689,934	-119,916	19,809,850
Transport	Traffic lights/traffic signal system	9.710395.1.015	5,000,000	4,998,364	-	4,998,364
SI: Water	Replacement, upgrade, construction of WWTW facilities	9.710411.1.001	-	-487,030	-487,030	-0
SI: Water	Replacement, upgrade, construction of WWTW facilities	9.710411.1.005	44,000,000	43,999,998	-	43,999,998
SI: Water	Replacement, upgrade, construction of WWTW facilities	9.710411.1.015	88,992,062	72,711,211	-158,914	72,870,125
Environmental Management	Reparation to and resurfacing of roads	9.710420.1.007	250,000	225,264	-	225,264
SI: Electricity	Strengthening of 11kV cable network	9.710480.1.015	15,000,000	14,748,415	-	14,748,415
SI: Electricity	Strengthening of 11kV overhead network	9.710481.1.015	15,000,000	14,769,436	-	14,769,436
SI: Electricity	Substations	9.710484.1.015	4,000,000	3,946,001	-	3,946,001
SI: Electricity	Tshwane Public Lighting Programme	9.710556.2.005	40,000,000	39,009,424	-	39,009,424
SI: Electricity	Tshwane Public Lighting Programme	9.710556.2.015	15,000,000	14,407,819	-	14,407,819
Emergency Services	Establishment/construction of Fire House Heuweloord	9.710566.1.015	20,000,000	19,941,188	-	19,941,188
Transport	Mabopane Station modal interchange	9.710657.2.015	20,500,000	20,422,833	-	20,422,833
Housing and Human Settlement	Project linked housing – housing facilities	9.710860.1.004	-	-2,159,543	-2,159,543	0

Department	Project name	WBS level 3	Current budget 2014/15	Cumulative SAP actual	Cumulative AUC journal	Cumulative Capex actual
Housing and Human Settlement	Project linked housing – water provision	9.710863.2.005	350,269,592	341,044,795	-	341,044,795
Housing and Human Settlement	Sewage – low-cost housing	9.710864.2.005	272,972,683	261,887,914	-	261,887,914
Housing and Human Settlement	Roads and Stormwater: Low-cost housing – project linked housing	9.710865.2.005	77,331,461	73,410,391	-	73,410,391
Housing and Human Settlement	Project linked housing – acquisition of land	9.710868.2.005	162,847,039	158,947,039	-	158,947,039
Corporate and Shared Services	Purchase of vehicles	9.710869.1.001	4,000,000	3,980,924	-	3,980,924
SI: Water	Refurbishing of water networks and backlog eradication	9.710878.2.001	-	-40,991,291	8,653,540	32,337,751
SI: Water	Refurbishing of water networks and backlog eradication	9.710878.2.005	177,546,236	176,730,945	-	176,730,945
SI: Water	Refurbishing of water networks and backlog eradication	9.710878.2.015	40,536,509	36,890,400	-	36,890,400
SI: Water	Refurbishing of water networks and backlog eradication	9.710878.2.016	5,400,000	5,387,879	-	5,387,879
Transport	Real Rover Road to Serapeng Road	9.710936.2.015	8,000,000	7,986,506	-	7,986,506
Transport	Hartebeest Spruit: Canal upgrading	9.711265.1.015	3,000,000	2,984,269	-	2,984,269
Transport	Major storm water drainage system: Majaneng	9.711273.2.015	120,000	33,678	-	33,678
Transport	Storm water drainage systems in Ga-Rankuwa View	9.711285.2.015	-	-627	-627	-
SI: Water	Replacement and upgrading: Redundant bulk pipeline infrastructure	9.711335.1.015	71,571,429	59,278,390	-	59,278,390
Service Delivery and Transformation Management	Hammanskraal Multipurpose Sport and Recreational Centre	9.711433.2.005	2,400,000	1,526,941	-	1,526,941
Emergency Services	Renovation and upgrading of facilities	9.711455.1.001	-	-295,709	-295,709	0
Housing and Human Settlement	Winterveld Land Management Plan	9.711489.2.001	-	-4,660,575	-	-4,660,575
Housing and Human Settlement	Winterveld Land Management Plan	9.711489.2.015	13,000,000	-4,226,387	-12,081,348	7,854,961
SI: Water	Reduction of water losses: Water networks	9.711542.1.016	-	-8,886,190	-8,886,190	0
Environmental Management	Atmospheric pollution monitoring network	9.711562.1.015	1,000,000	983,283	-	983,283

Department	Project name	WBS level 3	Current budget 2014/15	Cumulative SAP actual	Cumulative AUC journal	Cumulative Capex actual
SI: Electricity	Network control system extension	9.711706.1.015	10,000,000	9,911,102	-	9,911,102
Service Delivery and Transformation Management	Redevelopment of hostels: Saulsville (Phases 3b and 4a)	9.711712.2.015	25,000,000	24,750,500	-	24,750,500
Service Delivery and Transformation Management	Redevelopment of hostels: Mamelodi	9.711713.1.015	10,000,000	10,000,000	-	10,000,000
Transport	Doubling of Simon Vermooten	9.711800.1.002	120,000,000	119,990,474	-	119,990,474
SI: Electricity	Prepaid electricity meters	9.711862.1.005	22,000,000	21,999,531	-	21,999,531
SI: Electricity	Prepaid electricity meters	9.711862.1.015	27,500,000	18,827,049	-	18,827,049
Transport	Internal roads: Northern areas	9.711863.2.005	97,599,000	97,396,676	-	97,396,676
Transport	Internal roads: Northern areas	9.711863.2.015	237,326,500	235,546,091	-	235,546,091
SI: Electricity	Replacement of obsolete and non-functional protection equipment	9.712006.1.015	2,500,000	2,499,613	-	2,499,613
Environmental Management	240 ℓ containers	9.712092.1.015	2,000,000	1,999,972	-	1,999,972
SI: Water	Moreletaspruit: Outfall sewer	9.712121.1.015	10,500,000	8,111,659	-	8,111,659
SI: Water	Re-establishment of WWC operational depots	9.712123.1.015	2,500,000	-	-	-
SI: Water	Establishment of water distribution depots	9.712124.1.015	1,500,000	-	-	-
Transport	Flooding backlogs: Soshanguve and Winterveld areas	9.712220.1.005	26,000,000	25,999,996	-	25,999,996
Transport	Flooding backlogs: Soshanguve and Winterveld areas	9.712220.1.015	89,949,000	79,929,666	-	79,929,666
Transport	Flooding backlogs: Mamelodi, Eersterust and Pta Eastern area	9.712223.1.015	19,000,000	18,999,960	-	18,999,960
Health and Social Development	Upgrading of clinic dispensaries	9.712278.1.015	3,000,000	2,761,189	-	2,761,189
SI: Electricity	New bulk electricity infrastructure	9.712279.1.001	-	-4,834,697	-4,834,697	-
SI: Electricity	New bulk electricity infrastructure	9.712279.1.015	80,000,000	48,861,000	-30,422,037	79,283,037
Metro Police Services	The establishment of network infrastructure (IT and CCTV)	9.712345.1.015	2,000,000	1,905,814	-	1,905,814
Audit and Risk	Insurance replacements (CTMM contribution)	9.712449.1.001	-	-483,965	-10,689	-473,276

Department	Project name	WBS level 3	Current budget 2014/15	Cumulative SAP actual	Cumulative AUC journal	Cumulative Capex actual
Audit and Risk	Insurance replacements (CTMM contribution)	9.712449.1.015	8,000,000	7,626,574	-1,818	7,628,392
Audit and Risk	Insurance replacements	9.712450.1.015	5,000,000	4,284,426	-	4,284,426
SI: Electricity	New connections	9.712483.1.001	-	-1,195,072	-1,195,072	0
SI: Electricity	New connections	9.712483.1.016	20,000,000	11,234,423	-677,281	11,911,704
SI: Electricity	Electrification of Winterveld	9.712492.1.015	15,000,000	14,984,189	-	14,984,189
Metro Police Services	Purchasing of policing equipment	9.712500.1.015	2,000,000	1,934,335	-	1,934,335
Transport	Flooding backlogs: Soshanguve South and Akasia area	9.712513.1.015	15,500,000	13,598,123	-	13,598,123
Transport	Flooding backlog: Network 2B, Ramotse	9.712515.1.015	800,000	630,859	-	630,859
Transport	Collector Road backlogs: Mamelodi	9.712521.1.015	15,800,000	14,909,067	-794,338	15,703,405
Office of the City Manager	Implementation of Tsosoloso Programme	9.712533.1.003	175,000,000	174,998,474	-	174,998,474
SI: Water	Reservoir extensions	9.712534.1.015	57,500,000	48,336,487	-307,175	48,643,662
Transport	Upgrading of Maunde	9.712544.1.015	18,500,000	17,264,399	-	17,264,399
Information and Communication Technology	e-Initiatives supporting the smart city	9.712554.1.015	30,000,000	14,022,285	-15,685,684	29,707,969
Environmental Management	Upgrading and extension of office blocks	9.712585.1.007	3,130,000	3,128,422	-	3,128,422
Transport	CBD and surrounding areas (2010SWC) HOV/BRT lanes on corridors to the North and Hatfield	9.712591.1.002	747,571,000	747,356,418	-	747,356,418
Transport	CBD and surrounding areas (2010SWC) HOV/BRT lanes on corridors to the North and Hatfield	9.712591.1.015	101,682,803	96,628,453	-	96,628,453
Transport	Upgrading of Lavender Road (southern part of K 97)	9.712610.1.015	5,786,359	5,779,276	-	5,779,276
Service Delivery and Transformation Management	Multipurpose development centres	9.712681.1.015	1,000,000	1,000,000	-	1,000,000
Service Delivery and Transformation Management	Upgrade and extension of Zithobeni Clinic	9.712683.1.015	10,000,000	10,000,000	-	10,000,000
Service Delivery and Transformation Management	Replacement of Rayton Clinic	9.712684.1.015	500,000	500,000	-	500,000
SI: Electricity	Energy efficiency and demand side management	9.712688.1.008	3,000,000	-	-	-

Department	Project name	WBS level 3	Current budget 2014/15	Cumulative SAP actual	Cumulative AUC journal	Cumulative Capex actual
Service Delivery and Transformation Management	Upgrading of ECD centres and day-care centre	9.712691.1.015	6,000,000	6,000,000	-	6,000,000
Environmental Management	Capital funded from operating	9.712750.1.007	500,000	474,095	-	474,095
City Planning and Development	Capital funded from operating (City Planning and Development)	9.712751.1.007	500,000	461,906	-	461,906
Metro Police Services	Capital funded from operating	9.712752.1.007	5,000,000	4,823,646	-	4,823,646
Corporate and Shared Services	Capital funded from operating	9.712753.1.007	1,164,000	1,059,461	-	1,059,461
Economic Development	Capital funded from operating	9.712754.1.007	500,000	499,980	-	499,980
Financial Services	Capital funded from operating	9.712755.1.007	500,000	492,403	-	492,403
Financial Services	Capital funded from operating	9.712755.1.012	280,000	243,891	-	243,891
Health and Social Development	Capital funded from operating	9.712756.1.007	5,856,000	5,800,178	-	5,800,178
Housing and Human Settlement	Capital funded from operating	9.712757.1.007	500,000	213,074	-	213,074
Office of the City Manager	Capital funded from operating	9.712758.1.007	500,000	272,145	-	272,145
SI: Electricity	Capital funded from operating	9.712759.1.007	3,000,000	999,720	-12,011	1,011,731
Transport	Capital funded from operating	9.712760.1.007	3,000,000	2,630,190	-	2,630,190
Emergency Services	Capital funded from operating	9.712765.1.007	3,036,756	3,003,472	-	3,003,472
Office of the Speaker	Capital funded from operating	9.712772.1.007	800,000	706,168	-	706,168
Sport and Recreation	Capital funded from operating	9.712773.1.007	4,500,000	4,438,005	-	4,438,005
Sport and Recreation	Capital funded from operating	9.712773.1.013	4,104,047	3,203,336	-	3,203,336
Service Delivery and Transformation Management	Development of the Klip-Kruisfontein Cemetery	9.712808.1.005	8,000,000	7,989,586	-	7,989,586
Service Delivery and Transformation Management	Development of Tshwane North Cemetery	9.712809.1.005	7,991,682	4,119,375	-	4,119,375
Service Delivery and Transformation Management	Development of Tshwane North Cemetery	9.712809.1.015	5,000,000	4,383,085	-	4,383,085
Environmental Management	Specialised vehicles – market	9.712827.1.007	120,000	119,997	-	119,997
Service Delivery and Transformation Management	241 � containers (Metsweding)	9.712831.1.015	20,600,000	20,599,173	-	20,599,173
Service Delivery and Transformation Management	Installation of generators in all LG clinics	9.712835.1.015	1,000,000	883,631	-	883,631
Metro Police Services	Establishment of a CS centralised command and communication centre (C4)	9.712860.1.015	-	-296,129	-296,129	-0

Department	Project name	WBS level 3	Current budget 2014/15	Cumulative SAP actual	Cumulative AUC journal	Cumulative Capex actual
SI: Electricity	Replacement of obsolete protection and testing instruments	9.712861.1.015	1,000,000	998,639	-	998,639
SI: Electricity	Rooiwal Power Station refurbishment	9.712862.1.015	8,000,000	6,156,440	-	6,156,440
Environmental Management	Upgrading of the market trading system	9.712868.1.007	3,500,000	3,450,327	-	3,450,327
SI: Electricity	Laudium Secondary Network Upgrade Project	9.712871.1.015	2,500,000	2,125,641	-	2,125,641
SI: Electricity	Tshwane electricity control room reconfiguration	9.712872.1.015	5,000,000	4,036,004	-	4,036,004
SI: Water	Bulk sewer supply – Franspoort	9.712876.1.005	1,500,000	1,500,000	-	1,500,000
Service Delivery and Transformation Management	Upgrading of Zithobeni Sport Stadium	9.712883.1.015	30,000,000	27,349,572	-	27,349,572
Transport	Upgrading of road from gravel to tar in Ekangala Wards 8,9 and 11	9.712894.1.015	261,000	260,064	-	260,064
Economic Development	Marketing and trading stalls – Bronkhorstspuit	9.712902.1.015	1,000,000	982,822	-	982,822
SI: Electricity	Substation Peripheral Equipment Programme	9.712906.1.015	3,500,000	2,353,230	-	2,353,230
SI: Electricity	Electricity vending infrastructure	9.712908.1.015	2,500,000	1,902,009	-	1,902,009
Service Delivery and Transformation Management	Upgrade Refilwe Stadium	9.712916.1.015	20,000,000	17,748,463	-	17,748,463
Audit and Risk	Capital funded from operating	9.712923.1.007	500,000	496,381	-	496,381
Legal Services	Capital funded from operating	9.712924.1.007	500,000	496,946	-	496,946
Service Delivery and Transformation Management	Capital funded from operating	9.712926.1.007	3,750,000	2,926,614	-	2,926,614
Research and Innovation	Capital funded from operating	9.712927.1.007	300,000	263,432	-	263,432
Communication, Marketing and Events	Capital funded from operating	9.712928.1.007	300,000	198,713	-	198,713
City Strategies and Performance Management	Capital funded from operating	9.712929.1.007	300,000	273,612	-	273,612
Office of the Executive Mayor	Capital funded from operating	9.712930.1.007	300,000	122,085	-	122,085
Office of the Chief Whip	Capital funded from operating	9.712931.1.007	500,000	298,881	-	298,881
Office of the City Manager	Capital funded from operating	9.712932.1.007	500,000	116,663	-	116,663
Office of the City Manager	Capital funded from operating	9.712933.1.007	500,000	320,742	-	320,742
Office of the City Manager	Capital funded from operating	9.712934.1.007	500,000	225,859	-	225,859

Department	Project name	WBS level 3	Current budget 2014/15	Cumulative SAP actual	Cumulative AUC journal	Cumulative Capex actual
Service Delivery and Transformation Management	Cullinan Library Park	9.712936.1.015	40,000,000	36,082,896	-	36,082,896
Service Delivery and Transformation Management	Greening sportfields	9.712941.1.015	22,000,000	3,191,457	-	3,191,457
Transport	Upgrading of roads and storm water systems in Refilwe	9.712944.1.015	1,000,000	689,901	-	689,901
Transport	Upgrading of roads and storm water systems in Rayton	9.712945.1.015	620,838	620,838	-	620,838
Transport	Upgrading of roads and storm water systems in Cullinan	9.712946.1.015	750,000	712,485	-	712,485
Service Delivery and Transformation Management	Social development centre in Hammanskraal	9.712948.1.017	10,200,000	4,517,786	-	4,517,786
Information and Communication Technology	Disaster recovery system storage	9.712950.1.015	30,000,000	27,046,162	-	27,046,162
Corporate and Shared Services	Tshwane Leadership and Management Academy	9.712953.1.001	8,571,944	8,198,075	-	8,198,075
Corporate and Shared Services	Tshwane Leadership and Management Academy	9.712953.1.019	4,500,000	4,454,390	-	4,454,390
Service Delivery and Transformation Management	Social development centre in Winterveld	9.712954.1.017	500,000	500,000	-	500,000
Service Delivery and Transformation Management	Social development centre in Mabopane	9.712955.1.017	500,000	500,000	-	500,000
Transport	Upgrading of Garsfontein Road	9.712956.1.018	12,000,000	-	-	-
Office of the City Manager	City Hall renovations	9.712960.1.015	42,700,000	43,262,723	-	43,262,723
Information and Communication Technology	BPC and SCOA	9.712961.1.015	17,500,000	17,237,790	-	17,237,790
Economic Development	Marketing and trading stalls – Laudium	9.712962.1.015	1,000,000	988,844	-	988,844
Environmental Management	Upgrade of entrance control and booking systems at recreation facilities	9.712963.1.015	5,000,000	4,560,060	-	4,560,060
Environmental Management	Enhance access control at the City's landfill sites	9.712964.1.015	8,000,000	5,844,674	-	5,844,674
Office of the City Manager	Tshwane House	9.712965.1.001	41,269,849	22,217,307	-	22,217,307
Office of the City Manager	Tshwane House	9.712965.1.015	20,000,000	36,843,668	-	36,843,668
Office of the City Manager	Upgrading of offices/Convention and Visitors Services Bureau	9.712966.1.015	1,500,000	-	-	-
Service Delivery and Transformation Management	New Soshanguve Clinic	9.712967.1.015	13,500,000	13,500,000	-	13,500,000
Office of the City Manager	RE AGA Tshwane	9.712970.1.001	86,420,000	63,996,077	-	63,996,077

Department	Project name	WBS level 3	Current budget 2014/15	Cumulative SAP actual	Cumulative AUC journal	Cumulative Capex actual
Total			4,388,781,289	4,027,593,057	-87,324,526	4,114,917,583

APPENDIX B: WARD COMMITTEES

1- COUNCILLORS; COMMITTEE ALOCATION AND COUNCIL ATTENDANCE

Legend:

SI	Services Infrastructure
T	Transport
H&HS	Housing and Human Settlements
H&SD	Health and Social Development
S&R	Sport and Recreation
CS	Community Safety
IDP	Integrated Development Planning
A	Agriculture
ED&SP	Economic Development and Spatial Planning
C&SS	Corporate and Shared Services
F	Finance
MPAC	Public Accounts
CO	Civilian Oversight
R&E	Rules and Ethics
P	Petitions
LGN	Local Geographical Names

Table 115: Councillors, Committees and council attendance

COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE					
COUNCIL MEMBERS	FULL TIME/PART TIME FT/PT	COMMITTEES ALLOCATED	*WARD AND/OR PARTY REPRESENTED	PERCENTAGE COUNCIL MEETING ATTENDANCE	PERSENTAGE APOLOGIES FOR NON ATTENDANCE
				%	%
Ramokgopa, KD (Executive Mayor)	FT		PR	82.6	17.3
Mosupyoe-Letsholo (Speaker)	FT		WARD	91.3	8.7

COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE					
COUNCIL MEMBERS	FULL TIME/PART TIME FT/PT	COMMITTEES ALLOCATED	*WARD AND/OR PARTY REPRESENTED	PERCENTAGE COUNCIL MEETING ATTENDANCE	PERSENTAGE APOLOGIES FOR NON ATTENDANCE
				%	%
Mabona SJ (Chief Whip of Council)	FT		PR	95.6	4.3
Boshomane MJ	PT	T	PR	100	0
Buthelezi MM	PT	PA	PR	95.6	0
Chauke D	PT	SI P	PR	91.3	4.3
Dlamini LB	PT	H&SD F	PR	86.9	13.0
Ernest T	PT	H&HS P	PR	91.3	0
Fleming DL	PT	IDP F	PR	56.5	21.7
Guduza TE	PT	IDP P	PR	91.3	4.3
Huma SE	PT	CS LGN	PR	65.2	0
Kekana RJ	FT	Chairperson: Section Oversight Committee: Finance	PR	100	0
Khalo T (Prof)	PT	PA	PR	95.6	4.3
Lebese OS	PT	F	PR	82.6	8.7
Lehobye DJ	PT	PA	PR	86.9	4.3
Lekgema PL	PT	H&HS C&SS	PR	91.3	0
Mabiletsa MD	FT		PR	86.9	0
Mabusela TE	FT		PR	86.9	13.0

COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE					
COUNCIL MEMBERS	FULL TIME/PART TIME FT/PT	COMMITTEES ALLOCATED	*WARD AND/OR PARTY REPRESENTED	PERCENTAGE COUNCIL MEETING ATTENDANCE	PERSENTAGE APOLOGIES FOR NON ATTENDANCE
				%	%
Majola DE	PT	IDP A&EM	PR	82.6	17.3
Makaung AS (Special leave)	PT	C&SS	PR	21.7	78.2
Tyobeka-Makeke NP	FT		PR	100	0
Makitla NB	FT	Chairperson: Section 79 Standing Committee: Petitions	PR	100	0
Marema MP	PT	T	PR	91.3	4.3
Masango JM	FT		PR	91.3	8.7
Mashaba PF	FT		PR	78.2	13.0
Mashego RT	FT		PR	82.6	17.3
Mathafa OM	FT	Chairperson: Section 79 Standing Committee: Public Accounts	PR	86.9	0
Mathenjwa N	PT	IDP F	PR	82.6	0
Matjila MG	FT		PR	65.2	34.7
Maseko NE	FT	Chairperson: Section 79 Oversight Committee: Sport and Recreation	PR	91.3	0
Mkhize J	FT	Chairperson: Section 79 Oversight Committee:	PR	91.3	8.7

COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE					
COUNCIL MEMBERS	FULL TIME/PART TIME FT/PT	COMMITTEES ALLOCATED	*WARD AND/OR PARTY REPRESENTED	PERCENTAGE COUNCIL MEETING ATTENDANCE	PERSENTAGE APOLOGIES FOR NON ATTENDANCE
				%	%
		Corporate and Shared Services			
Mmoko TE	FT		PR	91.3	4.3
Modise S	PT	SI CS	PR	86.9	0
Mohlala RJB	FT	Chairperson: Section 79 Oversight Committee: Integrated Development Planning	PR	91.3	4.3
Mojela DL	PT	A&EM P	PR	95.6	0
Moselelane SEP	PT	CS P	PR	91.3	4.3
Mosime DW	PT	H&HS ED&SP	PR	100	0
Mosito DB	FT	Chairperson: Section 79 Oversight Committee: Housing and Human Settlements	PR	91.3	0
Motsei MV	PT	H&HS R&E	PR	100	0
Mthethwa SD	FT	Chairperson: Section 79 Standing Committee: Local Geographical Names	PR	100	0
Muller JD	FT	Chairperson Section 79 Standing Committee: Rules And Ethics	PR	100	0
Ndlovana AA	FT	Chairperson: Section 79	PR	100	0

COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE					
COUNCIL MEMBERS	FULL TIME/PART TIME FT/PT	COMMITTEES ALLOCATED	*WARD AND/OR PARTY REPRESENTED	PERCENTAGE COUNCIL MEETING ATTENDANCE	PERSENTAGE APOLOGIES FOR NON ATTENDANCE
				%	%
		Oversight Committee: Health And Social Development			
Ngobeni JM	PT	CS	PR	100	0
Ngobeni SM	PT	H&SD R&E	PR	100	0
Ngonyama JJ	FT		PR	100	0
Ngwezi AA (Prof)	PT	H&SD R&E	PR	91.3	0
Nhlapo EN	PT	H&HS ED&SP	PR	95.6	0
Phasha SM	PT	H&SD P	PR	100	0
Pillay S	FT		PR	82.6	17.3
Sebopa MI	PT	H&SD P		82.6	4.3
Zitha PB	PT	H&HS F	PR	100	0
Aphane, MJ	PT	S&R ED&SP	Ward	91.3	0
Baloyi JK	PT	T	Ward	86.9	4.3
Baloyi RW	PT	SI IDP	Ward	95.6	0
Boroto AS	PT	C&SS	Ward	82.6	8.7
Essop M	PT	CS	Ward	100	0
Hlatshwayo PB	PT	H&SD IDP	Ward	91.3	0

COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE					
COUNCIL MEMBERS	FULL TIME/PART TIME FT/PT	COMMITTEES ALLOCATED	*WARD AND/OR PARTY REPRESENTED	PERCENTAGE COUNCIL MEETING ATTENDANCE	PERSENTAGE APOLOGIES FOR NON ATTENDANCE
				%	%
Katake NS	PT	F LGN	Ward	91.3	0
Komani NJ	PT	T	Ward	95.6	0
Kwenda-Sesoko LH	FT		Ward	100	0
Ledwaba DC	FT	Chairperson: Section 79 Standing: Civilian Oversight	Ward	95.6	0
Mabelane VP	PT	H&HS H&SD	Ward	82.6	0
Mabena MJ	PT	H&SD	Ward	91.3	0
Mabona AD	PT	SI	Ward	91.3	0
Mahlase CM	PT	A&EM LGN	Ward	91.3	0
Majeng PL	PT	H&SD	Ward	65.2	0
Makgatho JT	PT	IDP A&EM	Ward	92.6	0
Makola MA	PT	SI P	Ward	95.6	0
Malapane ND	PT	S&R C&SS	Ward	91.3	0
Maluleka AM	FT	Chairperson: Section 79 Oversight Committee: Economic Development and Spatial Planning	Ward	86.9	4.3
Mampheko AM	PT	T ED&SP	Ward	78.2	13.0
Maredi F	PT	T	Ward	91.3	0

COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE					
COUNCIL MEMBERS	FULL TIME/PART TIME FT/PT	COMMITTEES ALLOCATED	*WARD AND/OR PARTY REPRESENTED	PERCENTAGE COUNCIL MEETING ATTENDANCE	PERSENTAGE APOLOGIES FOR NON ATTENDANCE
				%	%
		F			
Mareme MS	PT	S&R C&SS	Ward	100	0
Marishane MS	PT	PA	Ward	95.6	0
Marobane MA	PT	CS	Ward	91.3	0
Marole LP	PT	H&HS A&EM	Ward	91.3	0
Marotola MS	PT	ED&SP LGN	Ward	86.9	0
Maseko PL	PT	C&SS R&E	Ward	78.2	8.7
Mashola MS	PT	Chairperson: Section 79 Oversight Committee: Community Safety	Ward	100	0
Masilela JK	PT	SI S&R	Ward	82.6	0
Masombuka JB	PT	A&EM LGN	Ward	91.3	0
Masupha NR	PT	CS	Ward	95.6	0
Matentjie JH	PT	S&R	Ward	78.2	17.3
Mathe D	PT	C&SS	Ward	95.6	0
Matshela TP	PT	CS P	Ward	91.3	0
Mbele FNJ	PT	PA	Ward	91.3	0
Mlotshwa ME	PT	SI C&SS	Ward	86.9	0
Mogale JM	PT	T	Ward	86.9	0

COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE					
COUNCIL MEMBERS	FULL TIME/PART TIME FT/PT	COMMITTEES ALLOCATED	*WARD AND/OR PARTY REPRESENTED	PERCENTAGE COUNCIL MEETING ATTENDANCE	PERSENTAGE APOLOGIES FOR NON ATTENDANCE
				%	%
		IDP			
Mogamedi LP	PT	S&R LGN	Ward	91.3	0
Mogoboya NP	PT	CS R&E	Ward	95.6	4.3
Mokgothadi RMH	FT	Chairperson: 79 Section Oversight Committee: Services Infrastructure	Ward	95.6	4.3
Montlha SP	PT	SI ED&SP	Ward	82.6	0
Morudu MGR	PT	SI F	Ward	95.6	0
Motsepe RH	PT	H&HS	Ward	91.3	0
Musehane ME	PT	S&R R&E	Ward	100	0
Ngwenya CB	PT	CS F	Ward	82.6	8.7
Ngobeni LM	PT	LGN	Ward	100	0
Ngobeni MR	PT	A&EM	Ward	86.9	4.3
Nkosi JB	PT	ED&SP	Ward	100	0
Nkosi FE	PT	ED&SP LGN	Ward	95.6	4.3
Ntuli JC	FT	Chairperson: 79 Section Oversight	Ward	91.3	4.3

COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE					
COUNCIL MEMBERS	FULL TIME/PART TIME FT/PT	COMMITTEES ALLOCATED	*WARD AND/OR PARTY REPRESENTED	PERCENTAGE COUNCIL MEETING ATTENDANCE	PERSENTAGE APOLOGIES FOR NON ATTENDANCE
				%	%
		Committee: Transport			
Phahlane AK	PT	T A&EM	Ward	100	0
Phiri, SB (Special leave)	PT	S&R	Ward	21.7	78.2
Rallele M	PT	C&SS R&E	Ward	100	0
Rambau TV	PT	PA	Ward	100	0
Rammushi JP	PT	T F	Ward	100	0
Ringane MB	PT	IDP R&E	Ward	86.9	0
Sebata TA	PT	ED&SP	Ward	86.9	13.0
Sebotsane MP	PT	H&SD IDP	Ward	95.6	0
Sekonya MD	PT	ED&SP R&E	Ward	100	0
Sibanyoni JN	PT	A&EM LGN	Ward	100	0
Sibaya J	PT	SI CO	Ward	100	0
Sindane JM	PT	C&SS R&E	Ward	95.6	0
Sithole ST	PT	A&EM P	Ward	91.3	0

COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE					
COUNCIL MEMBERS	FULL TIME/PART TIME FT/PT	COMMITTEES ALLOCATED	*WARD AND/OR PARTY REPRESENTED	PERCENTAGE COUNCIL MEETING ATTENDANCE	PERCENTAGE APOLOGIES FOR NON ATTENDANCE
				%	%
Thobejane EM	PT	S&R	Ward	91.3	0
Tlomeatsane SP	FT	Chairperson: Section 79 Oversight Committee: Agriculture and Environmental Management	Ward	100	0
Tsela CD	PT	H&HS S&R	Ward	69.5	0
Tshabalala ES	PT	T LGN	Ward	95.6	0
Brink C	PT	R&E (from May 2015) PA (until April 2015)	PR	86.9	0
Bosch C	PT	S&R LGN	PR	73.9	17.3
Campbell AW	PT	H&HS CO	PR	100	0
Duvenage Y	PT		PR	86.9	8.7
Dzumba KY	PT	H&SD S&R A&EM	PR	100	0
Erasmus DJ	PT	A&EM	PR	52.1	43.1
Fourie ML	PT	F	PR	91.3	4.3
Fourie S	PT	S&R LGN	PR	69.5	26.0
Jacobs MJ	PT	P LGN	PR	100	0
Jansen J	PT	C&SS	PR	82.6	8.7

COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE					
COUNCIL MEMBERS	FULL TIME/PART TIME FT/PT	COMMITTEES ALLOCATED	*WARD AND/OR PARTY REPRESENTED	PERCENTAGE COUNCIL MEETING ATTENDANCE	PERSENTAGE APOLOGIES FOR NON ATTENDANCE
				%	%
Joosub U	PT	H&HS P	PR	86.9	8.7
Khumalo ZC	PT	T F	PR	91.3	0
Lee TW	PT	SI C&SS	PR	91.3	8.7
Maake MR	PT	A&EM	PR	100	0
Maas S	PT	SI P	PR	56.5	34.7
Mampuru MM	PT	S&R P	PR	100	0
Mashego JD	PT	H&HS	PR	100	0
Mathibedi LR	PT	IDP P	PR	100	0
Millar PE	PT	T C&SS	PR	100	0
Minnie KJ	PT	S&R R&E	PR	91.3	4.3
Mnguni DSL	PT	CS LGN	PR	95.6	4.3
Mokhoto NL	PT	CS P	PR	95.6	0
Mokonyane KR	PT	H&SD P	PR	100	0
Moss D	PT	SI F	PR	95.6	4.3
Motau LG	PT	C&SS LGN	PR	95.6	0
Motsaneng S	PT	H&HS	PR	100	0

COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE					
COUNCIL MEMBERS	FULL TIME/PART TIME FT/PT	COMMITTEES ALLOCATED	*WARD AND/OR PARTY REPRESENTED	PERCENTAGE COUNCIL MEETING ATTENDANCE	PERSENTAGE APOLOGIES FOR NON ATTENDANCE
				%	%
		LGN			
Mkhari M	PT	P	PR	100	0
Napo MM	PT	SI LGN	PR	100	0
Ncube AB	PT	SI P	PR	95.6	0
Ndlovu FC	PT	IDP LGN	PR	69.5	13
Ngwenya MA	PT	S&R LGN	PR	100	0
Nortje HJ	PT	T C&SS	PR	95.6	4.3
Osman AQ	PT	IDP F	PR	47.8	39.9
Peach WD	PT	IDP A&EM	PR	95.6	4.3
Pietersen IJ	PT	T IDP R&E	PR	100	0
Pretorius GC	PT	SI R&E	PR	91.3	4.3
Ramohoebo M	PT	T IDP F	PR	95.6	4.3
Rens SD	PT	H&HS P	PR	95.6	0
Shackleton MS	PT	H&HS H&SD C&SS	PR	86.9	13.0

COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE					
COUNCIL MEMBERS	FULL TIME/PART TIME FT/PT	COMMITTEES ALLOCATED	*WARD AND/OR PARTY REPRESENTED	PERCENTAGE COUNCIL MEETING ATTENDANCE	PERSENTAGE APOLOGIES FOR NON ATTENDANCE
				%	%
		R&E			
Topham BR	PT	PA	PR	82.6	8.7
Uys R	PT	C&SS R&E	PR	60.8	30.4
Van den Heever CM	PT	S&R F	PR	95.6	0
Visser GP	PT	F R&E	PR	91.3	0
Weber H	PT	H&HS A&EM	PR	82.6	8.7
Welmans LJ	PT	S&R	PR	91.3	0
Aucamp, MGW	PT	H&SD	Ward	60.8	39.1
Aucamp, M	PT	R&E (until April 2015) PA (until May 2015)	Ward	73.9	26.0
Baker, DC Prof	PT	SI	Ward	91.3	0
Barendrecht, JW	PT	T	Ward	82.6	4.3
Bekker CF	PT	T	Ward	86.9	8.7
Bosch VA	PT	H&SD	Ward	78.2	13.0
Boshoff CH	PT	H&HS R&E	Ward	78.2	21.7
Chapman BW	PT	CS	Ward	100	0
Coetzee JJ	PT	CS	Ward	100	0

COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE					
COUNCIL MEMBERS	FULL TIME/PART TIME FT/PT	COMMITTEES ALLOCATED	*WARD AND/OR PARTY REPRESENTED	PERCENTAGE COUNCIL MEETING ATTENDANCE	PERSENTAGE APOLOGIES FOR NON ATTENDANCE
				%	%
Du Plooy J	PT	H&SD	Ward	73.9	21.7
Engelbrecht BA	PT	PA	Ward	91.3	4.3
Erasmus GM	PT	A&EM	Ward	82.6	8.7
Fourie HF	PT	A&EM	Ward	73.9	8.7
Fourie PJ	PT	CS	Ward	69.5	21.7
Fourie RP	PT	T	Ward	95.6	0
Kruger Muller ME	PT	H&SD	Ward	95.6	4.3
Linde E	PT	LGN	Ward	95.6	4.3
Louw E	PT	A&EM	Ward	86.9	8.7
Mc Donald CN	PT	ED&SP	Ward	91.3	8.7
Meyer K	PT	CS	Ward	86.9	13.0
Middelberg AWF	PT	IDP	Ward	95.6	4.3
Muller S	PT	ED&SP	Ward	82.6	13.0
Napier CJ (Prof)	PT	ED&SP	Ward	86.9	8.7
Nel E	PT	C&SS	Ward	91.3	8.7
Pascoe NC	PT	IDP	Ward	100	0

COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE					
COUNCIL MEMBERS	FULL TIME/PART TIME FT/PT	COMMITTEES ALLOCATED	*WARD AND/OR PARTY REPRESENTED	PERCENTAGE COUNCIL MEETING ATTENDANCE	PERSENTAGE APOLOGIES FOR NON ATTENDANCE
				%	%
Prinsloo CD (Adv.)	PT	ED&SP	Ward	60.8	34.7
Smith FJ	PT	PA	Ward	95.6	0
Singh I	PT	ED&SP	Ward	95.6	0
Spoelstra JC	PT	ED&SP	Ward	65.2	26.0
Strijdom CE	PT	SI	Ward	91.3	4.3
Sutherland M	PT	ED&SP	Ward	91.3	8.7
Sutton P	PT	PA	Ward	91.3	4.3
Swanepoel DJ	PT	H&SD F	Ward	69.5	21.7
Van der Walt PA	PT	ED&SP	Ward	69.5	17.3
Van Niekerk AM	PT	CS	Ward	82.6	13.0
Wannenburg DG	PT	CS	Ward	95.6	0
Wannenburg BJ	PT	A&EM	Ward	95.6	4.3
Van Zyl JS (deceased August 2014)	PT	R&E LGN		91.3	8.7
Erasmus LA	PT	CS	PR	91.3	8.7
Erasmus, BHJ	PT	H&SD LGN	PR	100	0
Du Plooy IP	PT	ED&SP	PR	91.3	8.7

COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE					
COUNCIL MEMBERS	FULL TIME/PART TIME FT/PT	COMMITTEES ALLOCATED	*WARD AND/OR PARTY REPRESENTED	PERCENTAGE COUNCIL MEETING ATTENDANCE	PERCENTAGE APOLOGIES FOR NON ATTENDANCE
				%	%
Uys, PD	PT	IDP P R&E	PR	100	0
Babane, TJ	PT	T H&HS	PR	91.3	4.3
Mathebe, RK	PT	PA	PR	86.9	13.0
Kissoonduth, A	PT	S&R F	PR	100	0
Lesufi, ML	PT	A&EM	PR	91.3	4.3
Lekgoathi LJ	PT		PR	100	0
Montjane ME	PT	C&SS	PR	95.6	0
Mathebula, TK	PT		PR	86.9	4.3

APPENDIX C: COMMITTEES AND COMMITTEE PURPOSES

Table 116: Committees

Committee (other than Mayoral/Executive Committee) and purposes of Committees	
Municipal Committees	Purpose of Committee
Section Oversight Committee: Services Infrastructure: 79	<ul style="list-style-type: none"> to scrutinise reports in relation to its core function referred to it by Council emanating from the Executive Mayor and/or Mayoral Committee and advising Council; An oversight role in relation to its core function on the performance of the Executive on behalf of Council; and In relation to its core function, an advisory legislative role.
Section Oversight 79	<ul style="list-style-type: none"> to scrutinise reports in relation to its core function referred to it by Council emanating from the Executive Mayor and/or Mayoral Committee and advising Council;

Committee (other than Mayoral/Executive Committee) and purposes of Committees	
Municipal Committees	Purpose of Committee
Committee: Transport:	<ul style="list-style-type: none"> • An oversight role in relation to its core function on the performance of the Executive on behalf of Council; and • In relation to its core function, an advisory legislative role.
Section 79 Oversight Committee: Housing and Human Settlements:	<ul style="list-style-type: none"> • to scrutinise reports in relation to its core function referred to it by Council emanating from the Executive Mayor and/or Mayoral Committee and advising Council; • An oversight role in relation to its core function on the performance of the Executive on behalf of Council; and • In relation to its core function, an advisory legislative role.
Section 79 Oversight Committee: Health and Social Development:	<ul style="list-style-type: none"> • to scrutinise reports in relation to its core function referred to it by Council emanating from the Executive Mayor and/or Mayoral Committee and advising Council; • An oversight role in relation to its core function on the performance of the Executive on behalf of Council; and • In relation to its core function, an advisory legislative role.
Section 79 Oversight Committee: Sports and Recreation:	<ul style="list-style-type: none"> • to scrutinise reports in relation to its core function referred to it by Council emanating from the Executive Mayor and/or Mayoral Committee and advising Council; • An oversight role in relation to its core function on the performance of the Executive on behalf of Council; and • In relation to its core function, an advisory legislative role.
Section 79 Oversight Committee: Community Safety:	<ul style="list-style-type: none"> • to scrutinise reports in relation to its core function referred to it by Council emanating from the Executive Mayor and/or Mayoral Committee and advising Council; • An oversight role in relation to its core function on the performance of the Executive on behalf of Council; and • In relation to its core function, an advisory legislative role.
Section 79 Oversight Committee: Integrated	<ul style="list-style-type: none"> • to scrutinise reports in relation to its core function referred to it by Council emanating from the Executive Mayor and/or Mayoral Committee and advising Council;

Committee (other than Mayoral/Executive Committee) and purposes of Committees	
Municipal Committees	Purpose of Committee
Development Planning:	<ul style="list-style-type: none"> • An oversight role in relation to its core function on the performance of the Executive on behalf of Council; and • In relation to its core function, an advisory legislative role.
Section 79 Oversight Committee: Agriculture and Environmental Management:	<ul style="list-style-type: none"> • to scrutinise reports in relation to its core function referred to it by Council emanating from the Executive Mayor and/or Mayoral Committee and advising Council; • An oversight role in relation to its core function on the performance of the Executive on behalf of Council; and • In relation to its core function, an advisory legislative role.
Section 79 Oversight Committee: Economic Development and Spatial Planning:	<ul style="list-style-type: none"> • to scrutinise reports in relation to its core function referred to it by Council emanating from the Executive Mayor and/or Mayoral Committee and advising Council; • An oversight role in relation to its core function on the performance of the Executive on behalf of Council; and • In relation to its core function, an advisory legislative role.
Section 79 Oversight Committee: Corporate and Shared Services:	<ul style="list-style-type: none"> • to scrutinise reports in relation to its core function referred to it by Council emanating from the Executive Mayor and/or Mayoral Committee and advising Council; • An oversight role in relation to its core function on the performance of the Executive on behalf of Council; and • In relation to its core function, an advisory legislative role.
Section 79 Oversight Committee: Finance:	<ul style="list-style-type: none"> • to scrutinise reports in relation to its core function referred to it by Council emanating from the Executive Mayor and/or Mayoral Committee and advising Council; • An oversight role in relation to its core function on the performance of the Executive on behalf of Council; and • In relation to its core function, an advisory legislative role.
Section 79 Standing Committee: Civilian Oversight	<p>The Committee is responsible to –</p> <ul style="list-style-type: none"> • at the request of the Council, advise the Council on matters relating to the Metropolitan Police;

Committee (other than Mayoral/Executive Committee) and purposes of Committees	
Municipal Committees	Purpose of Committee
	<ul style="list-style-type: none"> • 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 to the Council or Municipal Manager thereon; • 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 to the Council or Municipal Manager thereon
Section 79 Standing Committee: Petitions	<p>Terms of the 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 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 otherwise have been dealt with by the Administration in accordance with the delegation of powers to officials.

Committee (other than Mayoral/Executive Committee) and purposes of Committees	
Municipal Committees	Purpose of Committee
	<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 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.
Section 79 Standing Committee: Rules and Ethics	<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 CoT 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.
Section 79 Standing Committee: Public Accounts	<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 finalized, information relating to past recommendations made on the Annual Report, must also be reviewed. This relates to current in-year reports, including the quarterly, mid-year and annual reports; • 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 Audit Committee's and the Auditor-General's recommendations have been implemented; • To promote good governance, transparency and accountability on the use of municipal resources;

Committee (other than Mayoral/Executive Committee) and purposes of Committees	
Municipal Committees	Purpose of Committee
	<ul style="list-style-type: none"> • 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.
Section 79 Standing Committee: Local Geographical Names	<p>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.</p> <p>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>

APPENDIX D- WARD REPORTING

Table 117: Ward Reporting

Functionality of Ward Committees						
Ward Name	Name of Councillor elected Committee members	Ward and Ward	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	J.W Barendrecht		Yes	4	None	None
2	Wannenburg		Yes	4	None	None
3	D.J Swanepoel		Yes	4	None	1
4	M.G.R. Morudu		Yes	4	None	9
5	A. Van Niekerk		Yes	4	None	None
6	J.N Sibanyoni		Yes	4	None	None
7	M.S Mashola		Yes	4	None	None
8	E. Thobejane		Yes	4	None	3
9	S.T Sithole		Yes	4	None	None
10	N.P Mogoboya		Yes	4	None	None
11	N. Komani		Yes	4	None	None
12	L. Majeng		Yes	4	None	None
13	A.K Phahlane		Yes	4	None	2
14	J. Mogale		Yes	4	None	None
15	M.S Marishane		Yes	4	None	2
16	J. Matentjie		Yes	4	None	1
17	A. Borotheo		Yes	4	None	None
18	F. Mbele		Yes	4	None	None
19	L. Kwenda		Yes	4	None	None
20	R.W Baloyi		Yes	4	None	None
21	J.M Sindane		Yes	4	None	2
22	R.H Motsepe		Yes	4	None	None
23	T.A Sebata		Yes	4	None	None
24	A.M Mampheko		Yes	4	None	1
25	P.B Hlatshwayo		Yes	4	None	None
26	M. Marema		Yes	4	None	None
27	S.L Mashabela		Yes	4	None	None

Functionality of Ward Committees						
Ward Name	Name of Councillor elected Committee members	Ward and Ward	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
28	R.H Mokgothadi		Yes	4	None	2
29	E. Nkosi		Yes	4	None	8
30	J. Rammushi		Yes	4	None	2
31	A.W.M.K Mosupyoe		Yes	4	None	6
32	D. Sekonya		Yes	4	None	None
33	D. Ledwaba		Dissolved	none	None	7
34	M.R Ngobeni		Yes	4	None	7
35	P. Maseko		Yes	4	None	5
36	J.J Tshabalala		Yes	4	None	3
37	S. Montlha		Yes	4	None	None
38	P. Sebotsane		Yes	4	None	1
39	N. Katana		Yes	4	None	None
40	J.K Masilela		Yes	4	None	2
41	B.W Chapman		Yes	4	None	None
42	A Engelbrecht		Yes	4	None	None
43	I Singh		Yes	4	None	None
44	K Meyer		Yes	4	None	None
45	N Pascoe		Dissolved	none	None	None
46	D.C Barker		Yes	4	None	None
47	A.W.F Middelberg		Yes	4	None	None
48	B Ringane		Yes	4	None	4
49	M.A Marobane		Yes	4	None	5
50	B.J Wannenburg		Yes	4	None	None
51	F Maredi		Yes	4	None	None
52	R.A Randal		Yes	4	None	None
53	H.J Fourie		Yes	4	None	None
54	E Linde		Yes	4	None	None
55	P.J Fourie		Yes	4	None	None
56	K Prinsloo		Yes	4	None	None

Functionality of Ward Committees						
Ward Name	Name of Councillor elected Committee members	Ward and Ward	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
57	C Napier		Yes	4	None	None
58	N.S Moimane		Yes	4	None	None
59	G.M Erasmus		Yes	4	None	None
60	M.J Mabane		Yes	4	None	1
61	M Essop		Yes	4	None	4
62	S.P Tlomatsame		Yes	4	None	1
63	J.C Ntuli		Dissolved	none	None	None
64	C.N McDonald		Yes	4	None	None
65	J.C Spoelstra		Yes	4	None	None
66	C.E Strijdom		Yes	4	None	None
67	D Mathe		Yes	4	None	None
68	T.V Rambau		Yes	4	None	None
69	M Aucamp		Yes	4	None	None
70	M.E Kruger Muller		Yes	4	None	None
71	M.A Makola		Yes	4	None	1
72	L Moganedi		Yes	4	None	None
73	M.J Aphone		Yes	4	None	4
74	J Sibaya		Yes	4	None	5
75	J Makgatho		Yes	4	None	3
76	J Baloyi		Yes	4	None	2
77	C.D Tsela		Yes	4	None	1
78	M.C Botha		Yes	4	None	None
79	V Bosch		Yes	4	None	None
80	C Ngwenya		Yes	4	None	1
81	M.E Musehane		Yes	4	None	None
82	S Muller		Yes	4	None	None
83	F Bekker		Yes	4	None	None
84	R.P Fourie		Yes	4	None	None
85	E Low		Yes	4	None	None
86	P Marole		Yes	4	None	None

Functionality of Ward Committees						
Ward Name	Name of Councillor elected Committee members	Ward and Ward	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
87	C.H Boshoff		Yes	4	None	None
88	T Khoza		Yes	4	None	6
89	L Ngobeni		Yes	4	None	8
90	M.S Marotola		Yes	4	None	None
91	A.W.F Middleburg		Dissolved	none	None	None
92	E.K Mnyandu		Yes	4	None	None
93	R Masupha		Yes	4	None	None
94	M.E Mlotshwa		Yes	4	None	None
95	R.A Maluleka		Yes	4	None	1
96	J.J Coetzee		Yes	4	None	1
97	N Malapane		Yes	4	None	2
98	M Sutherland		Yes	4	None	None
99	T.P Matshela		Yes	4	None	3
100	C.M Mahlase		Yes	4	None	2
101	P.A Van Der Walt		Yes	4	None	None
102	N Mathenjwa		Yes	4	None	4
103	A.D Mabona		Yes	4	None	4
104	V.P Mabelane		Yes	4	None	3
105	J.B Masombuka		Yes	4	None	4

APPENDIX E: INSTALLATION OF FREE WIFI SITES

Table 118: Sites installed with Wi-Fi

Site	Area	Region	Ward
Bokgoni Technical Secondary School	Atteridgeville	Region 3	Ward 51
Holy Trinity High School (Catholic Secondary)	Atteridgeville	Region 3	Ward 51
Isaac More Primary School	Atteridgeville	Region 3	Ward 51
Pepps Motheong Primary	Atteridgeville	Region 3	Ward 51
David Hellen Peta Secondary School	Atteridgeville	Region 3	Ward 62
Hofmeyr Secondary School	Atteridgeville	Region 3	Ward 62
Kgabo Primary School	Atteridgeville	Region 3	Ward 62
Marematlou Primary School	Atteridgeville	Region 3	Ward 62
Patogeng Primary School	Atteridgeville	Region 3	Ward 62
Seaparankwe Primary School	Atteridgeville	Region 3	Ward 62
Bud Mbelle Primary School	Atteridgeville	Region 3	Ward 63
Esikhisini Primary School	Atteridgeville	Region 3	Ward 63
Saulridge Secondary School	Atteridgeville	Region 3	Ward 63
Thoho-Ya-Ndou Primary School	Atteridgeville	Region 3	Ward 63
Mahlahle Primary School	Atteridgeville	Region 3	Ward 68
Makgatho Primary School	Atteridgeville	Region 3	Ward 68
Masizani Primary School	Atteridgeville	Region 3	Ward 68
Phuthaditshaba Primary School	Atteridgeville	Region 3	Ward 68
Bathokwa Primary School	Atteridgeville	Region 3	Ward 7
Flavius Mareka Secondary School	Atteridgeville	Region 3	Ward 7
Banareng Primary School	Atteridgeville	Region 3	Ward 72
Mabafeng Primary School	Atteridgeville	Region 3	Ward 72
Mafumbuka Primary School	Soshanguve	Region 1	Ward 11
Makhosini Combined Secondary School	Soshanguve	Region 1	Ward 11
Bajabulile Primary School	Mamelodi	Region 6	Ward 15
Gatang Secondary School	Mamelodi	Region 6	Ward 15
Lehlabile Secondary School	Mamelodi	Region 6	Ward 15
Mogale Primary School	Mamelodi	Region 6	Ward 15
Rethakgetse Primary School	Mamelodi	Region 6	Ward 16
Stanza Bopape Secondary School	Mamelodi	Region 6	Ward 16
Boikgantsho Primary School	Mamelodi	Region 6	Ward 18
Bophelong Community Independent School	Mamelodi	Region 6	Ward 18
N'wa-Vangani Primary School	Mamelodi	Region 6	Ward 18

Site	Area	Region	Ward
Phateng Secondary School	Mamelodi	Region 6	Ward 18
Ribane Laka Secondary School	Mamelodi	Region 6	Ward 18
Sikhanyisele Primary School	Mamelodi	Region 6	Ward 18
Solomon Mahlangu Freedom School (ex Izikhulu):1997	Mamelodi	Region 6	Ward 18
Lompec Independent Primary and Secondary School	Mamelodi	Region 6	Ward 23
Mveledzo Primary School	Mamelodi	Region 6	Ward 23
Pula-Difate Primary School	Mamelodi	Region 6	Ward 23
Sindawonye Primary School	Mamelodi	Region 6	Ward 23
Tlakukani Primary School	Mamelodi	Region 6	Ward 23
Dimakatso Primary School	Soshanguve	Region 1	Ward 25
Funekile Secondary School	Soshanguve	Region 1	Ward 25
Kgadime Matsepe Secondary	Soshanguve	Region 1	Ward 25
Kgotlelelang Primary School	Soshanguve	Region 1	Ward 25
Lesedi Potlana Primary School	Soshanguve	Region 1	Ward 25
Vukosi Primary School	Soshanguve	Region 1	Ward 25
Babinaphuti Secondary School	Soshanguve	Region 1	Ward 26
Tlamaganyo Primary School	Soshanguve	Region 1	Ward 26
Uthando Primary School	Soshanguve	Region 1	Ward 26
MJ Mgidi Secondary School	Soshanguve	Region 1	Ward 27
Mmabana Primary School	Soshanguve	Region 1	Ward 27
Nchuncheko Primary School	Soshanguve	Region 1	Ward 27
Pulamadibogo Primary School	Soshanguve	Region 1	Ward 27
Senthibele Senior Secondary	Soshanguve	Region 1	Ward 27
Ezazi Primary School	Mamelodi	Region 6	Ward 28
Mamelodi Secondary School	Mamelodi	Region 6	Ward 28
Moretele Primary School	Mamelodi	Region 6	Ward 28
Memezelo Secondary School	Soshanguve	Region 1	Ward 29
Boepathutse Junior Secondary School	Soshanguve	Region 1	Ward 33
Entokozweni Primary School	Soshanguve	Region 1	Ward 33
Hlanganani Secondary School	Soshanguve	Region 1	Ward 33
Lethabong Secondary School	Soshanguve	Region 1	Ward 33
Ntsha Peu Primary School	Soshanguve	Region 1	Ward 33
RS Maluleke Primary School	Soshanguve	Region 1	Ward 33
Siyokhela Primary School	Soshanguve	Region 1	Ward 33
Ubuhle-Bezwe Junior Secondary School	Soshanguve	Region 1	Ward 33

Site	Area	Region	Ward
DC Marivate Junior Secondary School	Soshanguve	Region 1	Ward 34
Dithabaneng Primary School	Soshanguve	Region 1	Ward 34
Khensani Primary School	Soshanguve	Region 1	Ward 34
Mmamasianoka Primary School	Soshanguve	Region 1	Ward 34
Phumzile Primary School	Soshanguve	Region 1	Ward 34
Khutso Primary School	Soshanguve	Region 1	Ward 35
Phuthanang Primary School	Soshanguve	Region 1	Ward 35
Thutong Junior Secondary School	Soshanguve	Region 1	Ward 35
Wallmansthal Primary School	Soshanguve	Region 1	Ward 35
A Rethabeng Primary School	Soshanguve	Region 1	Ward 36
Baleseng Primary School	Soshanguve	Region 1	Ward 36
Hlomphanang Secondary School	Soshanguve	Region 1	Ward 36
Kutung Primary School	Soshanguve	Region 1	Ward 36
Mathaga Primary School	Soshanguve	Region 1	Ward 36
Meetseng Primary School	Soshanguve	Region 1	Ward 36
Reitumetse Secondary School	Soshanguve	Region 1	Ward 36
Rethomile Primary School	Soshanguve	Region 1	Ward 36
Soshanguve Technical Secondary School	Soshanguve	Region 1	Ward 36
Bokamoso Primary School	Soshanguve	Region 1	Ward 37
Soshanguve South Secondary School	Soshanguve	Region 1	Ward 37
Bohlabatsatsi Primary School	Mamelodi	Region 6	Ward 38
Ayanda Primary School	Soshanguve	Region 1	Ward 39
Itumeleng Madiba Primary School	Soshanguve	Region 1	Ward 39
Walton Jameson Primary School	Atteridgeville	Region 3	Ward 51
FF Ribeiro Primary School (ex Ntshabohloko):1997	Mamelodi	Region 6	Ward 6
Pheladi-Nakene Primary School	Mamelodi	Region 6	Ward 6
Emthunzini Primary School	Mamelodi	Region 6	Ward 67
Jafta Mahlangu Secondary School	Mamelodi	Region 6	Ward 67
Morakoma Primary School	Mamelodi	Region 6	Ward 67
Phelindaba Secondary School	Atteridgeville	Region 3	Ward 68
Motsweding Primary School	Atteridgeville	Region 3	Ward 72
N'wa Mhinga Primary School	Atteridgeville	Region 3	Ward 72
Jan Kotlolo Primary School	Mamelodi	Region 6	Ward 86
Nellmapius Primary School	Mamelodi	Region 6	Ward 86
Nellmapius Secondary School	Mamelodi	Region 6	Ward 86

Site	Area	Region	Ward
Elizabeth Matsemela Secondary	Soshanguve	Region 1	Ward 88
Kgomotso Secondary School	Soshanguve	Region 1	Ward 88
Raikana Primary School	Soshanguve	Region 1	Ward 88
St Francis Primary School	Soshanguve	Region 1	Ward 88
Tsaroga-Phoka Primary School	Soshanguve	Region 1	Ward 88
Vukani Primary School	Soshanguve	Region 1	Ward 88
Central Secondary School	Soshanguve	Region 1	Ward 89
Kgontse Primary School	Soshanguve	Region 1	Ward 89
Refithlile Pele Primary School No 1	Soshanguve	Region 1	Ward 89
Ruabohlale Junior Secondary School	Soshanguve	Region 1	Ward 89
Shalom Primary School	Soshanguve	Region 1	Ward 89
Balebogeng Primary School	Mamelodi	Region 6	Ward 93
Modiri Technical School	Mamelodi	Region 6	Ward 93
Motheo Primary School	Mamelodi	Region 6	Ward 93
Refentse Primary School	Mamelodi	Region 6	Ward 93
Botse-botse Secondary School	Soshanguve	Region 1	Ward 94
Echibine Secondary School	Soshanguve	Region 1	Ward 94
Mzimuhle Primary School	Soshanguve	Region 1	Ward 94
Ntsako Secondary School	Soshanguve	Region 1	Ward 94
Semphato Primary School	Soshanguve	Region 1	Ward 94
Tiamoko Primary School	Soshanguve	Region 1	Ward 94
Sinqobile Primary School	Soshanguve		
Refilwe Primary School	Soshanguve	Region 5	Ward 100
Phakamonola Primary School	Soshanguve	Region 1	Ward 11
Rivoningo Primary School	Soshanguve	Region 1	Ward 11
Ditshaba Primary School	Soshanguve	Region 1	Ward 12
Mabopane High School	Soshanguve	Region 1	Ward 12
Ngaka Maseko High School	Soshanguve	Region 1	Ward 12
Selelo Primary School	Soshanguve	Region 1	Ward 12
Soshangaan Primary School	Soshanguve	Region 1	Ward 12
Uoane Primary School	Mamelodi	Region 6	Ward 15
Bula-Dikgoro Primary School	Mamelodi	Region 6	Ward 16
Pfunzo Ndi Tshedza Primary School	Mamelodi	Region 6	Ward 16
Abel Motshoane High School	Soshanguve	Region 1	Ward 19
Edwin Moalusi Primary School	Soshanguve	Region 1	Ward 19

Site	Area	Region	Ward
Ema Primary School	Soshanguve	Region 1	Ward 19
FR Smangaliso Mkhathswa Secondary School	Soshanguve	Region 1	Ward 19
Ikeleng Primary School	Soshanguve	Region 1	Ward 19
DA Mokoma Secondary School	Soshanguve	Region 1	Ward 20
Dr AT Moreosele Secondary School	Soshanguve	Region 1	Ward 20
Pelotona Middle School	Soshanguve	Region 1	Ward 20
Rekopantse Primary School	Soshanguve	Region 1	Ward 20
Sunvalley Primary School	Soshanguve	Region 1	Ward 20
Botsalo Primary School	Soshanguve	Region 1	Ward 21
Kopa Dilalelo Primary School	Soshanguve	Region 1	Ward 21
Marula Primary School	Soshanguve	Region 1	Ward 21
Matseke Primary School	Soshanguve	Region 1	Ward 21
Morula View Primary School	Soshanguve	Region 1	Ward 22
Radineo Primary School	Soshanguve	Region 1	Ward 22
Mononong Primary School	Mamelodi	Region 6	Ward 23
Dikgakologo Primary School	Soshanguve	Region 1	Ward 24
Kulani Primary School	Soshanguve	Region 1	Ward 24
Mahlwareng Primary School	Soshanguve	Region 1	Ward 24
Nick Mpshe Secondary School	Soshanguve	Region 1	Ward 24
Thulaganyo Junior Secondary School	Soshanguve	Region 1	Ward 24
Tidimalong Primary School	Soshanguve	Region 1	Ward 24
Tswaing High School	Soshanguve	Region 1	Ward 24
Kondelelani Primary School	Soshanguve	Region 1	Ward 26
Seetsa-sa-kwedi Primary School	Soshanguve	Region 1	Ward 26
Tshimollo Primary School	Mamelodi	Region 6	Ward 28
Padisago Primary School	Soshanguve	Region 1	Ward 29
Bachana Mokwena Primary School	Soshanguve	Region 1	Ward 30
Lowe Primary School	Soshanguve	Region 1	Ward 30
Mapenane Primary School	Soshanguve	Region 1	Ward 30
Maropeng Primary School	Soshanguve	Region 1	Ward 30
Rantailane High School	Soshanguve	Region 1	Ward 30
Bodubelo Primary School	Soshanguve	Region 1	Ward 30
HI Setlalentoa Secondary School	Soshanguve	Region 1	Ward 31
LG Holele Secondary School	Soshanguve	Region 1	Ward 31
Lebogang Primary School	Soshanguve	Region 1	Ward 31

Site	Area	Region	Ward
Lekgalong Primary School	Soshanguve	Region 1	Ward 31
Lesolang Primary School	Soshanguve	Region 1	Ward 31
Modiri Secondary School	Soshanguve	Region 1	Ward 31
Tlotlompho Primary School	Soshanguve	Region 1	Ward 31
Tokyo Sexwale Primary School	Soshanguve	Region 1	Ward 31
Modiselle Primary School	Soshanguve	Region 1	Ward 32
NM Tsuene High School	Soshanguve	Region 1	Ward 32
Rakale Thabong Primary School	Soshanguve	Region 1	Ward 32
Tebogwana High School	Soshanguve	Region 1	Ward 32
Tim Modise Primary School	Soshanguve	Region 1	Ward 32
Rhulani Primary School	Soshanguve	Region 1	Ward 34
Tipfuxeni Primary School	Soshanguve	Region 1	Ward 35
Tiyelelani Secondary School	Soshanguve	Region 1	Ward 35
Mamelodi Community Centre	Mamelodi	Region 6	Ward 38
Ora et Labora Primary School	Mamelodi	Region 6	Ward 38
Reabetswe Primary School	Soshanguve	Region 1	Ward 39
Seageng Primary School	Soshanguve	Region 1	Ward 39
St Annes Primary School	Atteridgeville	Region 3	Ward 51
J Kekana Secondary School	Mamelodi	Region 6	Ward 6
Shirinda Primary School	Mamelodi	Region 6	Ward 67
Umthombo Primary School	Mamelodi	Region 6	Ward 67
Edward Phatudi Secondary School	Atteridgeville	Region 3	Ward 68
Vukauzenzele Primary School	Mamelodi	Region 6	Ward 86
Amogelang Secondary School	Soshanguve	Region 1	Ward 88
Sediba sa Tsebo Primary School	Soshanguve		Ward 88
Thakgalang Junior Secondary School	Soshanguve	Region 1	Ward 88
Rodney Mokoena Preparatory School	Soshanguve	Region 1	Ward 89
IR Lesolang Secondary School	Soshanguve	Region 1	Ward 9
Lucas Motshabanosi Secondary School	Soshanguve	Region 1	Ward 9
Philemon Montsho Primary School	Soshanguve	Region 1	Ward 9
Refalotse Primary School	Soshanguve	Region 1	Ward 9
Thorntree Primary School	Soshanguve	Region 1	Ward 90
Ndima Primary School	Mamelodi	Region 6	Ward 93
Vlakfontein Secondary School	Mamelodi	Region 6	Ward 93
Tshwane Christian School	Soshanguve	Region 2	Ward 96



CITY OF TSHWANE METROPOLITAN MUNICIPALITY
Consolidated annual financial statements
for the year ended 30 June 2015

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

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
Executive Mayor	Ramokgopa, Kgositso
Speaker	Mosupyoe-Letsholo, Morakane (Ms)
Chief Whip	Mabona, Jabulane
Mayoral committee Members	<p>Mabiletsa, Dorothy (Ms) (MMC: Finance)</p> <p>Mabusela, Eulanda (Ms) (MMC: Health and Social Development)</p> <p>Masango, Jacob (MMC: Infrastructure)</p> <p>Mashaba, Petunia (Ms) (MMC: Agriculture and Environmental Management)</p> <p>Mashego, Terence (MMC: Safety and Security)</p> <p>Matjila, George (MMC: Transport and Roads)</p> <p>Mmoko, Thembi (Ms) (MMC: Corporate and Shared Services)</p> <p>Ngonyama, Joshua (MMC: Housing and Human Settlement)</p> <p>Pillay, Subesh (MMC: Economic Development and Planning)</p> <p>Tyobeka-Makeke, Nozipho (Ms) (MMC: Sport, Recreation, Arts and Culture)</p>
Grading of local authority	Category A Grade 6 urban municipality (demarcation code - TSH)
Accounting Officer	<p>Ngobeni, Jason</p> <p>Telephone: 012 358 4901</p>
Group Chief Financial Officer (GCFO)	<p>Banda, Umar (CA SA) (acting)</p> <p>Telephone: 012 358 8100</p>
Registered office	<p>Isivuno House</p> <p>cnr Madiba and Lilian Ngoyi Street</p> <p>PRETORIA</p> <p>0002</p>
Postal address	<p>PO Box 408</p> <p>PRETORIA</p> <p>0002</p>
Bankers	Standard Bank
Auditors	Auditor-General South Africa (AGSA)
Legislation governing the Municipality's operations	<p>Local Government: Municipal Finance Management Act (Act 56 of 2003)</p> <p>Local Government: Municipal Systems Act (Act 32 of 2000)</p> <p>Local Government: Municipal Structures Act (Act 117 of 1998)</p> <p>Housing Act (Act 107 of 1997)</p> <p>Constitution of the Republic of South Africa</p> <p>Property Rates Act (Act 6 of 2004)</p> <p>Division of Revenue Act (Act 1 of 2007)</p>
Entities consolidated at year end	<p>Consistent with the prior financial year the following municipal entities will be included in the Consolidated Annual Financial Statements:</p> <p>Housing Company Tshwane NPC (Registration nr 2001/029821/08)</p> <p>Sandspruit Works Association Soc Ltd (Registration nr 1999/019160/08)</p> <p>Tshwane Economic Development Agency Soc Ltd (TEDA) (Registration nr 2006/019396/07)</p>
Entities dormant	<p>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. (Deregistration still in progress).</p>

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Index

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

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The following supplementary information does not form part of the Consolidated Annual Financial Statements and is unaudited:

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City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

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.

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 group 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 deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The accounting officer has reviewed the group's cash flow forecast for the year to 30 June 2016 and, in the light of this review and the current financial position, he is satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The consolidated annual financial statements set out on pages 4 to 165, which have been prepared on a going concern basis, were approved and signed by the accounting officer on 30 September 2015.

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.

Jason Ngobeni
City Manager

Umar Banda
Group Chief Financial Officer (acting)

Pretoria

30 September 2015

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Position as at 30 June 2015

		Group		Municipality	
	Note(s)	2015 R	2014 Restated* R	2015 R	2014 Restated* R
Assets					
Current assets					
Inventories	21	485,475,154	391,915,945	482,345,921	388,533,035
Current portion of long-term receivables	20	102,165,612	162,118,924	102,165,612	162,118,924
Operating lease asset	62	181,025	57,995	-	-
Other receivables	23	1,299,725,370	1,132,210,205	1,244,338,234	1,111,189,545
VAT receivable	12	3,771,137	122,506,729	-	122,506,729
Consumer debtors	22	2,547,486,005	2,560,483,315	2,534,999,605	2,544,542,916
Investments	19	502,959,644	622,948,673	493,261,328	622,948,673
Cash and bank	24	97,558,776	224,867,307	57,158,390	174,299,426
		5,039,322,723	5,217,109,093	4,914,269,090	5,126,139,248
Non-current assets					
Investment property	14	752,720,376	753,547,231	747,726,605	748,303,771
Property, plant and equipment	13	28,575,537,744	25,482,880,538	28,560,401,354	25,464,424,039
Leased assets	17	204,414,497	8,084,445	204,414,497	8,084,445
Intangible assets	15	247,412,322	386,914,826	247,012,654	386,770,333
Heritage assets	16	3,607,628,201	3,607,621,710	3,607,628,201	3,607,621,710
Investments	19	710,520	5,807,092	710,520	5,807,092
Deferred tax	61	440,350	-	-	-
Long-term receivables	20	58,404,812	108,213,966	58,404,812	108,213,966
Interest rate swap asset	69	130,122,756	34,411,454	130,122,756	34,411,454
		33,577,391,578	30,387,481,262	33,556,421,399	30,363,636,810
Total assets		38,616,714,301	35,604,590,355	38,470,690,489	35,489,776,058
Liabilities					
Current liabilities					
Loans and bonds	4	601,699,751	507,460,155	601,384,353	507,144,757
Lease liabilities	5	85,909,835	8,745,768	85,909,835	8,745,768
Deferred operating lease liability	62	574,936	2,608,775	-	2,308,997
Payables from exchange transactions	10	5,695,207,622	5,538,333,691	5,602,499,977	5,478,203,183
VAT payable	12	109,353,039	849,242	108,639,319	-
Consumer deposits	9	355,015,828	410,749,321	351,259,691	407,023,659
Unspent grants and receipts	11	122,091,261	134,936,618	121,812,407	134,657,764
Taxation	64	1,096,292	3,277,985	-	-
		6,970,948,564	6,606,961,555	6,871,505,582	6,538,084,128
Non-current liabilities					
Loans and bonds	4	9,660,757,084	8,746,039,145	9,658,583,062	8,743,549,702
Lease liabilities	5	122,953,054	222,617	122,953,054	222,617
Deferred operating lease liability	62	765,930	481,254	-	-
Employee benefit obligation	44	2,136,304,867	1,955,900,647	2,136,304,867	1,955,900,647
Deferred tax	61	-	8,853	-	-
Provisions	6	655,529,112	445,694,280	655,529,112	445,691,718
Interest rate swap liability	69	85,625,408	44,114,153	85,625,408	44,114,153
		12,661,935,455	11,192,460,949	12,658,995,503	11,189,478,837
Total liabilities		19,632,884,019	17,799,422,504	19,530,501,085	17,727,562,965
Net assets		18,983,830,282	17,805,167,851	18,940,189,404	17,762,213,093
Net assets					
Accumulated surplus	43	18,983,830,282	17,805,167,851	18,940,189,404	17,762,213,093

* See Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Performance

	Note(s)	Group		Municipality	
		2015	2014	2015	2014
		R	Restated*	R	Restated*
			R		R
Revenue					
Revenue from exchange transactions					
Service charges	26	13,344,134,833	12,316,946,211	13,422,295,882	12,369,231,568
Rental of facilities and equipment		116,602,095	98,912,336	114,055,073	95,316,719
Interest received - outstanding consumer debtors		374,647,547	326,840,827	338,768,697	299,341,658
Licences and permits		53,243,503	55,801,028	53,243,503	55,801,028
Other income	28	775,237,414	726,106,972	769,992,149	721,890,994
Interest received - external investments	34	38,131,712	52,402,499	36,874,337	51,799,573
Total revenue from exchange transactions		14,701,997,104	13,577,009,873	14,735,229,641	13,593,381,540
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	25	4,866,348,173	4,410,334,578	4,866,550,478	4,410,502,438
Transfer revenue					
Government grants, subsidies, awards and donations	27	5,642,012,120	4,973,894,475	5,642,012,120	4,973,894,475
Public contributions and donations		257,515,681	237,944,478	257,515,681	237,944,478
Fines, penalties and forfeits		160,562,313	134,863,536	160,562,313	134,863,536
Sponsorship revenue		131,579	-	-	-
Total revenue from non-exchange transactions		10,926,569,866	9,757,037,067	10,926,640,592	9,757,204,927
Total revenue		25,628,566,970	23,334,046,940	25,661,870,233	23,350,586,467
Expenditure					
Employee-related cost	29	(6,318,953,632)	(6,086,504,529)	(6,202,412,814)	(5,977,333,289)
Remuneration of councilors	31	(104,192,823)	(96,788,502)	(104,192,823)	(96,788,502)
Depreciation and amortisation	32	(1,329,594,934)	(1,251,559,330)	(1,324,227,544)	(1,247,700,840)
Impairment loss/reversal of impairments	63	(124,922,833)	(5,200,760)	(124,922,833)	(5,200,760)
Finance costs	33	(997,466,530)	(813,827,200)	(996,547,870)	(812,932,071)
Debt impairment	35	(850,661,938)	(1,338,600,788)	(721,971,875)	(1,242,883,805)
Collection costs		(274,254,321)	(160,386,656)	(274,245,100)	(160,321,325)
Repairs and maintenance		(1,498,579,577)	(1,379,804,715)	(1,488,573,016)	(1,367,741,016)
Bulk purchases	36	(7,574,254,174)	(7,056,541,045)	(7,717,077,474)	(7,176,709,747)
Transfers and subsidies	37	-	-	(191,734,734)	(264,529,992)
General expenses	38	(5,256,622,141)	(4,344,835,441)	(5,218,120,733)	(4,188,504,916)
Total expenditure		(24,329,502,903)	(22,534,048,966)	(24,364,026,816)	(22,540,646,263)
Operating surplus		1,299,064,067	799,997,974	1,297,843,417	809,940,204
Gain/(loss) on disposal of assets and liabilities		(171,819,804)	(143,237,630)	(171,774,542)	(143,165,651)
Profit/(loss) on foreign exchange transactions		(183,984)	42,326	(183,984)	42,326
Fair value adjustments		52,091,422	(47,526,582)	52,091,422	(47,526,582)
		(119,912,366)	(190,721,886)	(119,867,104)	(190,649,907)
Surplus before taxation		1,179,151,701	609,276,088	1,177,976,313	619,290,297
Taxation	64	489,270	1,972,687	-	-
Surplus for the year		1,178,662,431	607,303,401	1,177,976,313	619,290,297

The National Treasury classification of expenditure is disclosed in Note 68.

* See Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Statement of Changes in Net Assets

	Accumulated surplus R	Total net assets R
Group		
Opening balance as previously reported	13,603,541,876	13,603,541,876
Adjustments		
Prior year adjustments (refer to Note 43 and 47)	3,594,322,574	3,594,322,574
Balance at 01 July 2013 as restated*	17,197,864,450	17,197,864,450
Changes in net assets		
Surplus for the year	607,303,401	607,303,401
Total changes	607,303,401	607,303,401
Opening balance as previously reported	18,141,028,105	18,141,028,105
Adjustments		
Prior year adjustments (refer to Note 43 and 47)	(335,860,254)	(335,860,254)
Restated* Balance at 01 July 2014 as restated*	17,805,167,851	17,805,167,851
Changes in net assets		
Surplus for the year	1,178,662,431	1,178,662,431
Total changes	1,178,662,431	1,178,662,431
Balance at 30 June 2015	18,983,830,282	18,983,830,282
Note(s)	43	
Municipality		
Opening balance as previously reported	13,540,893,369	13,540,893,369
Adjustments		
Prior year adjustments (refer to Note 43 and 47)	3,602,029,427	3,602,029,427
Balance at 01 July 2013 as restated*	17,142,922,796	17,142,922,796
Changes in net assets		
Surplus for the year	619,290,297	619,290,297
Total changes	619,290,297	619,290,297
Opening balance as previously reported	18,096,244,331	18,096,244,331
Adjustments		
Prior year adjustments (refer to Note 43 and 47)	(334,031,240)	(334,031,240)
Restated* Balance at 01 July 2014 as restated*	17,762,213,091	17,762,213,091
Changes in net assets		
Surplus for the year	1,177,976,313	1,177,976,313
Total changes	1,177,976,313	1,177,976,313
Balance at 30 June 2015	18,940,189,404	18,940,189,404
Note(s)	43	

* See Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Cash Flow Statement

	Note(s)	Group		Municipality	
		2015	2014	2015	2014
		R	Restated*	R	Restated*
			R		R
Cash flows from operating activities					
Receipts					
Cash receipts from other revenue sources		1,410,489,511	1,386,612,296	1,419,383,030	1,375,010,409
Cash receipts from ratepayers and service charges		17,711,635,661	15,979,486,609	17,900,616,312	16,104,442,894
Grants		5,677,719,992	4,984,560,786	5,677,719,992	4,983,222,000
Interest income		38,131,712	52,402,499	36,874,337	51,799,573
		<u>24,837,976,876</u>	<u>22,403,062,190</u>	<u>25,034,593,671</u>	<u>22,514,474,876</u>
Payments					
Cash paid to employees		(6,423,146,455)	(6,183,293,031)	(6,306,605,637)	(6,074,121,791)
Cash paid to suppliers		(14,210,772,674)	(12,233,895,217)	(14,335,547,754)	(12,199,542,037)
Finance costs (interest paid)		(997,466,530)	(813,827,200)	(996,547,870)	(812,932,071)
Transfers and grants		-	-	(191,734,734)	(264,529,992)
Taxes on surpluses		(489,269)	(1,972,685)	-	-
		<u>(21,631,874,928)</u>	<u>(19,232,988,133)</u>	<u>(21,830,435,995)</u>	<u>(19,351,125,891)</u>
Net cash flows from operating activities	39	<u>3,206,101,948</u>	<u>3,170,074,057</u>	<u>3,204,157,676</u>	<u>3,163,348,985</u>
Cash flows from investing activities					
Purchase of property, plant and equipment	13	(4,521,638,335)	(4,629,583,275)	(4,519,929,284)	(4,618,933,488)
Purchase/redemption of leased assets	17	(266,860,619)	2,458,636	(266,860,619)	2,458,636
Proceeds from sale of assets (including gain/(loss))	13	(62,413,642)	(11,427,542)	(62,413,642)	(11,427,542)
Purchase of investment property and retirements	14	(2,448,823)	24,040,510	(2,448,823)	24,040,509
Purchase of other intangible assets and retirements	15	(1,418,263)	(9,636,376)	76,646,301	(9,594,927)
Proceeds from sale of other intangible assets	15	77,675,587	13,434,315	-	13,434,315
Purchase of heritage assets	16	(6,491)	-	(6,491)	-
Proceeds from sale of heritage assets	16	-	536	-	536
Movement in long-term receivables	20	109,762,466	(46,820,859)	109,762,466	(46,820,859)
Movement in long-term investments	19	5,096,572	(820,880)	5,096,572	(820,880)
Movement in interest rate swap asset		-	47,142,677	-	47,142,677
Movement in interest rate swap liability	69	-	44,114,153	-	44,114,153
Net cash flows from investing activities		<u>(4,662,251,548)</u>	<u>(4,567,098,105)</u>	<u>(4,660,153,520)</u>	<u>(4,556,406,870)</u>
Cash flows from financing activities					
Proceeds from loans and bonds		1,500,000,000	1,600,000,000	1,500,000,000	1,600,000,000
Repayment of loans and bonds	4	(491,042,465)	(648,537,164)	(490,727,044)	(648,221,694)
Finance lease payments		199,894,504	(83,594,090)	199,894,504	(83,594,090)
Net cash flows from financing activities		<u>1,208,852,039</u>	<u>867,868,746</u>	<u>1,209,167,460</u>	<u>868,184,216</u>
Net increase/(decrease) in cash and cash equivalents		(247,297,561)	(529,155,302)	(246,828,384)	(524,873,669)
Cash and cash equivalents at the beginning of the year		847,815,980	1,376,971,281	797,248,099	1,322,121,767
Cash and cash equivalents at the end of the year	24	<u>600,518,419</u>	<u>847,815,979</u>	<u>550,419,715</u>	<u>797,248,098</u>

* See Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

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
	R	R	R	R	R	R	R	R	R	R	R
Group - 2015											
Financial performance											
Property rates	4,888,153,500	-	4,888,153,500	-	-	4,888,153,500	4,866,348,173		(21,805,327)	100 %	100 %
Service charges	14,520,842,065	96,500,000	14,617,342,065	-	-	14,617,342,065	13,344,134,833		(1,273,207,232)	91 %	92 %
Investment revenue	66,621,700	202,682	66,824,382	-	-	66,824,382	38,131,712		(28,692,670)	57 %	57 %
Transfers recognised - operational	3,174,408,229	202,789,163	3,377,197,392	-	-	3,377,197,392	3,081,484,935		(295,712,457)	91 %	97 %
Other own revenue	2,289,458,546	(128,014,270)	2,161,444,276	-	-	2,161,444,276	1,751,817,939		(409,626,337)	81 %	77 %
Total revenue (excluding capital transfers and contributions)	24,939,484,040	171,477,575	25,110,961,615	-	-	25,110,961,615	23,081,917,592		(2,029,044,023)	92 %	93 %
Employee costs	(6,599,934,768)	102,006,349	(6,497,928,419)	-	-	(6,497,928,419)	(6,318,953,632)	-	178,974,787	97 %	96 %
Remuneration of councillors	(109,043,173)	(593,682)	(109,636,855)	-	-	(109,636,855)	(104,192,823)	-	5,444,032	95 %	96 %
Debt impairment	(650,517,597)	(110,762,269)	(761,279,866)	-	-	(761,279,866)	(850,661,938)	89,382,072	(89,382,072)	112 %	131 %
Depreciation and asset impairment	(1,116,340,529)	(7,637,288)	(1,123,977,817)	-	-	(1,123,977,817)	(1,454,517,767)	330,539,950	(330,539,950)	129 %	130 %
Finance charges	(898,191,101)	(39,261,675)	(937,452,776)	-	-	(937,452,776)	(997,466,530)	60,013,754	(60,013,754)	106 %	111 %
Materials and bulk purchases	(8,539,532,309)	84,765,979	(8,454,766,330)	-	-	(8,454,766,330)	(7,827,852,866)	-	626,913,464	93 %	92 %
Transfers and grants	(262,326,995)	5,161,207	(257,165,788)	-	-	(257,165,788)	-	-	257,165,788	- %	- %
Other expenditure	(5,664,069,282)	(783,439,942)	(6,447,509,224)	-	-	(6,447,509,224)	(6,914,101,908)	466,592,684	(466,592,684)	107 %	122 %
Total expenditure	(23,839,955,754)	(749,761,321)	(24,589,717,075)	-	-	(24,589,717,075)	(24,467,747,464)	946,528,460	121,969,611	100 %	103 %
Surplus/(deficit)	1,099,528,286	(578,283,746)	521,244,540	-	-	521,244,540	(1,385,829,872)		(1,907,074,412)	(266)%	(266)%

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

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
	R	R	R	R	R	R	R	R	R	R	R
Transfers recognised - capital	2,544,400,000	78,712,740	2,623,112,740	-		2,623,112,740	2,564,981,574		(58,131,166)	98 %	101 %
Surplus/(deficit) after capital transfers and contributions	3,643,928,286	(499,571,006)	3,144,357,280	-		3,144,357,280	1,179,151,702		(1,965,205,578)	38 %	32 %
Taxation	-	-	-	-		-	489,270		489,270	- %	- %
Surplus/(deficit) for the year	3,643,928,286	(499,571,006)	3,144,357,280	-		3,144,357,280	1,178,662,432		(1,965,694,848)	37 %	32 %
Capital expenditure and funds sources											
Total capital expenditure	4,167,986,756	220,794,533	4,388,781,289	-		4,388,781,289	4,114,917,583		(273,863,706)	94 %	99 %
Sources of capital funds											
Transfers recognised - capital	(2,544,400,000)	(78,712,740)	(2,623,112,740)	-		(2,623,112,740)	(2,564,981,572)		58,131,168	98 %	101 %
Public contributions and donations	(80,100,000)	4,000,000	(76,100,000)	-		(76,100,000)	(57,530,022)		18,569,978	76 %	72 %
Borrowing	(1,500,000,000)	-	(1,500,000,000)	-		(1,500,000,000)	(1,387,942,005)		112,057,995	93 %	93 %
Internally generated funds	(43,486,756)	(146,081,793)	(189,568,549)	-		(189,568,549)	(104,463,984)		85,104,565	55 %	240 %
Total sources of capital funds	(4,167,986,756)	(220,794,533)	(4,388,781,289)	-		(4,388,781,289)	(4,114,917,583)		273,863,706	94 %	99 %

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

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
	R	R	R	R	R	R	R	R	R	R	R
Cash flows											
Net cash from/(used) operating	4,451,725,644	(809,056,376)	3,642,669,268	-		3,642,669,268	3,206,101,948		(436,567,320)	88 %	72 %
Net cash from/(used) investing	(4,064,055,187)	(217,869,884)	(4,281,925,071)	-		(4,281,925,071)	(4,662,251,548)		(380,326,477)	109 %	115 %
Net cash from/(used) financing	888,898,235	101,848,483	990,746,718	-		990,746,718	1,208,852,039		218,105,321	122 %	136 %
Net increase/(decrease) in cash and cash equivalents	1,276,568,692	(925,077,777)	351,490,915	-		351,490,915	(247,297,561)		(598,788,476)	(70)%	(19)%
Cash and cash equivalents at the beginning of the year	1,416,667,468	(564,682,274)	851,985,194	-		851,985,194	847,815,980		(4,169,214)	100 %	60 %
Cash and cash equivalents at year end	2,693,236,160	(1,489,760,051)	1,203,476,109	-		1,203,476,109	600,518,419		(602,957,690)	50 %	22 %

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
	R	R	R	R
Group - 2014				
Financial performance				
Property rates				4,410,334,578
Service charges				12,316,946,211
Investment revenue				52,402,499
Transfers recognised - operational				2,861,382,433
Other own revenue				1,357,641,909
Total revenue (excluding capital transfers and contributions)				20,998,707,630
Employee costs	-	-	-	(6,086,504,529)
Remuneration of councillors	-	-	-	(96,788,502)
Debt impairment	595,336,834	595,336,834	-	(1,338,600,788)
Depreciation and asset impairment	175,426,303	175,426,303	-	(1,256,760,090)
Finance charges	-	-	-	(813,827,200)
Materials and bulk purchases	-	-	-	(7,364,658,803)
Other expenditure	350,546,487	350,546,487	-	(5,786,693,523)
Total expenditure	1,121,309,624	1,121,309,624	-	(22,743,833,435)
Surplus/(deficit)				(1,745,125,805)
Transfers recognised - capital				2,112,512,042
Contributions recognised - capital and contributed assets				237,944,478
Surplus/(deficit) after capital transfers and contributions				605,330,715
Taxation				(1,972,687)
Surplus/(deficit) for the year				607,303,402

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Statement of comparison of budget and actual amounts

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
	R	R	R	R
Capital expenditure and funds sources				
Total capital expenditure				4,228,582,512
Sources of capital funds				
Transfers recognised - capital				(2,114,748,689)
Public contributions and donations				(93,818,354)
Borrowing				(1,493,166,334)
Internally generated funds				(526,849,135)
Total sources of capital funds				(4,228,582,512)
Cash flows				
Net cash from/(used) operating				3,170,074,057
Net cash from/(used) investing				(4,567,098,105)
Net cash from/(used) financing				867,868,746
Net increase/(decrease) in cash and cash equivalents				(529,155,302)
Cash and cash equivalents at the beginning of the year				1,376,971,281
Cash and cash equivalents at year end				847,815,979

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

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
	R	R	R	R	R	R	R	R	R	R	R
Municipality - 2015											
Financial performance											
Property rates	4,862,499,685	-	4,862,499,685	-	-	4,862,499,685	4,866,550,478	-	4,050,793	100 %	100 %
Service charges	14,234,892,180	96,500,000	14,331,392,180	-	-	14,331,392,180	13,422,295,882	-	(909,096,298)	94 %	94 %
Investment revenue	66,547,900	-	66,547,900	-	-	66,547,900	36,874,337	-	(29,673,563)	55 %	55 %
Transfers recognised - operational	3,104,829,000	15,858,733	3,120,687,733	-	-	3,120,687,733	3,081,484,935	-	(39,202,798)	99 %	99 %
Other own revenue	2,078,790,492	45,743,580	2,124,534,072	-	-	2,124,534,072	1,708,015,222	-	(416,518,850)	80 %	82 %
Total revenue (excluding capital transfers and contributions)	24,347,559,257	158,102,313	24,505,661,570	-	-	24,505,661,570	23,115,220,854	-	(1,390,440,716)	94 %	95 %
Employee costs	(6,465,457,732)	96,468,760	(6,368,988,972)	-	-	(6,368,988,972)	(6,202,412,814)	-	166,576,158	97 %	96 %
Remuneration of councillors	(105,577,058)	-	(105,577,058)	-	-	(105,577,058)	(104,192,823)	-	1,384,235	99 %	99 %
Debt impairment	(565,433,560)	(110,762,269)	(676,195,829)	-	-	(676,195,829)	(721,971,875)	45,776,046	(45,776,046)	107 %	128 %
Depreciation and asset impairment	(1,113,786,147)	(7,393,219)	(1,121,179,366)	-	-	(1,121,179,366)	(1,449,150,377)	327,971,011	(327,971,011)	129 %	130 %
Finance charges	(897,759,351)	(39,788,602)	(937,547,953)	-	-	(937,547,953)	(996,547,870)	58,999,917	(58,999,917)	106 %	111 %
Materials and bulk purchases	(8,376,308,224)	222,934,207	(8,153,374,017)	-	-	(8,153,374,017)	(7,970,676,164)	-	182,697,853	98 %	95 %
Transfers and grants	(236,673,180)	5,161,207	(231,511,973)	-	-	(231,511,973)	(191,734,734)	-	39,777,239	83 %	81 %
Other expenditure	(5,487,035,650)	(903,009,213)	(6,390,044,863)	-	-	(6,390,044,863)	(6,865,539,458)	475,494,595	(475,494,595)	107 %	125 %
Total expenditure	(23,248,030,902)	(736,389,129)	(23,984,420,031)	-	-	(23,984,420,031)	(24,502,226,115)	908,241,569	(517,806,084)	102 %	105 %
Surplus/(deficit)	1,099,528,355	(578,286,816)	521,241,539	-	-	521,241,539	(1,387,005,261)	-	(1,908,246,800)	(266)%	(126)%
Transfers recognised - capital	2,544,400,000	78,712,740	2,623,112,740	-	-	2,623,112,740	2,564,981,574	-	(58,131,166)	98 %	101 %
Surplus/(deficit) after capital transfers and contributions	3,643,928,355	(499,574,076)	3,144,354,279	-	-	3,144,354,279	1,177,976,313	-	(1,966,377,966)	37 %	32 %
Surplus/(deficit) for the year	3,643,928,355	(499,574,076)	3,144,354,279	-	-	3,144,354,279	1,177,976,313	-	(1,966,377,966)	37 %	32 %

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

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
	R	R	R	R	R	R	R	R	R	R	R
Capital expenditure and funds sources											
Total capital expenditure	4,167,986,756	220,794,533	4,388,781,289	-		4,388,781,289	4,114,917,583		(273,863,706)	94 %	99 %
Sources of capital funds											
Transfers recognised - capital	(2,544,400,000)	(78,712,740)	(2,623,112,740)	-		(2,623,112,740)	(2,564,981,572)		58,131,168	98 %	101 %
Public contributions and donations	(80,100,000)	4,000,000	(76,100,000)	-		(76,100,000)	(57,530,022)		18,569,978	76 %	72 %
Borrowing	(1,500,000,000)	-	(1,500,000,000)	-		(1,500,000,000)	(1,387,942,005)		112,057,995	93 %	93 %
Internally generated funds	(43,486,756)	(146,081,793)	(189,568,549)	-		(189,568,549)	(104,463,984)		85,104,565	55 %	240 %
Total sources of capital funds	(4,167,986,756)	(220,794,533)	(4,388,781,289)	-		(4,388,781,289)	(4,114,917,583)		273,863,706	94 %	99 %
Cash flows											
Net cash from/(used) operating	4,489,711,457	(824,789,236)	3,664,922,221	-		3,664,922,221	3,204,157,676		(460,764,545)	87 %	71 %
Net cash from/(used) investing	(4,052,714,056)	(216,342,538)	(4,269,056,594)	-		(4,269,056,594)	(4,660,153,520)		(391,096,926)	109 %	115 %
Net cash from/(used) financing	866,013,956	116,647,654	982,661,610	-		982,661,610	1,209,167,460		226,505,850	123 %	140 %
Net increase/(decrease) in cash and cash equivalents	1,303,011,357	(924,484,120)	378,527,237	-		378,527,237	(246,828,384)		(625,355,621)	(65)%	(19)%
Cash and cash equivalents at the beginning of the year	1,361,930,373	(564,682,274)	797,248,099	-		797,248,099	797,248,099		-	100 %	59 %
Cash and cash equivalents at year end	2,664,941,730	(1,489,166,394)	1,175,775,336	-		1,175,775,336	550,419,715		625,355,621	47 %	21 %

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
	R	R	R	R
Municipality - 2014				
Financial performance				
Property rates				4,410,502,438
Service charges				12,369,231,568
Investment revenue				51,799,573
Transfers recognised - operational				2,861,382,433
Other own revenue				1,560,275,623
Total revenue (excluding capital transfers and contributions)				21,253,191,635
Employee costs	-	-	-	(5,977,333,289)
Remuneration of councillors	-	-	-	(96,788,502)
Debt impairment	595,336,834	595,336,834	-	(1,242,883,805)
Depreciation and asset impairment	175,426,303	175,426,303	-	(1,252,901,600)
Finance charges	-	-	-	(812,932,071)
Materials and bulk purchases	-	-	-	(7,484,827,504)
Transfers and grants	-	-	-	(264,529,992)
Other expenditure	350,546,487	350,546,487	-	(5,614,216,617)
Total expenditure	1,121,309,624	1,121,309,624	-	(22,746,413,380)
Surplus/(deficit)				(1,493,221,745)
Transfers recognised - capital				2,112,512,042
Contributions recognised - capital and contributed assets				-
Surplus/(deficit) after capital transfers and contributions				619,290,297
Surplus/(deficit) for the year				619,290,297

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Statement of comparison of budget and actual amounts

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
	R	R	R	R
Capital expenditure and funds sources				
Total capital expenditure				4,228,582,512
Sources of capital funds				
Transfers recognised - capital				(2,114,748,689)
Public contributions and donations				(93,818,354)
Borrowing				(1,493,166,334)
Internally generated funds				(526,849,135)
Total sources of capital funds				(4,228,582,512)
Cash flows				
Net cash from/(used) operating				3,163,348,985
Net cash from/(used) investing				(4,556,406,870)
Net cash from/(used) financing				868,184,216
Net increase/(decrease) in cash and cash equivalents				(524,873,669)
Cash and cash equivalents at the beginning of the year				1,322,121,767
Cash and cash equivalents at year end				797,248,098

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

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).

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. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these consolidated annual financial statements, are 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 consolidated annual financial statements are the consolidated annual financial statements of the group presented as those of a single entity.

Control exists when the municipality has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities.

The annual consolidated annual financial statements of the municipality and its controlled entities used in the preparation of the consolidated annual consolidated annual financial statements are prepared as of the same reporting date.

Adjustments are made when necessary to the annual 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 annual financial statements have been prepared on a going concern basis, ie the assumption that the Municipality will continue to operate as a going concern for at least the next 12 months. Refer to Note 65.

1.4 Significant judgements and sources of estimation uncertainty

The preparation of these financial statements in conformity with GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the City of Tshwane'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.

Financial assets

The group follows the guidance of GRAP 104 to determine when a financial asset is impaired. This determination requires significant judgement. In making this judgement, the group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Allowance for slow moving, damaged and obsolete stock

An allowance for slow moving, damaged and obsolete stock is used to write stock 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. 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 testing

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Provisions

Provisions are raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 6 - Provisions.

Useful lives of property, plant and equipment

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on industry norms. 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 44.

Effective interest rate

The group used the weighted average interest rate on external borrowings to discount future cash flows.

Allowance for impairment

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured at the reporting date, taking into account the different classes of debtors and the history of payment success of debtors.

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

Biological assets (game) - disclosed under property, plant and equipment are measured at their fair value less point-of-sale costs.

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 at fair value less costs to sell and from a change in fair value less costs to sell of biological assets (game) - disclosed under property, plant and equipment is included in surplus or deficit for the period in which it arises.

Biological assets are derecognised when the entity 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.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.6 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 are associated with the investment property will flow to the group, and the cost or fair value of the investment property can be measured reliably.

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

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

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.

Subsequent to initial measurement, investment property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property.

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.

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
Property - land	Indefinite
Property - buildings	25-60

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

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or 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.

1.7 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:-

- it is probable that future economic benefits or service potential associated with the item will flow to the group; and
- the cost of the item can be measured reliably.

Property, plant and equipment 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 the date of acquisition.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.7 Property, plant and equipment (continued)

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.

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.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

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

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

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.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value from the day that the asset is ready for use. Residual value is what the asset would currently receive if in the condition it would be at the end of its useful life. The asset's residual values and useful lives are reviewed and adjusted if appropriate at each reporting date and any changes are recognised as a change in accounting estimate in surplus or deficit for the year. The actual useful lives of the assets, residual values and the depreciation method are assessed annually and might vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

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

Asset category	Average useful life (years)
Infrastructure: Electricity	
• Cables	20-55
• Control centre	20-45
• Fibre optic cables	25-50
• High mast lighting	10-45
• General electrical equipment	30-40
• Lines: Overhead	20-50
• Lines: Underground	25-50
• Meters: Pre-paid	10-30
• Meters: Credit	20-30
• Perimeter protection	20-30
• Pole/structure	20-50
• Substations: Civil	20-50
• Substations: Equipment	20-50
• Substations: Switchgear	20-50
• Transformers	25-50
Infrastructure: Water	
• Meters	10-20
• Bulk meters	40-120
• Supply/reticulation	40-120
• Pump station: Civil	30-55
• Pump station: Electrical	15-40
• Pump station: Mechanical	15-40
• Pump station: Perimeter protection	10-30
• Pump station: Pipe works	40-120
• Pressure relief valve station: Civil	30-55
• Pressure relief valve station: Electrical	15-40

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.7 Property, plant and equipment (continued)

• Pressure relief valve station: Metal work	10-40
• Pressure relief valve station: Perimeter protection	10-30
• Pressure relief valve station: Pipe works	40-120
• Boreholes: Structure	30-50
• Boreholes: Civil	20-55
• Boreholes: Electrical	15-40
• Boreholes: Mechanical	15-40
• Boreholes: Perimeter protection	10-30
• Boreholes: Pipe works	40-120
• Water treatment plant: Structure	30-50
• Water treatment plant: Civil	30-55
• Water treatment plant: Electrical	15-40
• Water treatment plant: Mechanical	15-40
• Water treatment plant: Perimeter protection	10-30
• Water treatment plant: Metal work	10-40
• Water treatment plant: Pipe works	40-120
• Service reservoir: Structure	30-50
• Service reservoir: Civil	30-55
• Service reservoir: Electrical	15-40
• Service reservoir: Mechanical	15-40
• Service reservoir: Metal work	10-40
• Service reservoir: Pipe works	40-120
• Dams/weirs/fountains: Structure	30-50
• Dams/weirs/fountains: Civil	30-55
• Dams/weirs/fountains: Electrical	15-40
• Dams/weirs/fountains: Mechanical	15-40
• Dams/weirs/fountains: Perimeter protection	10-30
• Dams/weirs/fountains: Pipe works	40-120
Sewerage	
• Bulk meter	40-120
• Outfall sewer: Civil	30-55
• Outfall sewer: Electrical	15-50
• Sewerage pump station: Structure	30-55
• Sewerage pump station: Electrical	15-50
• Sewerage pump station: Mechanical	15-40
• Sewerage pump station: Perimeter protection	10-30
• Sewerage pump station: Pipe works	40-120
• Sewerage pump station: Metal work	10-40
• Sewerage reticulation: Structure	30-55
• Sewer reticulation: Pipe works	40-120
• Waste water treatment plant: Structure	30-55
• Waste water treatment plant: Electrical	15-50
• Waste water treatment plant: Mechanical	15-40
• Waste water treatment plant: Perimeter protection	10-30
• Waste water treatment plant: Pipe works	40-120
• Reservoir	30-50
Buildings	
• Dwellings (hostels, housing schemes, residences, etc)	25-60
• Non-residential (agricultural, clinics, fire stations, museums, etc)	25-60
• Non-residential: Perimeter protection	10-45
Landscaping	
• Landscaping	10-15
Solid waste disposal	
• Tip site: Structure	25-30
Railways	
• Sidings	25-30

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.7 Property, plant and equipment (continued)

Roads

• Bridges: Vehicle (concrete)	50-80
• Bridges: Pedestrian (concrete)	50-80
• Storm water: Culverts	25-50
• Storm water: Inlet, junction point, outlet	20-50
• Storm water: Pipes	25-50
• Roads: Kerb and channels	20-50
• Roads: Municipal roads - bitumen layer	20-45
• Roads: Municipal roads - bitumen surface	10-60
• Roads: Municipal roads - mixed-surface layer	20-45
• Roads: Municipal roads - mixed-surface surface	10--50
• Roads: Municipal roads - paving blocks layer	10-45
• Roads: Municipal roads - paving blocks surface	10-50
• Roads: Municipal roads - unpaved layer	10-45
• Roads: Municipal roads - unpaved surface	10-50
• Roads: Overhead traffic signs	15-20
• Roads: Street lighting	10-50
• Roads: Traffic signals	15-20
• Roads: Traffic signs	5-30
• Roads: Tunnel	50-80

Cemeteries

• Cemeteries	25-55
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Other machinery and equipment

• Irrigation equipment	10-15
• Cold room	10-15
• Telecommunication equipment	3-30

Computer equipment

• Networks	3-20
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Other

• Specialist vehicles	8-25
• Other vehicles	8-55
• Office equipment	5-25
• Furniture and fittings	5-30
• Watercraft	5-20
• Bins and containers	5-15
• Specialist plant and equipment	10-45
• Other plant and equipment	10-45
• Landfill sites and quarries	1-50
• Books	5-30
• Library material	5-30

Leased assets

• Vehicles, equipment, etc	3-20
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Livestock

• Livestock (dogs and horses)	8-20
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Community assets

• Recreation facilities	15-50
• Playing apparatus	5-35

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 entity to amend the previous estimate unless expectations differ from the previous estimate.

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

The depreciation 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 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.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.7 Property, plant and equipment (continued)

Subsequent expenditure

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.

Impairment of property, plant and equipment

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 the surplus or deficit for the year.

Land

Land is not depreciated as it is deemed to have an indefinite useful life.

Incomplete construction work (assets under construction)

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

Non-current assets held for sale

Non-current assets held for sale will remain under the specific class of property, plant and equipment until disposal and will depreciate as normal, whereafter it will be retired. It is carried at cost less accumulated depreciation and any impairment losses.

1.8 Site rehabilitation and restoration cost

The municipality has an obligation to rehabilitate and restore items of property, plant and equipment. Such obligations are referred to as 'rehabilitation provisions'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of rehabilitation and restoring the site on which it is located, the obligation for which a municipality 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 municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.9 Intangible assets

An asset is identifiable if it either:-

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the group or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:-

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the group; and
- the cost or fair value of the asset can be measured reliably.

The group assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangible assets are initially recognised at cost.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.9 Intangible assets (continued)

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

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

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; or
- 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 lives.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

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

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

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

Item	Useful life
Computer software, other	5 years
Servitudes	Indefinite

Intangible assets are derecognised:

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

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.10 Internal reserves

Self insurance reserve

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

Contributions to and from the reserve are transferred via the Statement of Changes in Net Assets to the reserve in line with the amount provided for in the operating budget.

- The total amount of insurance premiums paid to external insurers is regarded as expenses and must be shown as such in surplus or deficit for the year. These premiums do not affect the self-insurance reserve.
- Claims received from external insurers are utilised in the calculation of a profit or loss on the scrapping of damaged assets and are therefore effectively recorded in surplus or deficit for the year.
- Claims received to meet repairs of damages on assets are reflected as income in surplus or deficit for the year.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.10 Internal reserves (continued)

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

- Determination of the forecast surplus (free) capacity within the Self-insurance reserve
- The following liabilities are taken into account in determining this surplus capacity:
Reported known outstanding claims and statistically forecast losses for the remainder of the underwriting period (IBNR = claims incurred but not yet reported)
- Probability and quantification of a catastrophic loss
- Comparison of the surplus (free) capacity to the declared value of the highest service delivery asset to determine the shortfall that exist based on the assumption that sufficient capacity will be built up to cover that asset through the Self-insurance reserve over an agreed period of time.
- Spread the shortfall over a 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 55.

1.11 Housing development fund

Sections 15(5) and 16 of the Housing Act, 1997 (Act 107 of 1997), which came into operation on 1 April 1998, 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.
- 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.
- Any cash-backed surplus or deficit on the Housing Statement of Financial Performance must be transferred to the Housing Development Fund.

1.12 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.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in a group's operations that is shown as a single item for the purpose of disclosure in the consolidated annual financial statements.

Recognition

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

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Accounting Policies

1.12 Heritage assets (continued)

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.

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

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.13 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.

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Accounting Policies

1.13 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 counterparty 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.

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Accounting Policies

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

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

The entity 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	Category
Term loans	Financial liability measured at amortised cost
Local registered stock	Financial liability measured at amortised cost
Annuity loans	Financial liability measured at amortised cost
Municipal bonds	Financial liability measured at amortised cost
Trade payables:	
Payables from exchange transactions	Financial liability measured at amortised cost
Retention creditors	Financial liability measured at amortised cost
Deposits	Financial liability measured at amortised cost
Deferred operating lease liability	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at amortised cost
Lease liabilities	Financial liability measured at amortised cost

Initial recognition

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

The entity recognises financial assets using trade date accounting.

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Accounting Policies

1.13 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

The entity 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.

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity 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 entity 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 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 rate method or 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 in the case of a financial asset.

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 entity 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, a entity 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 entity does not reclassify a financial instrument while it is issued or held unless it is:

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

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

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

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

City of Tshwane Metropolitan Municipality

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Accounting Policies

1.13 Financial instruments (continued)

Gains and losses

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

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

Impairment and uncollectability of financial assets

The entity 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 directly OR 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 directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

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

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

City of Tshwane Metropolitan Municipality

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Accounting Policies

1.13 Financial instruments (continued)

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

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — 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 in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability are recognised as revenue or expense in surplus or deficit.

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

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

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

1.14 Tax

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, and 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 Secondary Tax on Companies (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.

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

Sandspruit Works Association and 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) registered for tax during the 2013/14 financial year.

1.15 Leases

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

City of Tshwane Metropolitan Municipality

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Accounting Policies

1.15 Leases (continued)

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.

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

Finance leases - lessee

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

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

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

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

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

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

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

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

When assets are leased out under an operating lease, the 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 entity's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the entity no longer anticipates economic benefits to flow from the asset.

City of Tshwane Metropolitan Municipality

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Accounting Policies

1.16 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. 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.

1.17 Inventories

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

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

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

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.

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

1.18 Value added tax

The Municipality is registered with the South African Revenue Services (SARS) for VAT on the payment basis in accordance with section 15(2) of the VAT Act (Act 89 of 1991).

The group accounts for VAT on the cash basis.

1.19 Grants-in aid (expense)

The Municipality annually awards grants to individuals and organisations based on merit. When making these transfers, the municipality 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.

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Accounting Policies

1.20 Impairment of non-cash-generating assets

The Municipality has implemented GRAP 21 and 26 on the impairment of assets based on a position paper adopted on these standards. Based on the position paper all assets tested during the financial year under review were treated according to GRAP 21: Impairment of non-cash-generating assets. Although the Municipality hold 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.

Cash-generating assets are those assets held by the group with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

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

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the group; or
- (b) the number of production or similar units expected to be obtained from the asset by the group.

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 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.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

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

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

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.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

Redesignation

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

1.21 Retirement benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

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.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not considered in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions whereby an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and, as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

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

When an employee has rendered service to the entity during a reporting period, the entity recognise the un-discounted amount of short-term employee benefits expected to be paid in exchange for that service:

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Accounting Policies

1.21 Retirement benefits (continued)

- 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 entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity 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 entity recognises the expected cost of bonus, incentive and performance-related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

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

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

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

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

The entity 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 entity accounts for it in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the entity 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 entity account for the plan as if it was a defined contribution plan.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

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

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

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

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

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

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Accounting Policies

1.21 Retirement 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 recognise past service cost as an expense in the reporting period in which the plan is amended.

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

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

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

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

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

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

The amount determined as a defined benefit liability may be negative (an asset). The entity 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 entity 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 entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

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

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Accounting Policies

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

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

Before determining the effect of a curtailment or settlement, the entity re-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 [OR is not] presented as the net of the amount recognised for a reimbursement.

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

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

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

City of Tshwane Metropolitan Municipality

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Accounting Policies

1.21 Retirement benefits (continued)

Other post retirement obligations

The Municipality 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. An annual charge to income is made to cover both these liabilities.

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

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

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

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

Pension, provident and retirement funds

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

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

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 IAS 19 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 plus/minus any balance of unrecognised actuarial gains or losses, minus any balance of unrecognised past service cost.

Multi-employer funds are treated as defined contribution funds, due to the nature of these funds and the fact that the assets are not specifically associated to meet the obligation in respect of individual employers in terms of paragraph 30 of GRAP 25.

Defined contribution plans: Sandspruit Works Association

Sandspruit Works Association has a defined contribution plan registered with Alexander Forbes Retirement Fund (Registration number 12/8/34766). Payments to defined contribution benefits plans are charged as an expense as they fall due.

Tshwane Economic Development Agency (TEDA)

TEDA has a pension fund defined contribution plan with Momentum where employees pay a fixed amount and the employer pays for the administration fees. The entity further has a group risk plan with Discovery Life where employees pay a fixed amount and the employer pays the administration fees.

Medical Aid: Continued members

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 the expected working lifetime. No plan assets exist and any actuarial gains and losses are recognised immediately.

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Accounting Policies

1.22 Provisions and contingencies

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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 55.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality;
- a present obligation that arises from past events but is not recognised because:
 - it is not 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 cannot be measured with sufficient reliability.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in the accounting policy paragraphs 1.7 and 1.20; and
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

City of Tshwane Metropolitan Municipality

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Accounting Policies

1.22 Provisions and contingencies (continued)

Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- those outflows of resources that are within the scope of other standards, and
- fines or other penalties that are imposed for breaches of the legislation.

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.

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

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

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

The following provisions exist within the Municipality:

- **Clearing of alien vegetation**
In terms of the Conservation of Agricultural Resources Act, 1983 (Act 43 of 1983) the provision for the clearing of alien vegetation was established in 2005/06 as a start to address the backlogs that exist.
- **Cleaning up of illegal dumping**
The Municipality is cleaning up illegal dumping on an ongoing basis as part of maintenance. Therefore there is no backlog. No provision is currently made for cleaning up illegal dumping.
- **Landfill sites**
The Municipality has an obligation to rehabilitate its landfill sites in terms of its licence stipulations. A provision was established from 2007/08. The amount of the provision is recognised at the present value of the expenditure expected to be required to settle the obligation and is carried at amortised cost.
- **Quarries**
In terms of 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.
- **Legal costs**

A provision was created since 2013/14 for the legal cost contingencies of certain cases. Refer to Note 6.

1.23 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.

City of Tshwane Metropolitan Municipality

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Accounting Policies

1.24 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

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.

An exchange transaction is one in which the Municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

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

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- (c) the stage of completion of the transaction at the reporting date can be measured reliably;
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

The percentage of completion method is utilised to recognise revenue on long-term contracts. Management exercises judgement in calculating the deferred revenue reserve which is based on the anticipated cost of repairs over the life cycle of the equipment applied to the total expected revenue arising from maintenance and repair contracts.

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.

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.

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Accounting Policies

1.24 Revenue from exchange transactions (continued)

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 once the income collected on behalf of agents has been quantified. The income recognised is in terms of an agency agreement.

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, royalties and dividends

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 Municipality, and
- The amount of the revenue can be measured reliably.

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

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

Interest earned on outstanding debtors is recognised on a time proportionate basis.

1.25 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

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.

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Accounting Policies

1.25 Revenue from non-exchange transactions (continued)

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

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

Measurement

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

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

Taxes (property rates for municipalities)

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

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

The municipality or municipal entity 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

Apart from services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

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 municipality.

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

Bequests

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

Gifts and donations, including goods in kind

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

City of Tshwane Metropolitan Municipality

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Accounting Policies

1.25 Revenue from non-exchange transactions (continued)

Services inkind

Services inkind are not recognised but are disclosed in the notes to the financial statements.

Concessionary loans received

A concessionary loan is a loan granted to or received by a municipality on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the cash flow statement recognises revenue as and when it satisfies the conditions of the loan agreement.

1.26 Operating expenses

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

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

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

1.27 Translation of foreign currencies

Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the municipality (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 municipality will not incur a foreign currency liability other than that allowed by the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003).

1.28 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to Note 47

Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

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 figures (accounting policy and disclosures) may not be consistent with the current year accounting policies and disclosures due to the implementation of the new GRAP standards.

1.29 Unauthorised expenditure

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

- overspending of the total amount appropriated in the municipality's approved budget;
- overspending of the total amount appropriated for a vote in the approved budget;
- expenditure from a vote unrelated to the department 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 municipality other than in accordance with the Municipal Finance Management Act.

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Accounting Policies

1.29 Unauthorised expenditure (continued)

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.

1.30 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.

1.31 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, 1993 (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.

1.32 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.

1.33 Accumulated surplus

Retained earnings or accumulated surplus/(deficit) are the cumulative effect of differences between revenue and expenditure as per statement of financial performance.

1.34 Budget information

The group is typically subject to budgetary limits in the form of appropriations or budget authorisation (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General-purpose financial reporting by the group shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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 2014/07/01 to 2015/06/30.

The consolidated annual financial statements and the budget are on the same basis of accounting 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 comparative 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

The group operates in an economic sector currently dominated by entities directly or indirectly owned by the South African government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the group, including those charged with the governance of the group in accordance with legislation, in instances where they are required to perform such functions (refer to Note 30 and 31). Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the group (refer to Note 46).

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.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

City of Tshwane Metropolitan Municipality

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Accounting Policies

1.36 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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Consolidated Annual Financial Statements for the year ended 30 June 2015

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	R	R	R	R

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

GRAP 100 (as revised): Discontinued operations

The objective of this standard is to specify the presentation and disclosure of discontinued operations. In particular, the standard requires the results of discontinued operations to be presented separately in the statement of financial performance with additional disclosures provided in the notes to the financial statements.

An entity shall disclose the following information in the notes in the period in which the disposal of a component occurs:

- a description of the component;
- a description of the facts and circumstances of the disposal; and
- if applicable, the segment in which the component is presented in accordance with the GRAP standard on segment reporting.

An entity shall apply the amendments with regard to changes to the way in which non-current assets held for sale are measured, prospectively at the beginning of the period in which these amendments are adopted.

Changes to the way in which non-current assets held for sale are classified and presented on the statement of financial position and accompanying notes shall be applied retrospectively by adjusting information for the earliest period presented.

The effective date of the standard is for years beginning on or after 01 April 2014.

The group adopted the standard for the first time in the 2015 consolidated annual financial statements.

The adoption of this standard did not have a material impact on the results of the municipality as no discontinued operations occurred in the year under review.

GRAP 5 (revised 2013): Borrowing costs

Benchmark treatment is to recognise borrowing costs as an expense. Allowed alternative is to capitalise borrowing cost if it is attributable to the acquisition, construction or production of a qualifying asset. All other instances, expense borrowing costs.

All amendments are to be applied retrospectively.

The effective date of the standard is for years beginning on or after 01 April 2014.

The group has always expensed borrowing costs therefore the revised standard had no impact.

2.2 Standards and interpretations early adopted

The group has chosen not to early adopt any 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 and are mandatory for the group's accounting periods beginning on or after 01 July 2015 or later periods:

GRAP 18: Segment reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the group. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the group's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

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2. New standards and interpretations (continued)

Directive 3 - Transitional provisions for high-capacity municipalities state that no comparative segment information need to be presented on initial adoption of the standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this standard would not apply to such items until the transitional provision in that standard expires.

The effective date of this statement for municipalities has not yet been determined.

The municipality is unable to reliably estimate the impact of the standard on the consolidated annual financial statements as the current systems do not allow for segment reporting yet.

GRAP 105: Transfers of functions between entities under common control

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It requires an acquirer and a transferor that prepares and presents financial statements under the accrual basis of accounting to apply this standard to a transaction or event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers definitions, identifying the acquirer and transferor, determining the transfer date, assets acquired or transferred and liabilities assumed or relinquished, accounting by the acquirer and transferor, disclosure, transitional provisions as well as the effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2015.

The group expects to adopt the standard for the first time in the 2016 consolidated annual financial statements if it is applicable at that stage.

The municipality is unable to reliably estimate the impact of the amendment on the consolidated annual financial statements as it will only be applicable if such a transfer of function does occur.

GRAP 106: Transfers of functions between entities not under common control

The objective of this standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers definitions, identifying a transfer of functions between entities not under common control, the acquisition method, recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, measurement period, determining what is part of a transfer of functions, subsequent measurement and accounting, disclosure, transitional provisions as well as the effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2015. The group expects to adopt the standard for the first time in the 2016 consolidated annual financial statements if it is applicable at that stage.

The municipality is unable to reliably estimate the impact of the amendment on the consolidated annual financial statements as it will only be applicable if such a transfer of function does occur.

GRAP 107: Mergers

The objective of this standard is to establish accounting principles for the combined entity and combining entities in a merger. It requires an entity and combining entities that prepare and present financial statements under the accrual basis of accounting to apply this standard to a transaction or event that meets the definition of a merger where no acquirer can be identified.

It furthermore covers definitions, identifying a merger between entities, the acquisition method, recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, measurement period, determining what is part of a merger, subsequent measurement and accounting, disclosure, transitional provisions as well as the effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2015. The group expects to adopt the standard for the first time in the 2016 consolidated annual financial statements if it is applicable at that stage.

The municipality is unable to reliably estimate the impact of the amendment on the consolidated annual financial statements as it will only be applicable if such a merger does occur.

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2. New standards and interpretations (continued)

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.

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 for years beginning on or after 01 April 2016 but the date has not yet been gazetted.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the consolidated annual financial statements.

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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 (i.e. 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 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 2016 consolidated annual financial statements.

Due to the nature of the current transactions the municipality is unable to reliably estimate the impact of the interpretation on the 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 financial statements

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 GRAP105, 106 and 107.

The group expects to adopt the interpretation for the first time in the 2016 consolidated annual financial statements.

Due to the nature of the current transactions the municipality is unable to reliably estimate the impact of the interpretation on the consolidated annual financial statements.

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2. New standards and interpretations (continued)

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 2016 consolidated annual financial statements.

Due to the nature of the current transactions the municipality is unable to reliably estimate the impact of the amendment on the 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 2016 consolidated annual financial statements.

Due to the nature of the current transactions the municipality is unable to reliably estimate the impact of the amendment on the 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 2016 consolidated annual financial statements.

Due to the nature of the current transactions the municipality is unable to reliably estimate the impact of the amendment on the consolidated annual financial statements.

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2. New standards and interpretations (continued)

GRAP32: 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 has not yet been 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.

Due to the nature of the current transactions the municipality is unable to reliably estimate the impact of the standard on the consolidated annual financial statements.

GRAP108: 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 has not yet been 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.

Due to the nature of the current transactions the municipality is unable to reliably estimate the impact of the standard on the consolidated annual financial statements.

IGRAP17: 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.

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 standard has not yet been 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.

Due to the nature of the current transactions the municipality is unable to reliably estimate the impact of the standard on the consolidated annual financial statements.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Company Secretary's Certification

2. New standards and interpretations (continued)

DIRECTIVE 11: Changes in measurement bases following the initial adoption of Standards of GRAP

The objective of this directive is to permit an entity to change its measurement bases following the initial adoption of Standards of GRAP. The change is based on the principles in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors. This directive should therefore be read in conjunction with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Subsequent to the application of this directive, an entity will be allowed to change its accounting policy in future periods subject to it meeting the requirements in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The effective date of the standard is for years beginning on or after 01 April 2015.

This directive will not be applied, as the municipality applied the cost method and not the revaluation or fair value method.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R
3. Housing development fund				
Unappropriated surplus	225,449,115	225,449,115	225,449,115	225,449,115
Less: Loans extinguished by Government on 1 April 1998	69,006,463	69,006,463	69,006,463	69,006,463
Housing development fund	156,442,652	156,442,652	156,442,652	156,442,652
The housing development fund is represented by the following assets and liabilities				
Housing selling scheme loans	9,692,028	20,081,989	9,692,028	20,081,989
Housing debtors	43,273,872	37,693,897	43,273,872	37,693,897
Bank and cash	103,476,752	98,666,766	103,476,752	98,666,766
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	3,232,502,825	1,733,033,012	3,230,014,405	1,730,229,171
Local registered stock	1,000	6,000	-	5,000
Municipal bonds	2,177,419,005	2,177,926,163	2,177,419,005	2,177,926,163
Annuity loans	4,852,534,005	5,342,534,125	4,852,534,005	5,342,534,125
	10,262,456,835	9,253,499,300	10,259,967,415	9,250,694,459
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)	78,331,528	78,331,528	78,331,528	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 date of redemption.				
Development Bank of South Africa (1-2)	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 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R
4. Loans and bonds (continued)				
Development Bank of South Africa (1-400)	51,682,877	51,897,643	51,682,877	51,897,643
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 date of redemption.				
National Housing Finance Corporation (Housing Company Tshwane)	2,488,420	2,803,841	-	-
This loan is secured, bears interest at 14% per annum and is repayable in 105 monthly instalments of R57 495.07. The loan is secured by a mortgage bond over Eloff Building.				
Municipal bonds				
Standard Bank (1-1900)	573,927,890	574,165,042	573,927,890	574,165,042
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	848,691,794	848,437,142	848,691,794
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 2 April 2022. A sinking fund investment has been made for the purpose of providing for the capital repayment at the date of redemption.				
Standard Bank (1-1950)	755,053,973	755,069,327	755,053,973	755,069,327
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 date of redemption.				
Local registered stock				
Development Bank of South Africa (1-1250)	-	5,000	-	5,000
Unsecured bond paying fixed interest semi-annually				

* See Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R
4. Loans and bonds (continued)				
TEDA municipal entity shares				
Share capital in municipal entity (loan bears no interest and has no fixed terms of repayment).	1,000	1,000	-	-
Annuity loans				
Standard Bank (1-1300)	834,719,010	881,198,269	834,719,010	881,198,269
Unsecured variable interest rate 15-year loan repayable semi-annually in instalments of interest and capital with interest payable on reducing balance until capital is paid off on 29 June 2026.				
Development Bank of South Africa (1-950)	123,524,219	128,705,566	123,524,219	128,705,566
Unsecured fixed interest 20-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2029.				
Development Bank of South Africa (1-851)	79,033,212	87,439,471	79,033,212	87,439,471
Unsecured fixed interest 13-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 31 March 2021.				
Development Bank of South Africa (1-800)	173,896,059	179,213,252	173,896,059	179,213,252
Unsecured fixed interest 20-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2028.				
Development Bank of South Africa (1-700)	77,577,256	81,358,424	77,577,256	81,358,424
Unsecured fixed interest 20-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2028.				
Development Bank of South Africa (1-701)	174,654,021	179,757,874	174,654,021	179,757,874
Unsecured fixed interest 20-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2028.				

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014	2015	2014
	R	Restated* R	R	Restated* R
4. Loans and bonds (continued)				
Development Bank of South Africa (1-501)	226,785,249	253,457,829	226,785,249	253,457,829
Unsecured fixed interest 15-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 31 December 2021.				
Development Bank of South Africa (1-500)	48,790,472	55,609,388	48,790,472	55,609,388
Unsecured fixed interest 15-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 31 December 2021.				
Development Bank of South Africa (1-200)	145,592,806	165,075,115	145,592,806	165,075,115
Unsecured fixed interest 15-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 31 December 2020.				
INCA (1-100)	112,500,421	129,428,391	112,500,421	129,428,391
Unsecured fixed interest 15-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 31 March 2020.				
Development Bank of South Africa (1-52)	117,552,430	142,607,678	117,552,430	142,607,678
Secured fixed interest 20-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 September 2018.				
Development Bank of South Africa (1-50)	109,138,016	133,548,252	109,138,016	133,548,252
Unsecured fixed interest 15-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 31 December 2018.				
iVuzi Investments (1-550)	118,007,394	131,016,718	118,007,394	131,016,718
Unsecured fixed interest 15-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 12 December 2021.				
iVuzi Investments (1-450)	47,198,007	52,555,939	47,198,007	52,555,939
Unsecured fixed interest 15-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2021.				

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R
4. Loans and bonds (continued)				
iVuzi Investments (1-300)	55,530,809	62,583,790	55,530,809	62,583,790
Unsecured fixed interest 15-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 31 December 2020.				
iVuzi Investments (1-150)	25,941,742	29,662,375	25,941,742	29,662,375
Unsecured fixed interest 15-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2020.				
iVuzi Investments (1-0)	8,783,754	10,451,340	8,783,754	10,451,340
Unsecured fixed interest 15-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2019.				
Nedbank (1-1150)	217,113,900	250,338,505	217,113,900	250,338,505
Unsecured variable interest rate 10-year loan repayable in semi-annual instalments of interest and capital with interest payable on reducing balance until capital is paid off on 16 June 2020.				
Nedbank (1-1100)	218,170,246	251,662,110	218,170,246	251,662,110
Unsecured variable interest rate 10-year loan repayable in semi-annual instalments of interest and capital with interest payable on reducing balance until capital is paid off on 18 May 2020.				
Nedbank (1-852)	105,925,613	116,813,255	105,925,613	116,813,255
Unsecured fixed interest 13-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 31 March 2021.				
ABSA Bank Ltd (1-850)	154,073,619	169,910,189	154,073,619	169,910,189
Unsecured fixed interest 13-year loan repayable semi-annually in equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 31 March 2021.				
Development Bank of South Africa (1-1352)	260,076	469,252	260,076	469,252
Unsecured fixed interest rate loan repayable in monthly equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 31 August 2016. Loan taken over from Nokeng Municipality on 1 July 2011.				

* See Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014	2015	2014
	R	Restated* R	R	Restated* R
4. Loans and bonds (continued)				
Development Bank of South Africa (1-1400)	5,090,982	9,484,154	5,090,982	9,484,154
Unsecured fixed interest rate loan repayable in monthly equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2016. Loan taken over from Kungwini Municipality on 1 July 2011.				
Standard Bank - Magalies Water (1-1401)	-	335,756	-	335,756
Unsecured fixed interest rate loan repayable in monthly equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 September 2014. Loan taken over from Kungwini Municipality on 1 July 2011.				
iVuzi (FirstRand Bank) (1-1850)	368,421,053	421,265,160	368,421,053	421,265,160
Unsecured (Jibar) variable interest rate 9-year loan repayable in semi-annual equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 30 June 2022.				
Nedbank (1-1800)	569,004,970	620,108,276	569,004,970	620,108,276
Unsecured (Jibar) variable interest rate 16-year loan repayable in semi-annual equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 29 June 2029.				
iVuzi (FirstRand Bank) (1-1851)	413,793,103	448,494,113	413,793,103	448,494,113
Unsecured (Jibar) variable interest rate 14-year loan repayable in semi-annual equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 1 December 2027.				
Nedbank (1-1801)	321,455,566	349,983,684	321,455,566	349,983,684
Unsecured (Jibar) variable interest rate 12-year loan repayable in semi-annual equal instalments of interest and capital with interest payable on reducing balance until capital is paid off on 1 December 2025.				
	10,262,456,835	9,253,499,300	10,259,967,415	9,250,694,459
Non-current liabilities				
At amortised cost	9,660,757,084	8,746,039,145	9,658,583,062	8,743,549,702
Current liabilities				
At amortised cost	601,699,751	507,460,155	601,384,353	507,144,757
	10,262,456,835	9,253,499,300	10,259,967,415	9,250,694,459
Secured and unsecured long-term liabilities				
Secured	250,055,255	275,641,690	247,566,835	272,836,849
Unsecured	10,012,401,580	8,977,857,610	10,012,400,580	8,977,857,610
	10,262,456,835	9,253,499,300	10,259,967,415	9,250,694,459

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R
4. Loans and bonds (continued)				
No defaults or breaches of the loans occurred in the year under review.				
5. Lease liabilities				
Minimum lease payments due				
- within one year	100,916,305	8,904,916	100,916,305	8,904,916
- in second to fifth year inclusive	131,839,189	246,720	131,839,189	246,720
	232,755,494	9,151,636	232,755,494	9,151,636
Less: future finance charges	(23,892,605)	(183,251)	(23,892,605)	(183,251)
Present value of minimum lease payments	208,862,889	8,968,385	208,862,889	8,968,385
Present value of minimum lease payments due				
- within one year	85,909,835	8,745,768	85,909,835	8,745,768
- in second to fifth year inclusive	122,953,054	222,617	122,953,054	222,617
	208,862,889	8,968,385	208,862,889	8,968,385
Non-current liabilities	122,953,054	222,617	122,953,054	222,617
Current liabilities	85,909,835	8,745,768	85,909,835	8,745,768
	208,862,889	8,968,385	208,862,889	8,968,385
Collateral held in terms of the above leases (Net book amount of leased assets)	208,862,889	8,968,385	208,862,889	8,968,385
Carrying value of leased assets	204,414,498	8,084,445	204,414,498	8,084,445

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 years and the average effective borrowing rate is 8.305%. Interest rates are variable at the contract date. All leases have variable repayments and include additional charges for contingent rent based on excess kilometers travelled.

6. Provisions

Reconciliation of provisions - Group - 2015

	Opening balance	Unwinding of interest	Utilised during the year	Reversed/adjusted during the year	Total
Clearing of alien vegetation	31,077,225	4,034,231	(3,691,863)	12,856,342	44,275,935
Legal proceedings	39,306,073	-	-	(6,100,806)	33,205,267
Rehabilitation of landfill sites	360,575,120	49,653,538	(4,271,526)	138,993,539	544,950,671
Rehabilitation of quarries	14,733,300	3,017,434	(1,492,875)	16,839,380	33,097,239
Employee benefit cost	2,562	-	-	(2,562)	-
	445,694,280	56,705,203	(9,456,264)	162,585,893	655,529,112

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

6. Provisions (continued)

Reconciliation of provisions - Group - 2014

	Opening balance	Unwinding of interest	Utilised during the year	Reversed/adjusted during the year	Additions	Total
Clearing of alien vegetation	26,436,092	3,189,606	(3,453,704)	4,905,231	-	31,077,225
Legal proceedings	-	-	-	39,306,073	-	39,306,073
Rehabilitation of landfill sites	210,325,366	33,306,162	(10,366,425)	127,310,017	-	360,575,120
Rehabilitation of quarries	5,840,073	1,360,908	(1,776,132)	9,308,451	-	14,733,300
Employee benefit cost	-	-	-	-	2,562	2,562
	242,601,531	37,856,676	(15,596,261)	180,829,772	2,562	445,694,280

Reconciliation of provisions - Municipality - June 2015

	Opening balance	Unwinding of interest rate	Utilised during the year	Reversed/adjusted during the year	Total
Clearing of alien vegetation	31,077,225	4,034,231	(3,691,863)	12,856,342	44,275,935
Legal proceedings	39,306,073	-	-	(6,100,806)	33,205,267
Rehabilitation of landfill sites	360,575,120	49,653,538	(4,271,526)	138,993,539	544,950,671
Rehabilitation of quarries	14,733,300	3,017,434	(1,492,875)	16,839,380	33,097,239
	445,691,718	56,705,203	(9,456,264)	162,588,455	655,529,112

Reconciliation of provisions - Municipality - 2014

	Opening balance	Unwinding of interest rate	Utilised during the year	Reversed/adjusted during the year	Total
Clearing of alien vegetation	26,436,092	3,189,606	(3,453,704)	4,905,231	31,077,225
Legal proceedings	-	-	-	39,306,073	39,306,073
Rehabilitation of landfill sites	210,325,366	33,306,162	(10,366,425)	127,310,017	360,575,120
Rehabilitation of quarries	5,840,073	1,360,908	(1,776,132)	9,308,451	14,733,300
	242,601,531	37,856,676	(15,596,261)	180,829,772	445,691,718

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

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.

Environmental rehabilitation provision - landfill sites

The municipality 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.

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.

Rehabilitation of quarries

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

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

6. Provisions (continued)

Legal cost 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.

Employee benefit cost - Housing Company Tshwane

Short-term absences for which the employees are compensated for include only vacation leave for employees. Sick leave was not provided for since employees forfeit it when they leave the company.

7. Financial instruments disclosure

Categories of financial instruments

Group - 2015

Financial assets

	At fair value	At amortised cost	Total
Investments	-	503,670,164	503,670,164
Other receivables	-	1,299,725,370	1,299,725,370
Consumer receivables	-	2,547,486,005	2,547,486,005
Cash and cash equivalents	-	97,558,776	97,558,776
Long-term receivables: Housing loans	-	9,692,028	9,692,028
Long-term receivables: Sport club loans	-	1,136,448	1,136,448
Long-term receivables: Sale of land	-	69,982,588	69,982,588
Long-term receivables: Arrangement debtors	-	146,535,828	146,535,828
Interest rate swap asset	130,122,756	-	130,122,756
	130,122,756	4,675,787,207	4,805,909,963

Financial liabilities

	At fair value	At amortised cost	Total
Retention creditors	-	380,473,652	380,473,652
Trade and other payables from exchange transactions	-	4,652,843,066	4,652,843,066
Consumer deposits	-	355,015,828	355,015,828
Long-term loans (term loans, bonds, etc)	-	10,262,456,835	10,262,456,835
Interest rate swap liability	85,625,408	-	85,625,408
	85,625,408	15,650,789,381	15,736,414,789

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

7. Financial instruments disclosure (continued)

Group - 2014

Financial assets

	At fair value	At amortised cost	Total
Investments	-	628,755,765	628,755,765
Other receivables	-	1,132,210,205	1,132,210,205
Consumer receivables	-	2,560,483,515	2,560,483,515
Cash and cash equivalents	-	224,867,307	224,867,307
Long-term receivables: Housing loans	-	20,081,989	20,081,989
Long-term receivables: Sport club loans	-	1,185,039	1,185,039
Long-term receivables: Sale of land	-	74,279,492	74,279,492
Long-term receivables: Arrangement debtors	-	264,395,381	264,395,381
Interest rate swap asset	34,411,454	-	34,411,454
	34,411,454	4,906,258,693	4,940,670,147

Financial liabilities

	At fair value	At amortised cost	Total
Retention creditors	-	372,163,755	372,163,755
Trade and other payables from exchange transactions	-	4,342,680,886	4,342,680,886
Consumer deposits	-	410,749,321	410,749,321
Long-term loans (term loans, bonds, etc)	-	9,253,499,300	9,253,499,300
Interest rate swap liability	44,114,153	-	44,114,153
	44,114,153	14,379,093,262	14,423,207,415

Municipality - 2015

Financial assets

	At fair value	At amortised cost	Total
Investments	-	493,971,848	493,971,848
Other receivables	-	1,244,338,234	1,244,338,234
Consumer receivables	-	2,534,999,605	2,534,999,605
Cash and cash equivalents	-	57,158,390	57,158,390
Long-term receivables: Housing loans	-	9,692,028	9,692,028
Long-term receivables: Sport club loans	-	1,136,448	1,136,448
Long-term receivables: Sale of land	-	69,982,588	69,982,588
Long-term receivables: Arrangement debtors	-	146,535,828	146,535,828
Interest rate swap asset	130,122,756	-	130,122,756
	130,122,756	4,557,814,969	4,687,937,725

Financial liabilities

	At fair value	At amortised cost	Total
Retention creditors	-	380,473,652	380,473,652
Trade and other payables from exchange transactions	-	4,568,554,239	4,568,554,239
Consumer deposits	-	351,259,691	351,259,691
Long-term loans (term loans, bonds, etc)	-	10,259,967,415	10,259,967,415
Interest rate swap liability	85,625,408	-	85,625,408
	85,625,408	15,560,254,997	15,645,880,405

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

7. Financial instruments disclosure (continued)

Municipality - 2014

Financial assets

	At fair value	At amortised cost	Total
Investments	-	628,755,766	628,755,766
Other receivables	-	1,111,189,545	1,111,189,545
Consumer receivables	-	2,544,542,916	2,544,542,916
Cash and cash equivalents	-	174,299,426	174,299,426
Long-term receivables: Housing loans	-	20,081,989	20,081,989
Long-term receivables: Sport club loans	-	1,185,039	1,185,039
Long-term receivables: Sale of land	-	74,279,492	74,279,492
Long-term receivables: Arrangement debtors	-	264,395,381	264,395,381
Interest rate swap asset	34,411,454	-	34,411,454
	34,411,454	4,818,729,554	4,853,141,008

Financial liabilities

	At fair value	At amortised cost	Total
Retention creditors	-	372,163,755	372,163,755
Trade and other payables from exchange transactions	-	4,291,580,757	4,291,580,757
Consumer deposits	-	407,023,659	407,023,659
Long-term loans (term loans, bonds, etc)	-	9,250,694,459	9,250,694,459
Interest rate swap liability	44,114,153	-	44,114,153
	44,114,153	14,321,462,630	14,365,576,783

8. Financial instruments: Risks involved

Risks

In the course of the group's business operations it is exposed to interest rate, credit, liquidity and market risk. The group has developed a comprehensive risk management process to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

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:

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

8. Financial instruments: Risks involved (continued)

Year ended 30 June 2015

Description			Fixed rate		Non-interest bearing		Total
	Floating rate	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	502,959,644	710,520	16.45	5.67			503,670,164
Long-term receivables:							
Housing loans		9,692,028	13.87	30.00			9,692,028
Sport club loans		1,136,448	11.99	10.00			1,136,448
Sale of land		69,982,588	11.09	5.00			69,982,588
Arrangement debtors		66,826,850	9.00		79,708,978		146,535,828
Trade receivables:							
Consumer		6,054,609,131	9.00	1.00	2,303,462,095		8,358,071,226
Other					1,299,725,370		1,299,725,370
Cash		97,558,776					97,558,776
Total financial assets	502,959,644	6,300,516,341			3,682,896,443		10,486,372,428
Liabilities							
Interest bearing borrowings	6,123,498,796	131,301,505	10.18	14.20			6,254,800,301
Interest rate swaps (notional amounts)	2,490,312,448	1,517,344,086	9.31	13.50			4,007,656,534
Lease liabilities		208,862,889					208,862,889
Trade payables:							
Creditors					5,314,733,969	0.08	5,314,733,969
Retention					380,473,652	1.00	380,473,652
Consumer deposits					355,015,828	0.08	355,015,828
Total financial liabilities	8,613,811,244	1,857,508,480			6,050,223,449		16,521,543,173

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

8. Financial instruments: Risks involved (continued)

Year ended 30 June 2014

Description			Fixed rate		Non-interest bearing		Total
	Floating rate	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	625,406,061	3,349,704	16.45	15.90			628,755,765
Long-term receivables:							
Housing loans		20,081,989	13.87	30.00			20,081,989
Loans to sport clubs		1,185,039	11.99	10.00			1,185,039
Sale of land		74,279,492	11.09	5.00			74,279,492
Arrangement debtors		754,889	8.50		263,640,492		264,395,381
Trade receivables:							
Consumer		5,470,718,615	8.50	1.00	2,388,505,266		7,859,223,881
Other					1,132,210,205		1,132,210,205
Cash		224,867,307					224,867,307
Total financial assets	625,406,061	5,795,237,035			3,784,355,963		10,204,999,059
Liabilities							
Interest bearing borrowings	4,041,921,941	3,487,048,271	10.18	14.20			7,528,970,212
Interest rate swaps	862,264,544	862,264,544	9.31	13.50			1,724,529,088
Lease liabilities		8,968,385					8,968,385
Trade payables:							
Creditors					5,166,169,935	0.08	5,166,169,935
Retention					372,163,755	1.00	372,163,755
Consumer deposits					410,749,321	0.08	410,749,321
Total financial liabilities	4,904,186,485	4,358,281,200			5,949,083,011		15,211,550,696

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

Group		Municipality	
2015	2014 Restated*	2015	2014 Restated*
R	R	R	R

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 Municipality 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 2015		
Non-current assets: Interest rate swap asset	130,122,756	95,711,302
Non-current liability: Interest swap liability	(85,625,408)	(41,511,255)
	44,497,348	54,200,047
	Fair value R	Estimated fair value gain/(loss) R
30 June 2014		
Non-current assets: Interest rate swap asset	34,411,454	(6,948,992)
Non-current liability: Interest swap liability	(44,114,153)	(44,114,153)
	(9,702,699)	(51,063,145)

Currency risk

The group undertakes certain transactions denominated in foreign currencies (although the transactions entered into are with South African based service providers), 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 group'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 the 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 that has not been adequately provided for. Trade receivables are presented net of the allowance for impairment.

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

Group		Municipality	
2015	2014 Restated*	2015	2014 Restated*
R	R	R	R

8. Financial instruments: Risks involved (continued)

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 group'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 group's maximum exposure to credit risk without taking into account the value of any collateral obtained.

The major concentrations of credit risk that arise from the group's receivables in relation to customer classification are as follows:

	30 June 2015	30 June 2014
Consumer receivables:		
Household	49	53
Industrial/commercial	23	25
National and provincial government	3	3
Other consumer receivables	5	5
Long-term receivables	2	4
Sundry receivables	18	10
	100	100

Liquidity risk

The group manages liquidity risk through proper management of working capital, capital expenditure and actual versus forecast cash flows. Adequate reserves, liquid resources and unutilised borrowing facilities are also maintained. In terms of its borrowing requirements, the group ensures that adequate funds are available to meet its expected and unexpected financial commitments. In terms of its long-term liquidity risk, a reasonable balance is maintained between the period over which assets generate funds and the period over which the respective assets are funded. Capital expenditure, budgeted and forecast cash flow calculations are funded as follows from the capital market:

The 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 2016 R	30 June 2017 R	30 June 2018 R
External funding: Capital expenditure	1,200,000,000	1,200,000,000	1,200,000,000

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 that expose the municipality to fair value interest rate risk and cash flow interest rate risk and can be summarised as follows:

Financial assets/liabilities:

Trade and other receivables/payables: At a fixed rate of interest -

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

Fair values

The group's financial instruments consist mainly of cash and cash equivalents, trade receivables, investments, trade payables, long-term debt and derivative instruments (interest rate swaps).

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

Group		Municipality	
2015	2014 Restated*	2015	2014 Restated*
R	R	R	R

8. Financial instruments: Risks involved (continued)

No financial asset was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial assets that are available-for-sale or held-for-trading. The following methods and assumptions are used to determine the fair value of each class of financial instrument.

Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets and financial liabilities.

Trade receivables (debtors)

The carrying amount of trade receivables, net of provision for impairment (provision for bad debt), approximates fair value due to the relatively short-term maturity of these financial assets.

Investments

Investments are carried at their original cost in the statement of financial position, except for those where the interest received semi-annually are capitalised. The fair value of publicly traded instruments is based on quoted market prices for those investments.

Trade payables

The carrying amount of trade payables approximates fair value due to the relatively short-term maturity of this financial liability.

Interest bearing borrowings

Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in surplus or deficit over the period of the borrowings on an effective interest basis. The fair value of interest bearing borrowings with variable interest rates approximates their carrying amounts.

Derivatives (interest rate swaps)

Derivative financial instruments (interest rate swaps) are initially measured at fair value on the contract date and are remeasured to fair value at subsequent reporting dates.

The fair value of financial liabilities at statement of financial position date is as follows:

Year ended	Fair value R	Carrying amount R
30 June 2015		
Liabilities		
Interest rate swaps	85,625,408	85,625,408
30 June 2014		
Liabilities		
Interest rate swaps	44,114,153	44,114,153

Maturity profile

The maturity profiles of financial assets and liabilities at statement of financial position date are as follows:

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

8. Financial instruments: Risks involved (continued)

Year ended 30 June 2015

	1 year or less R	1 to 5 years R	Over 5 years R	Total R
Assets				
Investments	381,950,535	121,719,629		503,670,164
Long-term receivables:				
Housing loans	989,582	8,702,446		9,692,028
Loans to sport clubs	579,145	557,299		1,136,444
Sale of land	594,391	69,388,197		69,982,588
Arrangement debtors	100,553,190	45,982,638		146,535,828
Trade receivables:				
Consumer	4,331,745,286	4,026,325,940		8,358,071,226
Other debtors	847,591,710	951,257,281		1,798,848,991
Cash	97,558,776			97,558,776
Interest rate swap asset		130,122,756		130,122,756
Total financial assets	5,761,562,615	5,354,056,186	-	11,115,618,801
Liabilities				
Interest bearing borrowings		1,316,239,212	4,938,561,089	6,254,800,301
Interest rate swaps			4,007,656,534	4,007,656,534
Lease liabilities	86,866,859	121,996,030		208,862,889
Trade payables:				
Creditors	5,314,733,969			5,314,733,969
Retention		380,473,652		380,473,652
Consumer deposits		355,015,828		355,015,828
Interest rate swap liability		85,625,408		85,625,408
Total financial liabilities	5,401,600,828	2,259,350,130	8,946,217,623	16,607,168,581

Year ended 30 June 2014

	1 Year or less R	1 to 5 years R	Over 5 years R	Total R
Assets				
Investments	622,948,673	5,807,093		628,755,766
Long-term receivables:				
Housing loans	1,152,651	18,929,338		20,081,989
Loans to sport clubs	579,149	605,890		1,185,039
Sale of land	608,370	73,671,122		74,279,492
Arrangement debtors	159,778,753	104,616,628		264,395,381
Trade receivables:				
Consumer	4,222,924,933	3,636,298,948		7,859,223,881
Other debtors	822,524,206	788,103,616		1,610,627,822
Cash	224,867,307			224,867,307
Interest rate swap asset		34,411,454		34,411,454
Total financial assets	6,055,384,042	4,662,444,089	-	10,717,828,131
Liabilities				
Interest bearing borrowings	510,144,757	474,493,021	6,544,332,434	7,528,970,212
Interest rate swaps			1,724,529,088	1,724,529,088
Lease liabilities	8,745,768	222,617		8,968,385
Trade payables:				
Creditors	5,166,169,935			5,166,169,935
Retention		372,163,755		372,163,755
Consumer deposits		410,749,321		410,749,321
Interest rate swap liability		44,114,153		44,114,153
Total financial liabilities	5,685,060,460	1,301,742,867	8,268,861,522	15,255,664,849

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R
8. Financial instruments: Risks involved (continued)				
Hedging				
Hedging is not applicable in the environment of the group.				
9. Consumer deposits				
Electricity and water	355,015,828	410,749,321	351,259,691	407,023,659
Guarantees held:				
Electricity and water consumers (who do not have deposits)	168,752,564	175,476,346	168,752,564	175,476,346
Township development guarantees	262,093,183	251,719,428	262,093,183	251,719,428
	430,845,747	427,195,774	430,845,747	427,195,774
10. Payables from exchange transactions				
Trade payables	2,822,679,130	2,975,175,392	2,747,807,892	2,932,482,885
Payments received in advance - various services	406,488,039	151,113,681	405,378,283	149,562,636
Accrued leave pay	462,742,762	644,876,714	456,162,934	637,564,288
Deposits received	24,546,104	20,797,231	24,064,008	20,317,694
Debtors with credit balances - reclassification	814,353,676	666,483,154	814,057,310	666,192,515
Other creditors	584,776,118	526,639,316	577,246,747	523,025,029
Retention creditors	380,473,652	372,163,755	380,473,652	372,163,755
Accrual 13th cheque	199,148,141	178,612,335	197,309,151	176,894,381
Municipal entities - SARS	-	2,472,113	-	-
	5,695,207,622	5,538,333,691	5,602,499,977	5,478,203,183

* See Note 47

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	Group		Municipality	
	2015	2014	2015	2014
	R	Restated*	R	Restated*
		R		R
11. Unspent grants and receipts				
Unspent grants and receipts comprise:				
Unspent grants and receipts				
DoRA: INEP (Electricity for All)	950	-	950	-
DoRA: Finance Management Grant (FMG)	921,685	705,152	921,685	705,152
SANBI/Groen Sebenza	7,823	7,823	7,823	7,823
Housing Grants (provincial)	19,840,060	68,393,290	19,840,060	68,393,290
DoRA: Urban Settlement Development Grant (USDG)	36,867,333	44,829,756	36,867,333	44,829,756
DoRA: PTIS	224,108	-	224,108	-
Delft grant	2,293,422	2,293,422	2,293,422	2,293,422
Neighbourhood Development Programme	1,526	2,359,341	1,526	2,359,341
Research and Technology	892,857	-	892,857	-
Arts and Culture Grant (Libraries)	1,185,105	1,942,452	1,185,105	1,942,452
Gautrans job creation	12,071,107	12,293,525	12,071,107	12,293,525
Municipal Disaster Recovery Grant	13,886,268	-	13,886,268	-
Sandspruit Works Association: New meter project	278,854	278,854	-	-
Social Infrastructure Grant	5,682,211	-	5,682,211	-
LG SETA Merit Awards	266,921	266,921	266,921	266,921
DPSA Smart connect	378,440	-	378,440	-
Sport and Recreation	72,617	72,617	72,617	72,617
Performance Management	268,665	268,665	268,665	268,665
Electricity Demand Side	3,000,000	-	3,000,000	-
Revenue Enhancement	1,224,800	1,224,800	1,224,800	1,224,800
Integrated City Development	6,307,025	-	6,307,025	-
Human Settlements Capacity Grant	16,419,484	-	16,419,484	-
	122,091,261	134,936,618	121,812,407	134,657,764

Movement during the year

Balance at the beginning of the year	134,936,618	126,494,481	134,657,764	125,330,239
Receipts during the year	5,677,719,999	4,984,560,786	5,677,719,999	4,983,221,998
Transfers between grants (returned to NT deducted from current year)	2,359,341	-	2,359,341	-
Returned to NT	(2,359,341)	-	(2,359,341)	-
Prior year correction (write back of expense)	-	2,159,543	-	2,159,543
Sandspruit - reclassification of error	-	(1,551,043)	-	-
Income recognition during the year	(5,642,012,126)	(4,976,727,149)	(5,642,012,126)	(4,976,054,016)
Write back of grant debtor (Housing)	(48,553,230)	-	(48,553,230)	-
	122,091,261	134,936,618	121,812,407	134,657,764

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.

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R
12. VAT				
VAT refundable	3,771,137	122,506,729	-	122,506,729
VAT payable	(109,353,039)	(849,242)	(108,639,319)	-
	(105,581,902)	121,657,487	(108,639,319)	122,506,729

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 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand

13. Property, plant and equipment

Group

	2015			2014		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	353,231,445	-	353,231,445	321,440,140	-	321,440,140
Buildings	932,983,935	(538,883,670)	394,100,265	1,238,951,007	(602,584,808)	636,366,199
Biological assets (game)	14,478,788	-	14,478,788	16,587,413	-	16,587,413
Infrastructure: capitalised	21,583,078,591	(6,106,409,205)	15,476,669,386	19,763,119,851	(5,279,819,124)	14,483,300,727
Community	3,197,916,549	(932,468,752)	2,265,447,797	2,905,964,956	(663,526,085)	2,242,438,871
Other: capitalised	2,447,093,730	(1,281,687,284)	1,165,406,446	2,481,112,429	(1,245,158,816)	1,235,953,613
Infrastructure: Asset under construction	7,514,470,009	-	7,514,470,009	5,571,966,519	-	5,571,966,519
Community: Asset under construction	464,712,660	-	464,712,660	232,262,465	-	232,262,465
Other: Asset under construction	218,170,720	-	218,170,720	417,002,679	-	417,002,679
Housing	434,237,702	(66,278,722)	367,958,980	180,068,440	(7,097,718)	172,970,722
Housing: Asset under construction	340,891,248	-	340,891,248	152,591,190	-	152,591,190
Total	37,501,265,377	(8,925,727,633)	28,575,537,744	33,281,067,089	(7,798,186,551)	25,482,880,538

City of Tshwane Metropolitan Municipality

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13. Property, plant and equipment (continued)

Municipality	2015			2014		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	925,600,691	(535,677,826)	389,922,865	1,231,567,763	(599,724,508)	631,843,255
Land	353,231,445	-	353,231,445	321,440,140	-	321,440,140
Biological assets (game)	14,478,788	-	14,478,788	16,587,413	-	16,587,413
Infrastructure: Capitalised	21,569,976,129	(6,095,613,183)	15,474,362,946	19,750,430,081	(5,269,921,758)	14,480,508,323
Infrastructure: Asset under construction	7,514,470,009	-	7,514,470,009	5,571,966,519	-	5,571,966,519
Community: Capitalised	3,197,916,549	(932,468,752)	2,265,447,797	2,905,964,956	(663,526,085)	2,242,438,871
Community: Asset under construction	464,712,660	-	464,712,660	232,262,465	-	232,262,465
Other: Capitalised	2,424,709,218	(1,267,955,322)	1,156,753,896	2,459,904,483	(1,235,092,021)	1,224,812,462
Other: Asset under construction	218,170,720	-	218,170,720	417,002,679	-	417,002,679
Housing: Capitalised	434,237,702	(66,278,722)	367,958,980	180,068,440	(7,097,718)	172,970,722
Housing: Asset under construction	340,891,248	-	340,891,248	152,591,190	-	152,591,190
Total	37,458,395,159	(8,897,993,805)	28,560,401,354	33,239,786,129	(7,775,362,090)	25,464,424,039

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13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2015

	Opening balance	Additions	Retirements	Transfers: Capitalisation	Transfers: Purification	Gains/(losses) arising from changes in fair value	Depreciation	Impairment loss	Total
Land	321,440,140	-	(8,001,138)	40,420,633	(628,190)	-	-	-	353,231,445
Buildings	636,366,199	2,683,987	-	5,244,955	(213,842,412)	-	(36,352,464)	-	394,100,265
Biological assets (game)	16,587,413	-	-	-	-	(2,108,625)	-	-	14,478,788
Infrastructure: capitalised	14,483,300,727	418,473,526	(86,892,103)	1,457,893,451	9,280,932	-	(805,384,725)	(2,422)	15,476,669,386
Infrastructure: Asset under construction	5,571,966,519	3,226,903,727	-	(1,460,830,884)	299,646,747	-	-	(123,216,100)	7,514,470,009
Community: capitalised	2,242,438,871	26,031,846	(6,045,359)	18,136,311	106,393,376	-	(121,506,445)	(803)	2,265,447,797
Community: Asset under construction	232,262,465	178,725,735	-	(17,285,093)	71,009,553	-	-	-	464,712,660
Other: capitalised	1,235,953,613	235,651,684	(8,315,994)	27,737,270	(106,313,259)	-	(217,611,193)	(1,695,675)	1,165,406,446
Other: Asset under construction	417,002,679	241,615,330	-	(69,790,989)	(370,656,300)	-	-	-	218,170,720
Housing	172,970,722	-	(151,568)	85,562	205,109,553	-	(10,055,289)	-	367,958,980
Housing: Asset under construction	152,591,190	191,552,500	-	(3,252,442)	-	-	-	-	340,891,248
	25,482,880,538	4,521,638,335	(109,406,162)	(1,641,226)	-	(2,108,625)	(1,190,910,116)	(124,915,000)	28,575,537,744

Reconciliation of property, plant and equipment - Group - 2014

	Opening balance	Additions	Retirements	Transfers: Capitalisation	Gains/(losses) arising from changes in fair value	Reclassifications	Depreciation	Impairment loss	Total
Land	273,010,212	48,487,961	(1,339,325)	1,491,292	-	(210,000)	-	-	321,440,140
Buildings	841,321,677	5,504,260	-	(11,364,632)	-	(150,629,519)	(48,465,587)	-	636,366,199
Biological assets (game)	13,050,850	-	-	-	3,536,563	-	-	-	16,587,413
Infrastructure: capitalised	12,869,635,859	356,977,392	(58,433,169)	1,489,730,583	-	569,951,490	(743,374,118)	(1,187,310)	14,483,300,727
Infrastructure: Asset under construction	3,834,349,271	3,203,678,070	-	(1,466,060,822)	-	-	-	-	5,571,966,519
Community: capitalised	1,730,556,302	36,086,516	(21,463,441)	448,833,992	-	150,839,519	(100,583,745)	(1,830,272)	2,242,438,871
Community: Asset under construction	356,223,203	276,116,727	-	(400,077,465)	-	-	-	-	232,262,465
Other: capitalised	1,538,126,806	331,569,119	(10,562,822)	150,759,682	-	(569,985,270)	(201,770,723)	(2,183,179)	1,235,953,613
Other: Asset under construction	296,677,264	287,649,530	(39,840,804)	(127,483,311)	-	-	-	-	417,002,679
Housing	103,438,485	1,600,000	(170,527)	68,944,400	-	-	(841,636)	-	172,970,722
Housing: Asset under construction	191,387,891	81,913,700	-	(71,414,401)	-	(49,296,000)	-	-	152,591,190
	22,047,777,820	4,629,583,275	(131,810,088)	83,359,318	3,536,563	(49,329,780)	(1,095,035,809)	(5,200,761)	25,482,880,538

City of Tshwane Metropolitan Municipality

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13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Municipality - 2015

	Opening balance	Acquisitions	Retirements	Transfers: Capitalisation	Transfers: Purification	Gains/(losses) arising from changes in fair value	Depreciation	Impairment loss	Total
Land	321,440,140	-	(8,001,138)	40,420,633	(628,190)	-	-	-	353,231,445
Buildings	631,843,255	2,683,987	-	5,244,955	(213,842,412)	-	(36,006,920)	-	389,922,865
Biological assets (game)	16,587,413	-	-	-	-	(2,108,625)	-	-	14,478,788
Infrastructure: Capitalised	14,480,508,323	418,060,834	(86,892,103)	1,457,893,451	9,280,932	-	(804,486,069)	(2,422)	15,474,362,946
Infrastructure: Asset under construction	5,571,966,519	3,226,903,727	-	(1,460,830,884)	299,646,747	-	-	(123,216,100)	7,514,470,009
Community: Capitalised	2,242,438,871	26,031,846	(6,045,359)	18,136,311	106,393,376	-	(121,506,445)	(803)	2,265,447,797
Community: Asset under construction	232,262,465	178,725,735	-	(17,285,093)	71,009,553	-	-	-	464,712,660
Other: Capitalised	1,224,812,462	234,355,325	(8,270,732)	27,737,269	(106,313,259)	-	(213,871,494)	(1,695,675)	1,156,753,896
Other: Asset under construction	417,002,679	241,615,330	-	(69,790,989)	(370,656,300)	-	-	-	218,170,720
Housing: Capitalised	172,970,722	-	(151,568)	85,562	205,109,553	-	(10,055,289)	-	367,958,980
Housing: Asset under construction	152,591,190	191,552,500	-	(3,252,442)	-	-	-	-	340,891,248
	25,464,424,039	4,519,929,284	(109,360,900)	(1,641,227)	-	(2,108,625)	(1,185,926,217)	(124,915,000)	28,560,401,354

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13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Municipality - 2014

	Opening balance	Acquisitions	Retirements	Transfers: Capitalisation	Gains/(losses) arising from changes in fair values	Reclassifications	Depreciation	Impairment loss	Total
Land	273,010,212	48,487,961	(1,339,325)	1,491,292	-	(210,000)	-	-	321,440,140
Buildings	836,453,189	5,504,260	-	(11,364,632)	-	(150,629,519)	(48,120,043)	-	631,843,255
Biological assets	13,050,850	-	-	-	3,536,563	-	-	-	16,587,413
Infrastructure: Capitalised	12,865,968,829	356,966,938	(58,433,169)	1,489,730,583	-	569,951,490	(742,489,038)	(1,187,310)	14,480,508,323
Infrastructure: Asset under construction	3,834,349,271	3,203,678,070	-	(1,466,060,822)	-	-	-	-	5,571,966,519
Community: Capitalised	1,730,556,302	36,086,516	(21,463,441)	448,833,992	-	150,839,519	(100,583,745)	(1,830,272)	2,242,438,871
Community: Asset under construction	356,223,203	276,116,727	-	(400,077,465)	-	-	-	-	232,262,465
Other: Capitalised	1,535,234,641	320,929,786	(10,490,843)	150,759,682	-	(569,985,271)	(199,452,354)	(2,183,179)	1,224,812,462
Other: Asset under construction	296,677,264	287,649,530	(39,840,804)	(127,483,311)	-	-	-	-	417,002,679
Housing: Capitalised	103,438,485	1,600,000	(170,527)	68,944,400	-	-	(841,636)	-	172,970,722
Housing: Asset under construction	191,387,891	81,913,700	-	(71,414,401)	-	(49,296,000)	-	-	152,591,190
	22,036,350,137	4,618,933,488	(131,738,109)	83,359,318	3,536,563	(49,329,781)	(1,091,486,816)	(5,200,761)	25,464,424,039

Pledged as security

No property, plant and equipment are pledged as security, except for leased assets (refer to Note 5 and 17).

Other information

Depreciation on property, plant and equipment (refer to Note 32)

Property plant and equipment	1,137,272,183	1,067,833,740	1,132,288,284	1,064,284,747
Rehabilitation assets	53,637,933	27,202,069	53,637,933	27,202,069
	1,190,910,116	1,095,035,809	1,185,926,217	1,091,486,816

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality and the relevant municipal entities.

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

Group		Municipality	
2015	2014 Restated*	2015	2014 Restated*
R	R	R	R

13. Property, plant and equipment (continued)

Useful lives:

According to GRAP17: Property, plant and equipment, all useful lives of property, plant and equipment must be reviewed on an annual basis.

Since reviewing the useful life of an asset on an annual basis does not require amending the previous estimate unless expectations differ from the previous estimate, the useful life of assets has only been amended in the case where expectations differed from previous estimates.

The useful lives of assets were reviewed according to the requirements of GRAP 17.

Treatment of all useful lives to be adjusted:

All remaining useful lives that were adjusted for the 2014/15 financial year are disclosed in the financial statements as a change in estimate in accordance with GRAP 3 (refer to Note 56). All changes in estimates occur prospectively and no prior year adjustments were made. All review of useful life adjustments occurred with effect from 1 July 2014. The following were the reasons for the review of useful life adjustments:

Water and sanitation assets:

In 2014/15 the remaining useful lives of assets were adjusted, where applicable, to align with:

- the expected useful lives (and where applicable residual values) in the adopted data;
- the assessed condition based on physical inspections (above ground assets); and
- the condition identified through an assessment (pipe replacement prioritisation) of age, condition (where applicable), performance and the respective data confidence.

All other infrastructure assets and buildings:

The following condition grading scale was used in 2014/15 to test the 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 86% indicative RUL
- Grade 2: Good - serves needs but minor deterioration (<5%), minor maintenance required: Average 58% indicative RUL
- Grade 3: Fair - marginal, clearly evident deterioration (10 - 20%), significant maintenance required: Average 36% indicative RUL
- Grade 4: Poor - significant deterioration of structure and/or appearance, significant impairment of functionality (20 - 40%), significant renewal/upgrade required: Average 18% indicative RUL
- Grade 5: Very poor - unsound, failed needs reconstruction/replacement (50% needs replacement): Average 5% 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 that 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 12 months, the RUL for the 2014/15 financial year was extended to 13 months preventing the asset to depreciate to R0 during the year. During the 2015/16 financial year these assets must be disposed of in terms the SCM Policy. In instances where the condition of the asset was indicated as poor, the RUL of the asset was determined using the average percentage as per the grading above. However, where the average percentage was applied and the RUL amounted to less than 12 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 2014, the RUL was decreased to the calculated RUL. However, where the average percentage was applied and the RUL resulted in a longer RUL, the RUL was left unchanged. In instances where departments indicated the RUL in years and months, the RUL was amended based on the information provided.

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 2014 and a decision was taken by management to amend the RUL as follows:

- For movable assets, the RUL was adjusted with a further 12 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 24 months, seeing that these assets are used in the ordinary delivery of services to the community (except for a few buildings where the RUL was adjusted with more than the 24 months, since Council will not merely replace a building). As for movable assets, the responsible departments will also have to consider the future use of the assets vs the replacement/upgrading thereof.

* See Note 47

City of Tshwane Metropolitan Municipality

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Group		Municipality	
2015	2014 Restated*	2015	2014 Restated*
R	R	R	R

13. Property, plant and equipment (continued)

A total of 366 551 high-value assets were affected and a total of 14 017 low-value assets were affected. The change in annual depreciation is R46 516 604.

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. GRAP 21.10 states that cash-generating assets are assets held with the primary objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-orientated entity where the entity intends to generate positive cash inflows from the asset (or from the cash-generating unit of which the asset is a part) and earn a return that reflects the risk involved in holding the asset.

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 2014/15 financial year are held for the purpose of generating a commercial return.

In 2014/15 the Asset Compliance and Control Division forwarded a questionnaire to all departments regarding the assets under their control and 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.

* See Note 47

City of Tshwane Metropolitan Municipality

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14. Investment property

Group

Investment property: Capitalised

2015			2014		
Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
942,051,753	(189,331,377)	752,720,376	940,196,294	(186,649,063)	753,547,231

Municipality

Investment property: Capitalised

2015			2014		
Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
936,808,293	(189,081,688)	747,726,605	932,705,637	(184,401,866)	748,303,771

Reconciliation of investment property - Group - 2015

Investment property: Capitalised

Opening balance	Additions	Retirements	Transfers: Capitalisation	Depreciation	Total
753,547,231	13,626,000	(11,177,177)	1,673,401	(4,949,079)	752,720,376

Reconciliation of investment property - Group - 2014

Investment property: Capitalised

Opening balance	Retirements	Transfers: Capitalisation	Reclassifications	Depreciation	Total
839,097,685	(24,040,510)	(105,944,544)	49,296,000	(4,861,400)	753,547,231

City of Tshwane Metropolitan Municipality

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	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

14. Investment property (continued)

Reconciliation of investment property - Municipality - 2015

	Opening balance	Additions	Retirements	Transfers: Capitalisation	Depreciation	Total
Investment property: Capitalised	748,303,771	13,626,000	(11,177,177)	1,673,401	(4,699,390)	747,726,605

Reconciliation of investment property - Municipality - 2014

	Opening balance	Retirements	Transfers: Capitalisation	Reclassifications	Depreciation	Total
Investment property: Capitalised	833,604,535	(24,040,509)	(105,944,544)	49,296,000	(4,611,711)	748,303,771

Pledged as security

No investment property is pledged as security in the case of the municipality. For the group, the investment property of Housing Company Tshwane (Eloff Building) serves as security over the loan granted to the municipal entity (refer to Note 4). The carrying value of this asset amounted to R4 993 771 (2014 = R5 243 460) for the year under review.

Fair value of investment properties:

Municipality:

The fair value of investment properties is not disclosed. Fair value should reflect the market conditions that exist at a reporting date. The municipal valuation roll does not reflect the market conditions at the reporting date since the values are determined and remain effective for a period of four years, with the current valuation roll having been prepared in 2012/13. Due to the cost implications management also did not appoint a qualified valuer to determine the fair value of all investment properties at the reporting date taking into consideration all market conditions. Therefore, no fair value is disclosed.

Housing Company Tshwane:

The fair value of the investment property has been determined by management, having considered, inter alia, the proposed valuation by an independent sworn appraiser taking into account income generated from rentals, occupation levels and capitalisation rates. The capitalisation rate applied to the property is 12% and movement is reflected as a fair value adjustment through surplus or deficit. The investment property is valued on an annual basis. However, on consolidation the fair value adjustments are written back and depreciation is calculated, as the controlling entity is on a different accounting policy than Housing Company Tshwane.

The fair value of the investment property amounted to R13 400 000 for the 2014/15 financial year and R13 500 000 for the 2013/14 financial year.

Rental income from investment property: Housing Company Tshwane	2,895,112	2,738,764	-	-
Operating expenses from investment property: Housing Company Tshwane	3,487,901	1,638,294	-	-

* See Note 47

City of Tshwane Metropolitan Municipality

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15. Intangible assets

Group

	2015			2014		
	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	178,064,702	(114,685,324)	63,379,378	574,313,994	(371,432,112)	202,881,882
Servitudes	184,032,944	-	184,032,944	184,032,944	-	184,032,944
Total	362,097,646	(114,685,324)	247,412,322	758,346,938	(371,432,112)	386,914,826

Municipality

	2015			2014		
	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	177,472,345	(114,492,635)	62,979,710	574,105,874	(371,368,485)	202,737,389
Servitudes	184,032,944	-	184,032,944	184,032,944	-	184,032,944
Total	361,505,289	(114,492,635)	247,012,654	758,138,818	(371,368,485)	386,770,333

Reconciliation of intangible assets - Group - 2015

	Opening balance	Additions	Retirements	Transfers: Capitalisation	Amortisation	Impairment loss	Total
Computer software, other	202,881,882	1,418,263	(77,675,587)	(32,174)	(63,205,172)	(7,834)	63,379,378
Servitudes	184,032,944	-	-	-	-	-	184,032,944
	386,914,826	1,418,263	(77,675,587)	(32,174)	(63,205,172)	(7,834)	247,412,322

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15. Intangible assets (continued)

Reconciliation of intangible assets - Group - 2014

	Opening balance	Additions	Retirements	Transfers: Capitalisation	Reclassifications	Amortisation	Total
Computer software, other	275,020,879	2,220,844	-	19,555,597	(16,702,289)	(77,213,149)	202,881,882
Servitudes	171,233,851	7,415,532	(13,434,315)	2,064,746	16,702,289	50,841	184,032,944
	446,254,730	9,636,376	(13,434,315)	21,620,343	-	(77,162,308)	386,914,826

Reconciliation of intangible assets - Municipality - 2015

	Opening balance	Acquisitions	Retirements	Transfers: Capitalisation	Reclassifications	Amortisation	Impairment loss	Total
Computer software	202,737,389	1,029,286	(77,675,587)	(32,174)	-	(63,071,370)	(7,834)	62,979,710
Servitudes	184,032,944	-	-	-	-	-	-	184,032,944
	386,770,333	1,029,286	(77,675,587)	(32,174)	-	(63,071,370)	(7,834)	247,012,654

Reconciliation of intangible assets - Municipality - 2014

	Opening balance	Additions	Retirements	Transfers: Capitalisation	Reclassifications	Amortisation	Impairment loss	Total
Computer software	274,858,027	2,179,395	-	19,555,597	(16,702,289)	(77,153,341)	-	202,737,389
Servitudes	171,233,851	7,415,532	(13,434,315)	2,064,746	16,702,289	50,841	-	184,032,944
	446,091,878	9,594,927	(13,434,315)	21,620,343	-	(77,102,500)	-	386,770,333

Pledged as security

No intangible assets are pledged as security.

City of Tshwane Metropolitan Municipality

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	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

16. Heritage assets

Group	2015			2014		
	Cost/Valuation	Accumulated impairment losses	Carrying value	Cost/Valuation	Accumulated impairment losses	Carrying value
Art collections, antiquities and exhibits	446,037,321	-	446,037,321	446,030,830	-	446,030,830
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	-	3,157,787,330	3,157,787,330	-	3,157,787,330
Stamp collections, military insignia, medals, coin	577,500	-	577,500	577,500	-	577,500
Total	3,607,628,201	-	3,607,628,201	3,607,621,710	-	3,607,621,710

Municipality	2015			2014		
	Cost/Valuation	Accumulated impairment losses	Carrying value	Cost/Valuation	Accumulated impairment losses	Carrying value
Art collections, antiquities and exhibits	446,037,321	-	446,037,321	446,030,830	-	446,030,830
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	-	3,157,787,330	3,157,787,330	-	3,157,787,330
Stamp collections, military insignia, medals, coin	577,500	-	577,500	577,500	-	577,500
Total	3,607,628,201	-	3,607,628,201	3,607,621,710	-	3,607,621,710

Reconciliation of heritage assets - Group - 2015

	Opening balance	Additions	Retirements	Total
Art collections, antiquities and exhibits	446,030,830	6,491	-	446,037,321
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	-	-	577,500
	3,607,621,710	6,491	-	3,607,628,201

Reconciliation of heritage assets Group - 2014

	Opening balance	Additions	Retirements	Total
Art collections, antiquities and exhibits	446,031,366	-	(536)	446,030,830
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	-	-	577,500
	3,607,622,246	-	(536)	3,607,621,710

* See Note 47

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	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

16. Heritage assets (continued)

Reconciliation of heritage assets - Municipality - 2015

	Opening balance	Additions	Retirements	Total
Art cCollections, antiquities and exhibits	446,030,830	6,491	-	446,037,321
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	-	-	577,500
	3,607,621,710	6,491	-	3,607,628,201

Reconciliation of heritage assets - Municipality - 2014

	Opening balance	Additions	Retirements	Total
Art cCollections, antiquities and exhibits	446,031,366	-	(536)	446,030,830
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	-	-	577,500
	3,607,622,246	-	(536)	3,607,621,710

Pledged as security

No heritage assets are pledged as security.

Transitional provisions lapsed on 30 June 2015

Heritage assets recognised at provisional amounts

In accordance with the transitional provisions as per Directive 3 of the GRAP Reporting Framework, certain heritage assets were recognised at provisional amounts up to 30 June 2014. During 2014/15 heritage assets were restated to correctly account for the applicable values of all assets. The R24 563 785 is the amount as per the audited financial statements of 2013/14 (restated) - refer to Note 47 for the restatement of the 2013/14 financial year.

Change in value with lapse of transitional provisions

Heritage assets: Deemed cost	3,607,622,246	24,563,785	3,607,622,246	24,563,785
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Deemed cost was determined by experts in the field of heritage assets.

Desktop archival research, both qualitative and quantitative, was carried out followed by fieldwork where verification and confirmation of data were done, as well as consultations where applicable for the purposes of clarity and verification.

The approach used:

- Lightstone valuation reports
- A variable of 1.5 was used as a multiple
- A variance of -20% was applied to ensure comparable distribution
- 1ha = 10 000 sq/m
- Valuation of heritage buildings where at R5 000 per sqm plus further R5 000 per sqm for fixtures and fittings. Note must be taken that fixtures and fittings in heritage sites/buildings are not easily replicable or depreciate in value.

* See Note 47

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	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

17. Leased assets

Group	2015			2014		
	Cost/Valuation	Accumulated depreciation	Carrying value	Cost/Valuation	Accumulated depreciation	Carrying value
Vehicles	270,175,204	(65,760,707)	204,414,497	136,196,498	(128,112,053)	8,084,445

Municipality	2015			2014		
	Cost/Valuation	Accumulated depreciation	Carrying value	Cost/Valuation	Accumulated depreciation	Carrying value
Vehicles	270,175,204	(65,760,707)	204,414,497	136,196,498	(128,112,053)	8,084,445

Reconciliation of leased assets - Group - 2015

	Opening balance	Additions	Retirements	Depreciation	Total
Vehicles	8,084,445	266,860,619	-	(70,530,567)	204,414,497

Reconciliation of leased assets - Group - 2014

	Opening balance	Retirements	Other changes	Depreciation	Total
Vehicles	84,214,682	(2,458,636)	828,212	(74,499,813)	8,084,445

Reconciliation of leased assets - 2015

	Opening balance	Additions	Other changes	Depreciation	Total
Vehicles	8,084,445	266,860,619	-	(70,530,567)	204,414,497

Reconciliation of leased assets - Municipality - 2014

	Opening balance	Retirements	Other changes	Depreciation	Total
Vehicles	84,214,682	(2,458,636)	828,212	(74,499,813)	8,084,445

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 vehicles, bicycles and other smaller movable assets have been marked for disposal and were in the auction yard at year end.

During 2014/15 two (2) properties and hundred (100) buses were sold.

Carrying values

Assets in the auction yard (auction still to be held)	-	-	552,509	170,510
Sale of properties (completed)	-	-	107,191	697,291
Disposal of buses	-	-	6,148,505	-

Facts and circumstances of the disposal

The assets in the auction yard are movable assets and have been marked for disposal as they are in most cases damaged or outdated and no longer fit for usage by the municipality.

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

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

Further approvals required

Council approval to hold an auction is required.

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

Disposals completed during the year

During the 2014/15 financial year 2 properties were sold with a carrying value of R107 191.

Hundred (100) buses were sold during 2014/15 with a carrying value of R6 148 505. The fair value of these buses was determined as R4 340 000.

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

None.

19. Investments

At amortised cost

Short-term investments	502,959,644	622,948,673	493,261,328	622,948,673
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At amortised cost

Municipal stock	710,520	710,520	710,520	710,520
Assurance companies	-	5,096,572	-	5,096,572
	710,520	5,807,092	710,520	5,807,092

Total investments	503,670,164	628,755,765	493,971,848	628,755,765
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Non-current assets

Long-term investments (at amortised cost)	710,520	5,807,092	710,520	5,807,092
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Current assets

Short-term investments (at amortised cost - refer Note 24)	502,959,644	622,948,673	493,261,328	622,948,673
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There were no gains or losses realised on the disposal of held to maturity financial assets in 2015 and 2014, as all the financial assets were disposed of at their redemption date. No default or breach of requirements occurred during the year under review.

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

* See Note 47

City of Tshwane Metropolitan Municipality

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	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R
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
Sanlam no 26 policy (unceded)	14,620	48,027	14,620	48,027
Sanlam no 27 policy (ceded to Compensation Commissioner)	5,653,644	4,880,500	5,653,644	4,880,500
Capital Alliance no 28 (unceded)	639,642	617,224	639,642	617,224
Capital Alliance no 29 (unceded)	2,005,016	2,021,960	2,005,016	2,021,960
ABSA Money Market investment no 32 (interest capitalised monthly) (ceded to DBSA sinking fund loan repayable at 30 April 2018)	27,454,598	25,942,929	27,454,598	25,942,929
ABSA Money Market investment no 33 (interest capitalised monthly) (unceded)	9,621,079	9,091,336	9,621,079	9,091,336
ABSA Money Market investment no 34 (interest capitalised monthly) (ceded to DBSA sinking fund loan payable at 30 September 2019)	7,206,009	6,809,242	7,206,009	6,809,242
ABSA Money Market investment no 35 (interest capitalised monthly) (ceded to DBSA sinking fund loan payable at 30 September 2019)	158,648	149,913	158,648	149,913
Investec Money Market investment no 37 (interest capitalised monthly) (ceded to DBSA sinking fund loan payable at 30 April 2018)	24,110,490	22,711,552	24,110,490	22,711,552
Investec Money Market investment no 38 (interest capitalised monthly) (unceded)	7,706,183	7,259,055	7,706,183	7,259,055
Investec Money Market investment no 39 (interest capitalised monthly) (unceded)	1,032,352	972,453	1,032,352	972,453
Standard Bank Money Market investment no 40 (interest capitalised monthly) (ceded to DBSA sinking fund loan payable at 30 April 2018)	87,200,303	82,066,416	87,200,303	82,066,416
Standard Bank Money Market investment no 41 (interest capitalised monthly) (ceded to DBSA sinking fund loan payable at 30 September 2019)	2,706,587	2,547,238	2,706,587	2,547,238
Investec Money Market investment no 108 (interest capitalised monthly) (ceded to DBSA sinking fund loan payable at 30 April 2018)	27,969,540	26,452,809	27,969,540	26,452,809
Standard Bank Money Market investment no 41 (interest capitalised monthly) (ceded to DBSA sinking fund loan payable at 30 April 2018)	64,124,703	60,798,624	64,124,703	60,798,624
	268,313,934	253,079,798	268,313,934	253,079,798
Average rate of return				
On long-term investments	16.45 %	16.45 %	16.45 %	16.45 %
On short-term investments	5.67 %	4.99 %	5.67 %	4.99 %

No investments were past due. No impairment occurred during the financial year under review.

* See Note 47

City of Tshwane Metropolitan Municipality

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	Group		Municipality	
	2015	2014	2015	2014
	R	Restated* R	R	Restated* R
19. Investments (continued)				
Financial assets pledged as collateral				
Secured and unsecured investments				
Secured investments against long-term liabilities (refer to Note 4)	111,310,793	518,386,777	111,310,793	518,386,777
Investment ceded to the Compensation Commissioner (refer to Note 55)	-	4,906,708	-	4,906,708
Unsecured investments	392,359,371	105,462,280	382,661,055	105,462,280
	503,670,164	628,755,765	493,971,848	628,755,765
20. Long-term receivables				
Consumer: Arrangement debtors (refer to Note 22)	146,535,828	264,395,381	146,535,828	264,395,381
Housing loans	9,692,028	20,081,989	9,692,028	20,081,989
Loans to sport clubs	1,136,448	1,185,039	1,136,448	1,185,039
Sale of land	69,982,588	74,279,492	69,982,588	74,279,492
	227,346,892	359,941,901	227,346,892	359,941,901
Current portion of long-term receivables	(102,165,612)	(162,118,924)	(102,165,612)	(162,118,924)
	125,181,280	197,822,977	125,181,280	197,822,977
Impairment allowance	(66,776,468)	(89,609,011)	(66,776,468)	(89,609,011)
	58,404,812	108,213,966	58,404,812	108,213,966
Reconciliation of impairment allowance				
Balance at the beginning of the year	(89,609,011)	(89,609,011)	(89,609,011)	(89,609,011)
Write-off during the year	1,158,733	-	1,158,733	-
Write back of impairment (over provision)	21,673,810	-	21,673,810	-
	(66,776,468)	(89,609,011)	(66,776,468)	(89,609,011)

Consumer: Arrangement debtors

A policy exists granting 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 Program. These loans attracted interest of 13.5% per annum and are repayable over periods of 20 and 30 years. These loans have various terms applicable. No new loans were issued in the current financial year.

Loans to sport clubs

Sport clubs that qualified signed a 99-year 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%), are issued. The contract stipulates as from when interest is payable (immediately after signing the contract or after 12 months). The interest rate used is the Municipality's mortgage bond rate which currently is 9%. Interest is calculated monthly on the outstanding balance of the property.

* See Note 47

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	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

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

AGEING

Consumer: Arrangement debtors

121 - 365 days	100,553,190	159,778,753	100,553,190	159,778,753
> 365 days	45,982,638	104,616,628	45,982,638	104,616,628
	146,535,828	264,395,381	146,535,828	264,395,381

Housing loans

121 - 365 days	989,582	1,152,651	989,582	1,152,651
> 365 days	8,702,446	18,929,338	8,702,446	18,929,338
	9,692,028	20,081,989	9,692,028	20,081,989

Loans to sport clubs

121 - 365 days	579,149	579,149	579,149	579,149
> 365 days	557,299	605,890	557,299	605,890
	1,136,448	1,185,039	1,136,448	1,185,039

Sale of land

121 - 365 days	594,391	608,370	594,391	608,370
> 365 days	69,388,197	73,671,122	69,388,197	73,671,122
	69,982,588	74,279,492	69,982,588	74,279,492

21. Inventories

Raw materials, components	356,741,513	263,528,665	354,416,611	260,756,380
Water	9,184,994	7,840,545	8,380,663	7,229,920
Food and beverage	22,274	15,272	22,274	15,272
Fuel (diesel, petrol)	2,280,311	2,049,876	2,280,311	2,049,876
Bus tickets	2,649,086	1,250,496	2,649,086	1,250,496
Plants (nursery)	109,882	86,471	109,882	86,471
Quarries	414,242	827,076	414,242	827,076
Coal (power stations)	114,072,852	116,317,544	114,072,852	116,317,544
	485,475,154	391,915,945	482,345,921	388,533,035

Inventory pledged as security

No inventory is pledged as security.

Write-down of inventory (included in general expenditure)

Surplus inventory	1,708,010	1,227,021	1,708,010	1,227,021
Shortages	(2,623,564)	(2,599,015)	(2,623,564)	(2,599,015)
Theft	(4,329,571)	(165,061)	(4,329,571)	(165,061)
Revaluation of inventory	(74,787)	(62,948)	(74,787)	(62,948)
Damaged inventory	(313,498)	(582,288)	(313,498)	(582,288)
Obsolete inventory	(384,273)	(1,166,062)	(384,273)	(1,166,062)
Rounding differences	(15)	(357)	(15)	(357)
Sandspruit obsolete inventory	(354,245)	(118,484)	-	-
	(6,371,943)	(3,467,194)	(6,017,698)	(3,348,710)

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014	2015	2014
	R	Restated*	R	Restated*
		R		R
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. It is included in the total age analysis.				
Service debtors:				
Rates	2,173,698,542	1,995,487,431	2,173,698,542	1,995,487,431
Electricity	1,714,012,580	1,977,421,282	1,714,012,580	1,977,421,282
Water	2,197,729,167	1,765,396,211	1,610,076,228	1,288,360,569
Other fees and levies	484,773,014	626,957,803	484,773,014	626,957,803
Sewerage	333,330,749	283,987,184	333,330,749	283,987,184
Refuse	452,847,827	377,837,603	452,847,827	377,837,603
Interest	1,001,679,347	832,136,367	1,001,679,347	832,136,367
	<u>8,358,071,226</u>	<u>7,859,223,881</u>	<u>7,770,418,287</u>	<u>7,382,188,239</u>
Less: Arrangement debtors (refer to Note 20)	(146,535,828)	(264,395,381)	(146,535,828)	(264,395,381)
	<u>8,211,535,398</u>	<u>7,594,828,500</u>	<u>7,623,882,459</u>	<u>7,117,792,858</u>
Less: Allowance for impairment				
General: All services	(5,664,049,393)	(5,034,345,185)	(5,088,882,854)	(4,573,249,942)
	<u>(5,664,049,393)</u>	<u>(5,034,345,185)</u>	<u>(5,088,882,854)</u>	<u>(4,573,249,942)</u>
Net balance				
Rates	2,173,698,542	1,995,487,431	2,173,698,542	1,995,487,431
Electricity	1,714,012,580	1,977,421,282	1,714,012,580	1,977,421,282
Water	2,197,729,167	1,765,396,211	1,610,076,228	1,288,360,569
Other fees and levies	484,773,014	626,957,803	484,773,014	626,957,803
Sewerage	333,330,749	283,987,184	333,330,749	283,987,184
Refuse	452,847,827	377,837,603	452,847,827	377,837,603
Interest	1,001,679,347	832,136,367	1,001,679,347	832,136,367
Arrangement debtors	(146,535,828)	(264,395,381)	(146,535,828)	(264,395,381)
Less: Provision for bad debt	(5,664,049,393)	(5,034,345,185)	(5,088,882,854)	(4,573,249,942)
	<u>2,547,486,005</u>	<u>2,560,483,315</u>	<u>2,534,999,605</u>	<u>2,544,542,916</u>
Included in the above are receivables from exchange transactions				
Electricity	1,714,012,580	1,977,421,282	1,714,012,580	1,977,421,282
Water	2,197,729,167	1,765,396,211	1,610,076,228	1,288,360,569
Other fees and levies	484,773,014	626,957,803	484,773,014	626,957,803
Sewerage	333,330,749	283,987,184	333,330,749	283,987,184
Refuse	452,847,827	377,837,603	452,847,827	377,837,603
Interest	1,001,679,347	832,136,367	1,001,679,347	832,136,367
	<u>6,184,372,684</u>	<u>5,863,736,450</u>	<u>5,596,719,745</u>	<u>5,386,700,808</u>
Included in the above are receivables from non-exchange transactions (taxes and transfers)				
Rates	2,173,698,542	1,995,487,431	2,173,698,542	1,995,487,431
	<u>8,358,071,226</u>	<u>7,859,223,881</u>	<u>7,770,418,287</u>	<u>7,382,188,239</u>

* See Note 47

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	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

22. Consumer receivables (continued)

2014/15:

An amount of R474 939 843 exclusive of VAT was written off up to June 2015 (R541 431 421 inclusive of VAT) in respect of Region 5 and 7 as well as indigent and inactive accounts. A council resolution dated 31 July 2014 approved the write-off of arrear debt with regard to Region 5 and 7. Further, in terms of a council resolution 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 renders approval whereby the debt of indigent households is written off.

2013/14:

An amount of R206 404 856 exclusive of VAT was written off up to June 2014 (R235 301 536 inclusive of VAT) in terms of a council resolution dated 29 August 2002 and 25 March 2010 whereby 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 renders approval whereby the debt of indigent households is written off.

AGEING (of gross debtors):

Rates

Current (0 - 30 days)	508,381,268	462,636,609	508,381,268	462,636,609
31 - 60 days	73,649,177	75,783,587	73,649,177	75,783,587
61 - 90 days	63,293,909	57,002,314	63,293,909	57,002,314
91 - 120 days	51,410,364	47,260,516	51,410,364	47,260,516
121 - 150 days	46,016,025	39,975,234	46,016,025	39,975,234
151 - 180 days	60,535,619	40,021,468	60,535,619	40,021,468
181 - 365 days	246,871,821	233,004,005	246,871,821	233,004,005
365+ days	1,123,540,359	1,039,803,698	1,123,540,359	1,039,803,698
	2,173,698,542	1,995,487,431	2,173,698,542	1,995,487,431

Electricity

Current (0 - 30 days)	741,692,060	967,391,112	741,692,060	967,391,112
31 - 60 days	28,275,747	44,565,002	28,275,747	44,565,002
61 - 90 days	27,685,776	45,196,516	27,685,776	45,196,516
91 - 120 days	28,891,023	28,112,214	28,891,023	28,112,214
121 - 150 days	9,322,508	17,330,656	9,322,508	17,330,656
151 - 180 days	28,888,864	26,212,399	28,888,864	26,212,399
181 - 365 days	118,280,126	137,885,978	118,280,126	137,885,978
365+ days	730,976,476	710,727,405	730,976,476	710,727,405
	1,714,012,580	1,977,421,282	1,714,012,580	1,977,421,282

Water

Current (0 - 30 days)	485,428,744	451,143,899	472,360,913	440,287,856
31 - 60 days	85,206,508	60,510,031	70,546,333	49,697,563
61 - 90 days	71,831,940	58,711,628	59,490,898	49,464,554
91 - 120 days	71,654,057	40,138,269	56,756,773	31,071,827
121 - 150 days	33,271,104	31,585,235	20,653,435	22,415,086
151 - 180 days	71,968,795	43,177,995	55,804,597	32,773,057
181 - 365 days	684,309,934	531,728,288	180,530,805	114,249,760
365+ days	694,058,085	548,400,866	693,932,474	548,400,866
	2,197,729,167	1,765,396,211	1,610,076,228	1,288,360,569

* See Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014	2015	2014
	R	Restated*	R	Restated*
		R		R
22. Consumer receivables (continued)				
Other fees and levies				
Current (0 - 30 days)	16,860,268	1,798,565	16,860,268	1,798,565
31 - 60 days	2,217,824	12,080,070	2,217,824	12,080,070
61 - 90 days	4,079,134	2,351,839	4,079,134	2,351,839
91 - 120 days	(503,995)	(3,743,278)	(503,995)	(3,743,278)
121 - 150 days	(2,070,647)	313,295	(2,070,647)	313,295
151 - 180 days	7,125,826	(2,202,544)	7,125,826	(2,202,544)
181 - 365 days	(3,304,871)	114,774,274	(3,304,871)	114,774,274
365+ days	460,369,475	501,585,582	460,369,475	501,585,582
	484,773,014	626,957,803	484,773,014	626,957,803
Sanitation				
Current (0 - 30 days)	117,007,704	99,228,985	117,007,704	99,228,985
31 - 60 days	7,327,713	9,517,479	7,327,713	9,517,479
61 - 90 days	7,896,823	6,883,228	7,896,823	6,883,228
91 - 120 days	8,729,834	5,820,678	8,729,834	5,820,678
121 - 150 days	3,981,413	4,451,885	3,981,413	4,451,885
151 - 180 days	10,006,392	5,674,192	10,006,392	5,674,192
181 - 365 days	33,277,087	25,116,081	33,277,087	25,116,081
365+ days	145,103,783	127,294,656	145,103,783	127,294,656
	333,330,749	283,987,184	333,330,749	283,987,184
Solid waste				
Current (0 - 30 days)	101,158,988	81,137,038	101,158,988	81,137,038
31 - 60 days	12,948,277	13,733,210	12,948,277	13,733,210
61 - 90 days	13,123,930	8,747,348	13,123,930	8,747,348
91 - 120 days	12,028,953	7,609,747	12,028,953	7,609,747
121 - 150 days	8,949,061	8,080,058	8,949,061	8,080,058
151 - 180 days	13,956,217	9,157,126	13,956,217	9,157,126
181 - 365 days	52,804,862	38,240,958	52,804,862	38,240,958
365+ days	237,877,539	211,132,118	237,877,539	211,132,118
	452,847,827	377,837,603	452,847,827	377,837,603
Interest				
Current (0 - 30 days)	85,565,527	67,164,425	85,565,527	67,164,425
31 - 60 days	25,756,129	25,463,438	25,756,129	25,463,438
61 - 90 days	27,373,312	26,722,251	27,373,312	26,722,251
91 - 120 days	32,356,300	23,423,200	32,356,300	23,423,200
121 - 150 days	19,305,601	22,271,662	19,305,601	22,271,662
151 - 180 days	31,629,710	24,313,176	31,629,710	24,313,176
181 - 365 days	137,770,711	135,569,498	137,770,711	135,569,498
365+ days	641,922,057	507,208,717	641,922,057	507,208,717
	1,001,679,347	832,136,367	1,001,679,347	832,136,367
Ageing: Total gross debtors				
Current (0 - 30 days)	2,069,084,357	2,148,413,028	2,055,890,914	2,137,556,985
31 - 60 days	234,377,738	240,092,238	219,717,563	229,279,770
61 - 90 days	214,656,293	204,410,002	202,315,251	195,162,928
91 - 120 days	204,186,051	148,164,200	189,288,768	139,097,758
121 - 150 days	118,465,400	122,355,807	105,847,731	113,185,658
151 - 180 days	223,237,148	145,838,158	207,072,950	135,433,220
181 - 365 days	1,267,738,299	1,213,651,500	763,959,170	796,172,972
365+ days	4,026,325,940	3,636,298,948	4,026,325,940	3,636,298,948
	8,358,071,226	7,859,223,881	7,770,418,287	7,382,188,239

* See Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014	2015	2014
	R	Restated*	R	Restated*
		R		R
22. Consumer receivables (continued)				
Consumer debtors - past due and impaired				
60 days and beyond	5,664,049,393	5,034,345,185	5,088,882,854	4,573,249,942
Consumer debtors - past due and not impaired				
31 - 60 days	624,937,476	676,465,668	625,644,519	671,381,312
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. However, due to the new methodology adopted for the impairment of consumer debtors, impairment may happen earlier than 60 days.				
Summary of debtors by customer classification				
Consumers				
Household	5,332,592,352	5,024,213,141	4,773,551,442	4,574,785,336
Industrial/commercial	2,267,659,290	2,130,670,655	2,256,161,614	2,126,447,625
National and provincial government	298,501,991	287,087,983	281,387,638	263,703,176
Other	459,317,593	417,252,102	459,317,593	417,252,102
	8,358,071,226	7,859,223,881	7,770,418,287	7,382,188,239
Households				
Current (0 - 30 days)	1,618,248,623	1,511,859,632	1,607,073,665	1,501,010,056
31 - 60 days	111,683,583	150,874,161	98,546,549	140,829,760
61 - 90 days	123,902,922	118,091,266	113,108,740	109,515,834
91 - 120 days	120,668,704	95,922,327	108,082,528	87,661,150
121 - 150 days	74,802,576	84,174,611	64,227,148	75,449,036
151 - 180 days	145,573,016	101,894,219	129,909,987	91,693,561
181 - 365 days	963,606,552	899,630,162	478,496,449	506,859,176
365 + days	2,174,106,376	2,061,766,763	2,174,106,376	2,061,766,763
	5,332,592,352	5,024,213,141	4,773,551,442	4,574,785,336
Industrial/ commercial				
Current (0 - 30 days)	857,709,320	906,484,465	855,863,190	906,590,875
31 - 60 days	90,724,231	62,098,647	89,502,293	61,772,729
61 - 90 days	65,299,807	71,516,541	64,528,554	71,162,180
91 - 120 days	54,337,988	40,947,720	52,759,376	40,660,576
121 - 150 days	30,656,880	29,903,848	28,955,194	29,581,404
151 - 180 days	44,538,004	36,177,311	44,349,562	36,022,215
181 - 365 days	202,632,029	192,569,322	198,442,414	189,684,845
365 + days	921,761,031	790,972,801	921,761,031	790,972,801
	2,267,659,290	2,130,670,655	2,256,161,614	2,126,447,625
National and provincial government				
Current (0 - 30 days)	170,890,988	170,081,389	170,718,634	169,968,512
31 - 60 days	14,115,925	7,293,172	13,814,722	6,851,023
61 - 90 days	10,278,045	6,945,464	9,502,438	6,628,183
91 - 120 days	12,287,078	4,473,603	11,554,582	3,955,482
121 - 150 days	8,422,439	2,593,706	8,081,884	2,471,576
151 - 180 days	8,808,164	567,160	8,495,437	517,976
181 - 365 days	42,618,938	43,289,704	28,139,527	21,466,639
365 + days	31,080,414	51,843,785	31,080,414	51,843,785
	298,501,991	287,087,983	281,387,638	263,703,176

* See Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014	2015	2014
	R	Restated*	R	Restated*
	R	R	R	R
22. Consumer receivables (continued)				
Other				
Current (0 - 30 days)	65,252,733	55,759,058	65,252,733	55,759,058
31 - 60 days	(6,869,726)	(1,847,934)	(6,869,726)	(1,847,934)
61 - 90 days	(7,590,012)	(10,592,340)	(7,590,012)	(10,592,340)
91 - 120 days	(4,407,443)	(6,328,590)	(4,407,443)	(6,328,590)
121 - 150 days	(7,327,015)	(5,015,985)	(7,327,015)	(5,015,985)
151 - 180 days	1,017,073	(5,603,256)	1,017,073	(5,603,256)
181 - 365 days	(27,083,752)	2,898,773	(27,083,752)	2,898,773
365 + days	446,325,735	387,982,376	446,325,735	387,982,376
	459,317,593	417,252,102	459,317,593	417,252,102
Reconciliation of allowance for impairment				
Balance at beginning of the year	(5,034,345,185)	(3,741,379,797)	(4,573,249,942)	(3,353,295,969)
Contributions to allowance	(842,780,280)	(1,272,836,856)	(699,944,326)	(1,166,475,292)
Debt impairment written off against allowance	496,204,502	235,255,005	474,939,843	206,404,856
Corrections of write-offs against the allowance	(290,628,429)	(259,883,537)	(290,628,429)	(259,883,537)
Sandspruit: Amounts recovered during the year	7,499,999	4,500,000	-	-
	(5,664,049,393)	(5,034,345,185)	(5,088,882,854)	(4,573,249,942)
23. Other receivables				
AARTO fine debtor (i.t.o. IGRAP1)	237,883,400	114,004,525	237,883,400	114,004,525
Gauteng Province: Housing grants	-	48,553,230	-	48,553,230
Creditors reclassification	14,598,214	24,960,842	14,598,214	24,960,842
Housing debtors	43,273,872	37,693,897	43,273,872	37,693,897
Prepaid expenses	1,589,575	2,229,732	-	-
Pre-payment Sanral	470,659,738	513,918,961	470,659,738	513,918,961
Miscellaneous	344,381,448	247,611,645	255,573,356	194,206,266
Lease revenue	47,932,434	46,767,973	47,932,434	46,767,973
Waste management	1,220,661	312,903	1,220,661	312,903
Sundry rentals	82,926,752	68,148,314	82,926,752	68,148,314
Sundry persons	237,677,859	262,455,364	237,677,859	262,455,364
Public contributions	315,448,745	242,714,143	315,448,745	242,714,143
Sandspruit	-	-	34,298,530	34,298,530
RTMC: AARTO debtor	1,256,293	1,256,293	1,256,293	1,256,293
	1,798,848,991	1,610,627,822	1,742,749,854	1,589,291,241
Less: Allowance for impairment	(499,123,621)	(478,417,617)	(498,411,620)	(478,101,696)
	1,299,725,370	1,132,210,205	1,244,338,234	1,111,189,545
AGEING				
Pre-payment Sanral				
> 365 days	470,659,738	513,918,961	470,659,738	513,918,961
Housing debtors				
121 - 365 days	43,273,872	37,693,897	43,273,872	37,693,897
Pre-paid expenses				
61 - 90 days	1,589,575	2,229,732	-	-

* See Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R
23. Other receivables (continued)				
Miscellaneous				
121 - 365 days	344,381,448	247,611,645	255,573,356	194,206,266
Lease revenue				
31 - 60 days	47,932,434	46,767,973	47,932,434	46,767,973
AARTO fine debtor (ito IGRAP 1)				
> 365 days	237,883,400	114,004,525	237,883,400	114,004,525
Waste management				
61 - 90 days	1,220,661	312,903	1,220,661	312,903
Sundry rentals				
61 - 90 days	82,926,752	68,148,314	82,926,752	68,148,314
Sundry persons				
91 - 120 days	237,677,859	262,455,364	237,677,859	262,455,364
Public contributions				
121 - 365 days	72,734,602	82,534,013	72,734,602	82,534,013
> 365 days	242,714,143	160,180,130	242,714,143	160,180,130
	315,448,745	242,714,143	315,448,745	242,714,143
Sandspruit Works Association				
> 365 days	-	-	34,298,530	34,298,530
RTMC: AARTO debtor				
121 - 365 days	-	1,256,293	-	1,256,293
> 365 days	1,256,293	-	1,256,293	-
	1,256,293	1,256,293	1,256,293	1,256,293
Reconciliation of allowance for impairment				
Opening balance	(478,417,617)	(374,900,434)	(478,101,696)	(374,893,214)
Contributions to provision	(44,406,395)	(76,724,433)	(43,905,567)	(76,408,512)
Write-off against the provision	9,310,323	4,416,468	9,222,845	4,416,468
Amounts recovered	17,270	7,220	-	-
Corrections of write-offs against allowance	14,372,798	(31,216,438)	14,372,798	(31,216,438)
	(499,123,621)	(478,417,617)	(498,411,620)	(478,101,696)

* See Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

23. Other receivables (continued)

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 2015, R1,299,725,370 (2014: R 1,132,210,205) was past due but not impaired with regard to the municipality.

Trade and other receivables which are less than 2 months past due are not considered to be impaired. At 30 June 2015, R1,299,725,370 (2014: R 1,132,210,205) was past due but not impaired with regard to the group.

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

2 months past due	1,299,725,370	1,132,210,205	1,244,338,234	1,111,189,545
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Other receivables from exchange and non-exchange transactions past due and impaired

As of 30 June 2015, trade and other receivables of R 1,798,848,991 (2014: R 1,610,627,822) were impaired and provided for with regard to the municipality.

As of 30 June 2015, trade and other receivables of R 1,798,848,991 (2014: R 1,610,627,822) were impaired and provided for with regard to the group.

The amount of the impairment was R (499,123,621) as of 30 June 2015 (2014: R (478,417,617)) for the municipality.

The amount of the impairment was R (499,123,621) as of 30 June 2015 (2014: R (478,417,617)) for the group.

The ageing of these receivables is as follows:

Over 2 months	499,123,621	478,417,617	498,411,620	478,101,696
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Up to June 2015 an amount of R9 222 845 was written off with regard to sundry/other debtors of the municipality against the allowance. For the group an amount of R9 310 323 was written off against the allowance.

Up to June 2014 an amount of R4 416 468 was written off with regard to sundry/other debtors of the municipality against the allowance. For the group an amount of R4 416 468 was written off against the allowance.

24. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	373,598	338,477	358,055	329,087
Cash book (bank account) balances	97,185,178	224,528,830	56,800,335	173,970,339
Short-term investments (refer to Note 19)	502,959,644	622,948,673	493,261,328	622,948,673
	600,518,420	847,815,980	550,419,718	797,248,099
Cash and bank	97,558,776	224,867,307	57,158,390	174,299,426
Short-term investments (refer to Note 19)	502,959,644	622,948,673	493,261,328	622,948,673
	600,518,420	847,815,980	550,419,718	797,248,099

* See Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Notes to the Consolidated Annual Financial Statements

Group			Municipality	
2015	2014 Restated*		2015	2014 Restated*
R	R		R	R

24. Cash and cash equivalents (continued)

The municipality and municipal entities have the following bank accounts

Account number/description	Bank statement balances			Cash book balances		
	30 June 2015	30 June 2014	30 June 2013	30 June 2015	30 June 2014	30 June 2013
Absa - 4060738263	24,355,342	24,526,283	53,425,770	(25,654,420)	22,580,444	53,425,770
FNB - 51420107207	17,291,903	19,227,713	29,947,819	(6,402,849)	17,745,899	29,947,819
Standard - 410801453	163,315,841	93,282,021	542,419,806	51,147,872	101,398,473	564,333,136
Insurance Contingency - Absa - 4062593950	232,135	108,155	3,765,923	232,135	108,155	3,765,923
Tshwane Market - Absa - 4068829119	36,158,223	27,973,747	28,505,953	32,814,759	29,228,692	28,365,848
Nedbank - 1454121963	9,455,310	5,961,424	5,956,092	4,662,838	2,908,676	5,956,092
Municipality	250,808,754	171,079,343	664,021,363	56,800,335	173,970,339	685,794,588
Housing Company Tshwane: Absa - 4065722829	11,730,624	8,720,956	5,914,551	11,730,624	8,720,956	5,914,551
Housing Company Tshwane: Absa - 4057481879	5,586,660	22,245,505	20,439,337	5,586,660	22,245,505	20,439,336
Housing Company Tshwane: Absa - 911408066	598,581	557,445	534,490	598,581	557,445	534,490
Sandspruit: Standard - 32250738	382,346	5,801,687	7,336,707	376,111	5,686,626	7,189,507
Sandspruit: ODI Standard - 31906842	1,196,499	187,996	166,095	1,164,140	187,996	166,096
Sandspruit: ODI Standard - 738717959	17,806,359	4,524,666	3,896,360	17,806,359	4,524,667	3,896,360
Sandspruit: Absa - 4051139634	2,769,397	3,318,984	706,559	2,750,620	3,318,984	706,559
Sandspruit: Absa Money Market - 9074185817	174,297	163,959	156,627	169,990	163,959	156,012
TEDA: Standard - 410791830	195,808	3,426,693	15,834,405	195,808	3,426,693	15,834,405
TEDA: Standard - 011057491	5,950	1,725,660	-	5,950	1,725,660	-
Entities	40,446,521	50,673,551	54,985,131	40,384,843	50,558,491	54,837,316
Group total	291,255,275	221,752,894	719,006,494	97,185,178	224,528,830	740,631,904

* See Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R
25. Property rates				
Rates received				
Property rates	4,925,333,122	4,457,364,251	4,925,535,427	4,457,532,111
Less: Interdepartmental charges - assessment rates	(33,384,862)	(25,022,717)	(33,384,862)	(25,022,717)
Less: Grants-in-aid: Assessment rates	(25,600,087)	(22,006,956)	(25,600,087)	(22,006,956)
	4,866,348,173	4,410,334,578	4,866,550,478	4,410,502,438
Valuations				
Residential	276,245,582,455	269,532,026,567	276,245,582,455	269,532,026,567
Other	123,145,145,117	121,749,459,313	123,145,145,117	121,749,459,313
	399,390,727,572	391,281,485,880	399,390,727,572	391,281,485,880

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	8,980,907,849	8,508,568,172	8,982,611,447	8,511,463,339
Sale of water	2,830,379,012	2,573,128,894	2,947,600,732	2,662,580,141
Solid waste	991,166,534	788,777,865	991,166,534	788,777,865
Sewerage and sanitation charges	768,239,905	683,556,115	727,475,636	643,495,058
Other service charges	178,480,401	135,714,966	178,480,401	135,714,966
	13,749,173,701	12,689,746,012	13,827,334,750	12,736,646,894
Less: Interdepartmental - Electricity	(243,995,707)	(197,814,924)	(243,995,707)	(197,814,924)
Less: Interdepartmental - Water	(125,572,085)	(134,265,299)	(125,572,085)	(134,265,299)
Less: Interdepartmental - Solid Waste	(21,523,120)	(20,666,526)	(21,523,120)	(20,666,526)
Less: Interdepartmental - Sanitation	(13,947,956)	(20,053,052)	(13,947,956)	(20,053,052)
Net service charges per statement of financial performance	13,344,134,833	12,316,946,211	13,422,295,882	12,369,231,568

* See Note 47

City of Tshwane Metropolitan Municipality

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	Group		Municipality	
	2015	2014	2015	2014
	R	Restated*	R	Restated*
		R		R
27. Government grants, subsidies, awards and donations				
Operating grants				
Equitable share	1,375,518,341	1,166,964,000	1,375,518,341	1,166,964,000
Local Government Revenue Enhancement	-	2,275,200	-	2,275,200
Emergency Management Services subsidy	56,683,000	53,750,000	56,683,000	53,750,000
Fuel levy	1,352,410,000	1,308,179,000	1,352,410,000	1,308,179,000
Finance Management Grant (FMG)	4,539,576	4,012,167	4,539,576	4,012,167
PTIS	138,000,000	178,366,181	138,000,000	178,366,181
LG SETA grant	-	669,079	-	669,079
Department of Water Affairs (DWA)	-	4,833	-	4,833
Integrated Development Contribution	-	400,000	-	400,000
Operation Clean Audit Grant	-	1,000,000	-	1,000,000
Municipal Human Settlement Capacity Grant	31,086,516	-	31,086,516	-
Health subsidy	39,967,000	35,837,000	39,967,000	35,837,000
HIV/AIDS subsidy	10,923,000	14,603,977	10,923,000	14,603,977
Community libraries	1,836,707	2,569,477	1,836,707	2,569,477
Expanded Public Works Programme (EPWP)	30,760,000	33,170,000	30,760,000	33,170,000
Gautrans	222,417	2,777,583	222,417	2,777,583
Tshepo 10 000	-	8,750,000	-	8,750,000
USDG operational	194,671	39,177,936	194,671	39,177,936
Municipal Disaster Recovery Grant	991,732	-	991,732	-
Integrated City Development	38,351,975	8,096,000	38,351,975	8,096,000
Development Bank of South Africa	-	780,000	-	780,000
	<u>3,081,484,935</u>	<u>2,861,382,433</u>	<u>3,081,484,935</u>	<u>2,861,382,433</u>
Capital grants				
INEP	31,999,050	65,000,000	31,999,050	65,000,000
PTIS roads and storm water	136,000,000	104,795,858	136,000,000	104,795,858
PTIS transport	731,346,892	506,133,131	731,346,892	506,133,131
Neighbourhood Development (NDPG)	174,998,474	198,964,369	174,998,474	198,964,369
Blue IQ	-	11,999,119	-	11,999,119
Libraries	3,203,336	2,340,663	3,203,336	2,340,663
Finance Management Grant (FMG)	243,891	752,847	243,891	752,847
USDG capital	1,477,217,753	1,206,603,308	1,477,217,753	1,206,603,308
Electricity demand side	-	406,964	-	406,964
Department of Water Affairs (DWA)	-	14,000,000	-	14,000,000
Expanded Public Works Programme	-	924,606	-	924,606
Social Infrastructure Grant	5,517,789	500,000	5,517,789	500,000
SANBI/Groen Sebenza	-	91,177	-	91,177
	<u>2,560,527,185</u>	<u>2,112,512,042</u>	<u>2,560,527,185</u>	<u>2,112,512,042</u>
	<u>5,642,012,120</u>	<u>4,973,894,475</u>	<u>5,642,012,120</u>	<u>4,973,894,475</u>
Conditional and unconditional				
Included above are the following categories of grants and subsidies recognised as revenue:				
Conditional grants	2,914,083,779	2,498,751,475	2,914,083,779	2,498,751,475
Unconditional grants (equitable share and fuel levy)	2,727,928,341	2,475,143,000	2,727,928,341	2,475,143,000
	<u>5,642,012,120</u>	<u>4,973,894,475</u>	<u>5,642,012,120</u>	<u>4,973,894,475</u>

* See Note 47

City of Tshwane Metropolitan Municipality

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	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

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 R465.38 (2014 = R384 and 2013 = R419.92), which is funded from the grant.

Current year receipts	1,375,518,341	1,166,964,000	1,375,518,341	1,166,964,000
Conditions met - transferred to revenue	(1,375,518,341)	(1,166,964,000)	(1,375,518,341)	(1,166,964,000)
	-	-	-	-

Fuel levy (DoRA)

Current year receipts	1,352,410,000	1,308,179,000	1,352,410,000	1,308,179,000
Conditions met - transferred to revenue	(1,352,410,000)	(1,308,179,000)	(1,352,410,000)	(1,308,179,000)
	-	-	-	-

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

Primary Health Care Subsidy (Provincial)

Current-year receipts	39,967,000	35,837,000	39,967,000	35,837,000
Conditions met - transferred to revenue	(39,967,000)	(35,837,000)	(39,967,000)	(35,837,000)
	-	-	-	-

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	56,683,000	53,750,000	56,683,000	53,750,000
Conditions met - transferred to revenue	(56,683,000)	(53,750,000)	(56,683,000)	(53,750,000)
	-	-	-	-

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.

Department of Water Affairs (DoRA)

Balance unspent at beginning of year	-	4,833	-	4,833
Current-year receipts	-	14,000,000	-	14,000,000
Conditions met - transferred to revenue	-	(14,004,833)	-	(14,004,833)
	-	-	-	-

The purpose of this grant is to subsidise and build capacity in water schemes owned and/or operated by the Department of Water Affairs or by other agencies on behalf of the department and transfer these schemes to local government. This grant was received for the supply of water services for community upliftment.

* See Note 47

City of Tshwane Metropolitan Municipality

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	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

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

Electricity for All (INEP) (DoRA)

Current-year receipts	32,000,000	65,000,000	32,000,000	65,000,000
Conditions met - transferred to revenue	(31,999,050)	(65,000,000)	(31,999,050)	(65,000,000)
	950	-	950	-

Conditions still to be met - remain liabilities (see Note 11)

A rollover of the balance of R950 was requested.

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	705,152	470,166	705,152	470,166
Current-year receipts	5,000,000	5,000,000	5,000,000	5,000,000
Conditions met - transferred to revenue	(4,783,467)	(4,765,014)	(4,783,467)	(4,765,014)
	921,685	705,152	921,685	705,152

Conditions still to be met - remain liabilities (see Note 11)

A request was submitted to National Treasury for approval to roll forward of the balance of R921 685.

The balance of the 2013/14 financial year was approved by National Treasury to be rolled forward.

The purpose of this grant was to promote support reforms in financial management by building capacity in municipalities to implement the Local Government: Municipal Finance Management Act (MFMA). As part of strengthening financial and asset management in municipalities, the grant provides funding for water and energy internship programmes to graduates in selected wards, boards and municipalities.

SANBI/Groen Sebenza (DoRA)

Balance unspent at beginning of year	7,823	-	7,823	-
Current-year receipts	-	99,000	-	99,000
Conditions met - transferred to revenue	-	(91,177)	-	(91,177)
	7,823	7,823	7,823	7,823

Conditions still to be met - remain liabilities (see Note 11)

The City of Tshwane acts as a host organisation for the Groen Sebenza Internship Programme. The City will receive a grant for the duration of the internship programme.

Housing grants (provincial)

Balance unspent at beginning of year	68,393,290	70,686,712	68,393,290	70,686,712
Conditions met - transferred to revenue	-	(2,159,544)	-	(2,159,544)
Reversal of expenditure (incorrect in prior year)	-	2,159,544	-	2,159,544
Transfer to Delft grant	-	(2,293,422)	-	(2,293,422)
Write back of debtor - grant will not be received	(48,553,230)	-	(48,553,230)	-
	19,840,060	68,393,290	19,840,060	68,393,290

Conditions still to be met - remain liabilities (see Note 11)

* See Note 47

City of Tshwane Metropolitan Municipality

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	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

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

The debtor of R48 553 229 was created during 2012/13 for amounts already expensed by the Municipality but it was now indicated that the claims will no longer be accepted and the grant will not be paid over.

The expenditure of R2 159 544 relates to the Delft grant for housing which was included in the opening balance. This expenditure however, was deemed not to be of a capital nature and the expense was reversed to operational expenses. This has now been transferred to a separate grant.

Government approved a comprehensive housing strategy to speed up housing delivery and develop sustainable human settlements. The Gauteng Department of Housing approve housing subsidies and projects and provide 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.

Integrated Development Corporation (DoRA)

Current-year receipts	-	400,000	-	400,000
Conditions met - transferred to revenue	-	(400,000)	-	(400,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The purpose of this contribution is to develop an Agri-cluster development and management plan.

Urban Settlement Development Grant (USDG) (DoRA)

Balance unspent at beginning of year	44,829,756	-	44,829,756	-
Current-year receipts	1,469,450,000	1,290,611,000	1,469,450,000	1,290,611,000
Conditions met - transferred to revenue	(1,477,412,423)	(1,245,781,244)	(1,477,412,423)	(1,245,781,244)
	<u>36,867,333</u>	<u>44,829,756</u>	<u>36,867,333</u>	<u>44,829,756</u>

Conditions still to be met - remain liabilities (see Note 11)

A request for the approval to roll over the balance of R36 867 333 at the end of 2014/15 was submitted to National Treasury.

The request for roll over of the balance of 2013/14 to the value of R44 829 756 was approved by National Treasury.

The grant is intended to provide specific capital finance for backlogs in basic municipal infrastructure for poor households, micro enterprises and social institutions servicing poor communities. No funds have been withheld.

Public Transport Grant (PTIS and PTNOG) (DoRA)

Balance unspent at beginning of year	-	15,534,170	-	15,534,170
Current-year receipts	1,005,571,000	788,761,000	1,005,571,000	788,761,000
Conditions met - transferred to revenue	(1,005,346,892)	(789,295,170)	(1,005,346,892)	(789,295,170)
Transfer (correction of incorrect allocation)	-	(15,000,000)	-	(15,000,000)
	<u>224,108</u>	<u>-</u>	<u>224,108</u>	<u>-</u>

Conditions still to be met - remain liabilities (see Note 11)

The balance consists of the unspent portion of the 2014/15 financial year and a request for a rollover was submitted to National Treasury.

The purpose of this grant is to provide for accelerated planning, construction and improvement of public and non-motorised transport networks.

* See Note 47

City of Tshwane Metropolitan Municipality

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	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R
27. Government grants, subsidies, awards and donations (continued)				
HIV and AIDS (Provincial Health Department)(provincial)				
Balance unspent at beginning of year	-	4,200,977	-	4,200,977
Current-year receipts	10,923,000	10,403,000	10,923,000	10,403,000
Conditions met - transferred to revenue	(10,923,000)	(14,603,977)	(10,923,000)	(14,603,977)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	12,293,525	71,108	12,293,525	71,108
Current-year receipts	-	15,000,000	-	15,000,000
Conditions met - transferred to revenue	(222,418)	(2,777,583)	(222,418)	(2,777,583)
	<u>12,071,107</u>	<u>12,293,525</u>	<u>12,071,107</u>	<u>12,293,525</u>

Conditions still to be met - remain liabilities (see Note 11)

During 2013/14 an amount of R11 500 000 was received in advance for the 2014/15 financial year.

The purpose of this grant is to reconstruct and update the Garsfontein Road (K50) to a dual carriageway between Loristo and Anton van Wouw Streets.

Neighbourhood Development Programme (DoRA)

Balance unspent at beginning of year	2,359,341	2,187,710	2,359,341	2,187,710
Current-year receipts	175,000,000	199,136,000	175,000,000	199,136,000
Conditions met - transferred to revenue	(174,998,474)	(198,964,369)	(174,998,474)	(198,964,369)
Returned to National Treasury	(2,359,341)	-	(2,359,341)	-
	<u>1,526</u>	<u>2,359,341</u>	<u>1,526</u>	<u>2,359,341</u>

Conditions still to be met - remain liabilities (see Note 11).

The balance consists of the unspent portion of the 2013/14 financial year. Rollover of the balance was not approved by National Treasury and the 2014/15 allocation was decreased by the amount of R2 359 341. The transferring official did not approve the request for roll-forward, as they deemed the 2014/15 allocation to be enough to finalise the projects.

The purpose of this grant is to support neighbourhood development projects that provide community infrastructure and create the platform for other public and private sector development towards improving the quality of life of residents in targeted underserved neighbourhoods (townships generally).

Research and Technology Grant

Current-year receipts	<u>892,857</u>	<u>-</u>	<u>892,857</u>	<u>-</u>
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Conditions still to be met - remain liabilities (see Note 11).

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

* See Note 47

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	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

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

Community library services (Provincial Department of Sport, Arts, Culture and Recreation)

Balance unspent at beginning of year	1,942,452	2,752,593	1,942,452	2,752,593
Current-year receipts	4,282,695	4,100,000	4,282,695	4,100,000
Conditions met - transferred to revenue	(5,040,042)	(4,910,141)	(5,040,042)	(4,910,141)
	1,185,105	1,942,452	1,185,105	1,942,452

Conditions still to be met - remain liabilities (see Note 11).

The balance consists of the unspent portion of the 2013/14 financial year, and rollover of the amount was approved by the National Treasury.

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

Local economic development (provincial)

Current-year receipts	-	8,750,000	-	8,750,000
Conditions met - transferred to revenue	-	(8,750,000)	-	(8,750,000)
	-	-	-	-

The purpose of the grant is in support of the urban renewal program. An assessment has been undertaken on the requirements and a scope exercise conducted looking at the viability of current projects which the department is undertaking in other townships.

Municipal Human Settlement Capacity Grant

Current-year receipts	47,506,000	-	47,506,000	-
Conditions met - transferred to revenue	(31,086,516)	-	(31,086,516)	-
	16,419,484	-	16,419,484	-

Conditions still to be met - remain liabilities (see Note 11).

The balance consists of the unspent portion of the 2014/15 financial year and a request for a rollover was submitted to National Treasury.

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)

Balance unspent at beginning of year	-	4,424,606	-	4,424,606
Current-year receipts	30,760,000	29,670,000	30,760,000	29,670,000
Conditions met - transferred to revenue	(30,760,000)	(34,094,606)	(30,760,000)	(34,094,606)
	-	-	-	-

The purpose of this grant was 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.

* See Note 47

City of Tshwane Metropolitan Municipality

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	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

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
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Conditions still to be met - remain liabilities (see Note 11).

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 the multi purpose community centre because of its importance for the neighbouring communities.

Municipal disaster recovery grant

Current-year receipts	14,878,000	-	14,878,000	-
Conditions met - transferred to revenue	(991,732)	-	(991,732)	-
	13,886,268	-	13,886,268	-

Conditions still to be met - remain liabilities (see note 11).

During the month of November 2013, severe damage to infrastructure was caused by hail in Gauteng Province. Because of this a I 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.

DBSA grant

Current-year receipts	-	780,000	-	780,000
Conditions met - transferred to revenue	-	(780,000)	-	(780,000)
	-	-	-	-

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

Sandspruit Works Association

Balance unspent at beginning of year	278,854	1,164,242	-	-
Current-year receipts	-	1,338,789	-	-
Conditions met - transferred to revenue	-	(673,132)	-	-
Reclassification of error	-	(1,551,045)	-	-
	278,854	278,854	-	-

Conditions still to be met - remain liabilities (see Note 11).

The above amounts consist of the New Meter and Repeat Offenders Project and the Housing project of Sandspruit Works Association. The balance will be utilised in the following financial year.

* See Note 47

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	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

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

Social Infrastructure Grant

Current-year receipts	11,200,000	500,000	11,200,000	500,000
Conditions met - transferred to revenue	(5,517,789)	(500,000)	(5,517,789)	(500,000)
	<u>5,682,211</u>	<u>-</u>	<u>5,682,211</u>	<u>-</u>

Conditions still to be met - remain liabilities (see Note 11).

The balance consists of the unspent portion of the 2014/15 financial year and a request for a rollover was submitted to National Treasury.

20 Priority Township project Hammanskraal - the purpose of this grant is to plan and design the Hammanskraal Early Childhood Development Centre and the Hammanskraal Care Centre for the Aged.

Blue IQ

Balance unspent at beginning of year	-	11,999,119	-	11,999,119
Conditions met - transferred to revenue	-	(11,999,119)	-	(11,999,119)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

This amount was received in advance and was ring-fenced until the project was finalised.

This amount was received with the purpose of ring-fencing a contribution towards bulk contributions for electricity infrastructure supply. The project was finalised in the 2013/14 financial year.

LG SETA Merit Awards

Balance unspent at beginning of year	266,921	-	266,921	-
Current-year receipts	-	936,000	-	936,000
Conditions met - transferred to revenue	-	(669,079)	-	(669,079)
	<u>266,921</u>	<u>266,921</u>	<u>266,921</u>	<u>266,921</u>

Conditions still to be met - remain liabilities (see Note 11).

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.

DPSA Smart Connect Grant

Current-year receipts	<u>378,440</u>	<u>-</u>	<u>378,440</u>	<u>-</u>
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Conditions still to be met - remain liabilities (see Note 11).

The amount indicated was received in advance to be used in 2015/16.

The grant was received for the project Smart Connect. This project envisages a system where citizens and 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.

* See Note 47

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	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

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

Sport and Recreation

Balance unspent at beginning of year	72,617	72,617	72,617	72,617
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Conditions still to be met - remain liabilities (see note 11).

The department requested a rollover of the balance to be utilised in the 2013/14 financial year. However, no expenditure was incurred during 2013/14 or 2014/15.

This amount was received during the 2010/11 financial year for the HM Pitje Stadium.

Performance management (COGTA) (DoRA)

Balance unspent at beginning of year	268,665	268,665	268,665	268,665
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Conditions still to be met - remain liabilities (see Note 11).

These funds were received for the upgrading of the municipality's performance management system, the quality performance result system and the enterprise project management system to include the newly merged municipalities.

Electricity demand side

Balance unspent at beginning of year	-	406,964	-	406,964
Current-year receipts	3,000,000	-	3,000,000	-
Conditions met - transferred to revenue	-	(406,964)	-	(406,964)
	3,000,000	-	3,000,000	-

Conditions still to be met - remain liabilities (see Note 11).

The department requested a rollover of the unspent portion from the Department of Mineral and Energy and the National Treasury during 2014/15, as the service level agreement with the CSIR was finalised late.

The purpose of this grant is to provide subsidies to municipalities to implement electricity demand side management (EDSM) in municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.

Revenue enhancement

Balance unspent at beginning of year	1,224,800	3,500,000	1,224,800	3,500,000
Conditions met - transferred to revenue	-	(2,275,200)	-	(2,275,200)
	1,224,800	1,224,800	1,224,800	1,224,800

Conditions still to be met - remain liabilities (see Note 11).

This once-off allocation was received from the Department of Local Government to assist with revenue enhancement programmes. Rollover of the balance as at 30 June 2014 was requested from National Treasury.

Operation Clean Audit (OPCA) (Provincial DPLG & H)

Current-year receipts	-	1,000,000	-	1,000,000
Conditions met - transferred to revenue	-	(1,000,000)	-	(1,000,000)
	-	-	-	-

This grant was awarded to the municipality by the Provincial Department of Local Government and Housing for the implementation of the Operation Clean Audit project in the Municipality.

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R
27. Government grants, subsidies, awards and donations (continued)				
Integrated City Development (DoRA)				
Current-year receipts	44,659,000	8,096,000	44,659,000	8,096,000
Conditions met - transferred to revenue	(38,351,975)	(8,096,000)	(38,351,975)	(8,096,000)
	6,307,025	-	6,307,025	-

Conditions still to be met - remain liabilities (see Note 11).

The balance consists of the unspent portion of the 2014/15 financial year and a request for a rollover was submitted to National Treasury.

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

Changes in the level of government grants

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

28. Other income

Market fees	130,244,462	127,870,599	130,244,462	127,870,599
Land sales	306,842	975,096	306,842	975,096
VAT audit refund	80,573,129	46,076,490	80,573,129	46,076,490
Sale of unusable stock	467,017	3,173,158	467,017	3,173,158
Drain cleaning fees	814,890	1,150,681	814,890	1,150,681
Interest on property sales	316,815	266,255	316,815	266,255
Donated: Assets	2,993,797	7,811,376	2,993,797	7,811,376
Dumping fees	2,078	63,077	2,078	63,077
Building plan fees	47,903,223	43,822,890	47,903,223	43,822,890
Income from grave services	6,657,875	5,867,879	6,657,875	5,867,879
Motor vehicle licences (refund - Province)	73,165,158	73,384,644	73,165,158	73,384,644
Training fees recovered	10,648,550	11,689,104	10,648,550	11,689,104
Newly identified assets	30,020,007	85,403,449	30,020,007	85,403,449
Insurance claims	54,338,205	61,799,060	54,338,205	61,799,060
A re Yeng revenue	3,859,886	-	3,859,886	-
Sundry fees	8,461,622	6,571,742	1,683,301	2,360,014
Airside income	4,538,714	4,455,887	4,538,714	4,455,887
Ambulance fees	4,376,591	3,619,710	4,376,591	3,619,710
Reminder fees	75,020,843	28,269,137	75,020,843	28,269,137
Discount on prompt payments	822,543	733,943	822,543	733,943
Approval fees: advertisements	55,672,323	38,903,042	55,672,323	38,903,042
LG Seta discretionary allocation	4,454,390	-	4,454,390	-
Cemetery fees	5,821,612	4,853,474	5,821,612	4,853,474
Application fees	5,153,837	4,316,202	5,153,837	4,316,202
Income from bulk containers	2,587,628	441,105	2,587,628	441,105
Sales: Aeroplane fuel	11,098,807	15,398,187	11,098,807	15,398,187
Transport fees	31,624,779	31,422,841	31,624,779	31,422,841
Miscellaneous	123,291,791	117,767,944	124,824,847	117,763,694
	775,237,414	726,106,972	769,992,149	721,890,994

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014	2015	2014
	R	Restated*	R	Restated*
		R		R
29. Employee-related costs				
Salaries and wages	4,178,513,903	4,029,060,856	4,086,498,773	3,942,665,159
Bonus	437,927	90,014	-	-
Medical aid contributions	389,753,230	349,368,317	373,453,747	341,613,908
UIF	30,803,324	32,465,598	30,803,324	32,041,398
Leave pay provision charge	1,469,462	3,813,874	-	-
Pension fund contributions	801,472,162	744,115,632	797,774,122	735,631,470
Travel, motor car, subsistence and other allowances	298,710,633	285,962,105	298,710,633	285,962,105
Overtime payments	305,323,007	303,652,335	305,323,007	303,652,335
Long-service awards	6,195,010	6,935,205	6,195,010	6,935,205
Incentive bonuses	356,188	245,564	356,188	245,564
Other allowances	242,223,608	271,332,239	240,433,675	269,874,800
Housing benefits and allowances	25,863,510	23,308,065	25,032,667	22,556,620
Compensation commissioner (COIDA)	37,831,668	36,154,725	37,831,668	36,154,725
	6,318,953,632	6,086,504,529	6,202,412,814	5,977,333,289
Remuneration of City Manager (Jason Ngobeni)				
Annual remuneration	3,052,954	2,858,838	3,052,954	2,858,838
Cell phone allowance	24,000	36,000	24,000	36,000
Other	15,701	10,473	15,701	10,473
	3,092,655	2,905,311	3,092,655	2,905,311
The remuneration of staff is within the upper limits of the SALGA Bargaining Council determinations.				
Remuneration of Chief Financial Officer - municipal entities				
Annual remuneration	2,118,474	2,330,653	-	-
Bonus and performance related payments	43,476	40,631	-	-
Vehicle allowance	327,486	318,752	-	-
Medical and retirement contributions	130,554	194,492	-	-
Expense allowance	216,084	72,690	-	-
	2,836,074	2,957,218	-	-
Remuneration of Chief Executive Officer - municipal entities				
Annual remuneration	2,476,809	4,246,081	-	-
Vehicle allowance	306,731	284,948	-	-
Performance bonuses	-	130,592	-	-
Other allowances	106,809	83,389	-	-
Pension and medical aid contributions	23,572	169,160	-	-
Termination benefit	-	378,287	-	-
Leave capitalisation	-	124,336	-	-
	2,913,921	5,416,793	-	-
Remuneration of other managers - municipal entities				
Annual remuneration	8,912,127	6,862,114	-	-
Vehicle allowance	1,812,189	747,134	-	-
Performance bonuses	250,432	142,627	-	-
Other allowances	1,086,253	418,224	-	-
Pension and medical aid contributions	1,154,288	709,730	-	-
	13,215,289	8,879,829	-	-

* See Note 47

City of Tshwane Metropolitan Municipality

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	Group		Municipality	
	2015	2014	2015	2014
	R	Restated*	R	Restated*
		R		R
29. Employee-related costs (continued)				
Directors - municipal entities				
Non-executive directors: board fees	3,628,159	5,380,599	-	-
Remuneration: Executive Mayor (Kgosientso D Ramokgopa)				
Annual remuneration	883,229	841,171	883,229	841,171
Travel allowance	294,410	280,390	294,410	280,390
Cell phone allowances	27,880	41,820	27,880	41,820
Other	11,555	11,073	11,555	11,073
	1,217,074	1,174,454	1,217,074	1,174,454
Remuneration: Speaker (Audrey W M K Mosupyo-Letsholo)				
Annual remuneration	670,328	647,281	670,328	647,281
Travel allowance	237,771	224,312	237,771	224,312
Cell phone allowances	27,880	41,820	27,880	41,820
Other	52,360	34,598	52,360	34,598
	988,339	948,011	988,339	948,011
Remuneration: Members of the Mayoral Committee				
Annual remuneration	6,235,472	5,904,339	6,235,472	5,904,339
Travel allowance	2,006,190	1,892,633	2,006,190	1,892,633
Cell phone allowances	139,120	208,680	139,120	208,680
Other	752,141	694,987	752,141	694,987
	9,132,923	8,700,639	9,132,923	8,700,639

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

* See Note 47

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		Group		Municipality		
		2015	2014	2015	2014	
			Restated*		Restated*	
		R	R	R	R	
30. Remuneration of top management						
Reporting directly to the City Manager						
June 2015						
Name	Designation	Remuneration	Travel allowance	Cell phone allowance	Other allowances	Total
Dyakala, Andile P	Group Chief Financial Officer	1,969,040	45,909	16,527	-	2,031,476
Kwele, Lindiwe	Deputy City Manager	2,151,294	300,000	21,600	43,684	2,516,578
Mangcu, Lisa N	Deputy City Manager	2,016,009	60,000	21,600	-	2,097,609
Boshielo, Mokholela, K F	Deputy City Manager	1,896,009	180,000	21,600	-	2,097,609
Lukhwareni, Ndvihoniswani	Service Delivery Coordinator and Transformation Manager	1,968,005	108,000	21,600	-	2,097,605
Seabela, Bruno S	SED: Group Legal Services	1,744,575	180,000	21,600	572	1,946,747
Aborn, Pieter K	Contract Management Director	1,696,640	12,000	21,600	-	1,730,240
Shozi, Ernest W	Chief of Staff	1,540,896	236,412	21,600	23,664	1,822,572
Otumile, Dudlana J	Group Chief Information Officer	1,597,308	180,000	21,600	-	1,798,908
De Beer, Joan K	Chief of Emergency Services	1,680,200	72,000	21,600	-	1,773,800
Ramulifho K C (From 1 December 2014)	SED: Corporate and Shared Services	1,513,600	86,400	21,600	-	1,621,600
Nemahagala, Tshilidzi D	SED: City Manager Support	1,658,171	81,818	14,727	-	1,754,716
Ngobeni, Khazamula S	Chief of Police	1,719,974	-	21,600	17,552	1,759,126
Matsena, Mapiti David	SEH: Secretariat of Council	1,352,993	234,546	21,600	-	1,609,139
Mkhwebane, Kgaugelo W	SEH: Office of the Chief Whip	1,497,536	90,000	21,600	-	1,609,136
Manganye, Mahlomola D	Safer City Coordinator	1,551,536	36,000	21,600	2,288	1,611,424
Thenga, Obed	Chief Audit Executive	1,527,525	60,000	21,600	21,615	1,630,740
		29,081,311	1,963,085	355,254	109,375	31,509,025

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

30. Remuneration of top management (continued)

June 2014

Name	Designation	Remuneration	Travel allowance	Cell phone allowance	Other allowance	Total
Dyakala, Andile P	Group Chief Financial Officer	1,826,833	60,000	21,600	858	1,909,291
Kwele, Lindiwe	DCM: Strategy Development and Implementation	1,995,434	300,000	21,600	34,602	2,351,636
Mangcu, Lisa N	DCM: Infrastructure and Programme Management	1,995,434	300,000	21,600	-	2,317,034
Boshielo, Mokholela, K F	DCM: Operations & Service Delivery	1,764,010	180,000	21,600	-	1,965,610
Lukhwareni, Ndvihoniswani	Service Delivery Coordinator and Transformation Manager	1,836,006	108,000	21,600	-	1,965,606
Seabela, Bruno S	SED: Group Legal Services	1,622,205	180,000	21,600	-	1,823,805
Aborn, Peter K	Project Manager	1,588,000	12,000	21,600	-	1,621,600
Shozi, Ernest W	SED: Office of the Executive Mayor	1,427,889	236,412	21,600	28,380	1,714,281
Otumile, Dudlana J	SED: Group Information Technology	1,484,301	180,000	21,600	11,748	1,697,649
De Beer, Joan K	Chief Emergency Services	1,568,790	72,000	21,600	-	1,662,390
Ntsikeni, Zukiswa (resign April)	SED: Corporate and Shared Services	1,549,355	80,000	18,000	1,144	1,648,499
Nemahagala, Tshilidzi D	SED: City Manager Support	1,509,355	120,000	21,600	16,638	1,667,593
Ngobeni, Khazamula S	Chief of Metro Police	1,610,613	-	21,600	37,809	1,670,022
Matsena, Mapiti David	SEH: Secretary of Council	1,252,052	234,546	21,600	-	1,508,198
Mkhwebani, Kgaugelo W	SEH: Office of the Chief Whip	1,396,596	90,000	21,600	-	1,508,196
Manganye, Mahlomola D	Safer City Coordinator	1,414,596	72,000	21,600	30,106	1,538,302
Thenga, Obed	Chief Audit Executive	1,426,585	60,000	21,600	9,915	1,518,100
		27,268,054	2,284,958	363,600	171,200	30,087,812

* Other allowances comprise S & T allowances.

* See Note 47

City of Tshwane Metropolitan Municipality

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	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

30. Remuneration of top management (continued)

Reporting to the Deputy City Managers

June 2015

Name	Designation	Remuneration	Travel allowance	Cell phone allowance	Other allowance	Total
Madlala, Lungile N	Executive Project Manager: IRPNT	1,775,141	43,200	10,800	-	1,829,141
Mhlekwana, Thembeke	SED: Economic Development	1,731,989	8,000	21,600	20,976	1,782,565
Makgata, Makgorometje A	SED: City Planning	1,631,989	108,000	21,600	47,074	1,808,663
Ncunyana, Zukiswa	SED: Strategy, Research and Innovation	1,667,989	72,000	21,600	16,625	1,778,214
Ndlovu, Nomasonto Cynthia	SED: Communication, Marketing and Events	1,619,989	120,000	21,600	65,576	1,827,165
Kekana, Seoketsa E	SED: Health and Social Development	1,600,596	48,000	21,600	19,585	1,689,781
Maganlal, Mayur	SED: City Strategies and Performance Management	1,531,792	102,000	21,600	-	1,655,392
Nteo, Lemao D	SED: Green Desk	1,437,587	84,000	21,600	31,922	1,575,109
Kolisa, Mthobeli S	SED: Environmental Management	1,341,587	180,000	21,600	16,430	1,559,617
Letlonkane, Pheko I	SED: Transport Development	1,705,904	120,000	21,600	-	1,847,504
Mothoagae, Amolemo G	SED: Housing and Human Settlement	1,409,806	240,000	21,600	-	1,671,406
Tshwale, Ngako D	SED: Sport and Recreation	1,388,270	-	21,600	-	1,409,870
Mutshidza, Ndwamato T	SED: Electricity	1,601,850	-	21,600	-	1,623,450
		20,444,489	1,125,200	270,000	218,188	22,057,877

* See Note 47

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	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

30. Remuneration of top management (continued)

2014

Name	Designation	Remuneration	Travel allowance	Cell phone allowance	Other allowance	Total
Madlala, Lungile N	Tshwane Rapid Transit Project Leader	1,616,325	86,400	21,600	15,901	1,740,226
Mhleka, Thembeke S	SED: Economic Development	1,581,355	48,000	21,600	12,016	1,662,971
Makgata, Makgorometje A	SED: City Planning	1,521,355	108,000	21,600	30,621	1,681,576
Ncunzana, Zukiswa	SED: Strategy, Research and Innovation	1,557,355	72,000	21,600	13,728	1,664,683
Ndlovu, Nomasono Cynthia	SED: Communication, Marketing and Events	1,509,355	120,000	21,600	34,390	1,685,345
	SED: Health and Social Development	1,495,773	48,000	21,600	-	1,565,373
Memela, Nontobeko	ED: Housing Provision	1,304,403	132,000	21,600	572	1,458,575
Maganlal, Mayur	SED: City Strategies and Performance Management	1,427,911	102,000	21,600	286	1,551,797
Nteo, Lemao D	Specialist: Green Desk/City Sustainability Office	1,340,840	84,000	21,600	63,846	1,510,286
Kolisa, Mthobeli S	SED: Environmental Management	1,424,840	-	21,600	9,405	1,455,845
Letlonkane, Pheko I	ED: Transport Development	1,589,808	120,000	21,600	1,716	1,733,124
Mothoagae, Amolemo G	SED: Housing and Human Settlement	1,304,906	240,000	21,600	17,496	1,584,002
Tshwale, Ngako D	SED: Sports and Recreation	1,300,000	-	21,600	-	1,321,600
Mutshidza, Ndwamato T	SED: Electricity	1,500,000	-	21,600	12,798	1,534,398
		20,474,226	1,160,400	302,400	212,775	22,149,801

* See Note 47

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R
31. Remuneration of councillors				
Councillors' allowances	101,735,728	94,546,753	101,735,728	94,546,753
Travelling allowance	8,487	73,462	8,487	73,462
Other (Caucus management)	2,448,608	2,168,287	2,448,608	2,168,287
	104,192,823	96,788,502	104,192,823	96,788,502

In-kind benefits

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

According to the organisational structure of the Municipality the sub-section Executive Mayor Protection has 7 staff members of, which 5 are VIP protection officers.

The Executive Mayor is entitled to stay at the mayoral residence owned by the Municipality at no cost. 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)	4,949,079	4,861,400	4,699,390	4,611,711
Amortisation: Intangible assets (Note 15)	63,205,172	77,162,308	63,071,370	77,102,500
Depreciation: Property, plant & equipment (Note 13)	1,137,272,183	1,067,833,740	1,132,288,284	1,064,284,747
Depreciation: Leased assets (Note 17)	70,530,567	74,499,813	70,530,567	74,499,813
Depreciation: Rehabilitation assets (Note 13)	53,637,933	27,202,069	53,637,933	27,202,069
	1,329,594,934	1,251,559,330	1,324,227,544	1,247,700,840

33. Finance costs (interest paid)

Long-term liabilities (external loans)	875,390,680	757,340,949	875,016,160	756,921,712
Interest rate swaps	38,959,100	-	38,959,100	-
Finance leases	13,708,000	5,170,781	13,708,000	5,170,781
Bank overdraft	558,712	2,558,718	14,572	2,082,826
Other finance costs (bank charges, transit banking, etc)	12,144,836	10,900,075	12,144,836	10,900,075
Amortisation: provisions	56,705,202	37,856,677	56,705,202	37,856,677
	997,466,530	813,827,200	996,547,870	812,932,071

34. Investment revenue

Interest revenue (interest received)

Bank	6,146,925	5,222,047	5,742,166	5,045,952
Investments	15,003,896	21,847,120	14,151,280	21,420,289
Long-term investments	15,351,018	23,484,654	15,351,018	23,484,654
Contingency insurance	1,629,873	1,848,678	1,629,873	1,848,678
	38,131,712	52,402,499	36,874,337	51,799,573

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R
35. Debt impairment				
Contributions to impairment allowance (refer to Note 20, 22, 23)	850,661,938	1,338,600,788	721,971,875	1,242,883,805
Please note the amounts reflected above are the net balance in the expenditure accounts.				
For the 2014/15 financial year the total amount written off was R474 939 843 for consumer receivables and R9 222 845 for other receivables which was written off against the allowance with regard to the municipality. For the group an amount of R496 204 502 was written off against the allowance for consumer receivables and R9 310 323 for other receivables.				
In 2013/14 the total amount written off was R206 404 856 for consumer receivables and R4 416 468 for other receivables which was written off against the allowance with regard to the municipality. For the group an amount of R235 255 005 was written off for consumer receivables and for other receivables an amount of R4 416 468 was written off against the allowance.				
For amounts written off refer to Note 20, 22 and 23.				
36. Bulk purchases				
Electricity	6,074,185,393	5,771,986,187	6,075,797,312	5,774,862,972
Water	1,500,068,781	1,284,554,858	1,641,280,162	1,401,846,775
	7,574,254,174	7,056,541,045	7,717,077,474	7,176,709,747
37. Grants and subsidies paid				
Grants paid to municipal entities				
Transfers to Sandspruit, TEDA and Housing Company Tshwane	-	-	191,734,734	264,529,992

* See Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014	2015	2014
	R	Restated*	R	Restated*
		R		R
38. General expenses				
National Health Insurance	10,188,845	24,261,102	10,188,845	24,261,102
Consumables	9,853,709	15,125,737	9,853,709	15,125,737
Auditors' remuneration	22,057,672	23,966,900	20,784,528	22,712,811
Commission paid	27,436,582	33,929,809	27,436,582	33,929,809
Wi-Fi	179,999,729	-	179,999,729	-
Cleaning services	17,480,745	19,964,986	16,350,628	18,827,331
Protective clothing	19,862,627	17,590,489	19,518,642	17,285,419
Chemicals	37,047,061	36,359,033	37,047,061	36,359,033
Gratuities	19,567,470	18,867,743	19,567,470	18,867,743
Ward committee: Administration	11,073,657	19,475,565	11,073,657	19,475,565
Rental of plant and equipment	193,701,015	657,498,657	193,701,015	657,498,657
HIV and AIDS grant	10,923,000	22,488,400	10,923,000	22,488,400
Refreshments for meetings	11,104,444	13,931,398	11,104,444	13,931,398
Insurance	116,327,274	77,668,127	115,566,744	77,117,810
LED initiatives	60,133,030	30,726,797	60,133,030	30,726,797
Imbizo	24,144,817	54,650,180	24,144,817	54,650,180
End-user support	17,082,231	18,686,163	17,082,231	18,686,163
Implementation: OITPS	77,826,361	79,545,331	77,826,361	79,545,331
Postage	32,069,117	24,125,783	32,069,117	24,125,783
USDG grant expenditure	194,671	39,177,936	194,671	39,177,936
EPWP expenditure	30,760,000	33,170,000	30,760,000	33,170,000
Communications	47,442,492	-	47,442,492	-
Leasing of property	220,733,771	197,283,651	224,783,771	197,283,651
Advertising and marketing	12,200,231	35,132,090	12,097,513	34,873,593
Post-employment benefit expenses	180,404,220	200,792,972	180,404,220	200,792,972
Consultant fees	110,979,352	46,738,449	104,961,274	40,769,734
Private sector labour	53,754,668	1,002,904	53,754,668	1,002,904
Telecommunication	102,515,251	131,732,717	101,090,279	130,200,406
Service providers	9,474,587	84,313,696	-	-
Project-linked housing	-	30,043,000	-	30,043,000
Forensic audit	52,099,009	45,660,547	52,099,009	45,660,547
Tshwane Open	40,000,000	39,053,869	40,000,000	39,053,869
Dinokeng	10,868,574	15,000,000	10,868,574	15,000,000
Lease expenses	72,357,751	3,387,434	62,503,204	(7,236,717)
EPWP: Job creation	139,292,437	97,045,385	139,292,437	97,045,385
Management information	43,521,370	44,071,777	43,521,370	44,071,777
Subsistence and travelling	19,903,986	11,593,046	19,704,843	11,255,276
Formalisation: Informal sector	110,376,687	137,026,793	110,376,687	137,026,793
Medical aid fund	53,648,241	50,810,843	53,648,241	50,810,843
Tshepo 10 000 Council	17,371,851	-	17,371,851	-
Locomotion allowance	24,049,393	22,753,723	24,049,393	22,753,723
Prevention of illegal land invasion	33,675,827	47,478,111	33,675,827	47,478,111
Household refuse removal	344,272,546	122,039,807	344,272,546	122,039,807
Rental vehicles - vatable	95,811,004	140,747,132	95,811,004	140,747,132
Tanker water services	19,682,340	42,806,896	19,682,340	42,806,896
CCTV	48,958,690	24,129,110	48,958,690	24,129,110
Petrol and diesel fuel	145,171,695	187,684,820	145,171,695	187,684,820
Re-aga-Tshwane	101,399,735	376,984	101,399,735	376,984
Legal costs	26,040,113	72,670,765	26,029,705	72,637,308
Licences	53,345,180	49,576,341	53,345,180	49,576,341
Stationery	30,541,450	25,900,412	29,841,167	25,129,536
PTIS grant expenditure	138,000,497	178,366,181	138,000,497	178,366,181
Tshwane Inner City	6,196,450	8,274,819	6,196,450	8,274,819
Internet fees	25,187,623	17,586,881	25,187,623	17,586,881
Training board fees	54,765,494	50,895,488	54,765,494	50,895,488
Stipend learners	79,754,837	-	79,754,837	-
Events management	18,981,841	29,748,590	18,981,841	29,748,590
Watchmen services	299,749,326	266,878,522	291,886,736	259,768,480
Service fee	808,333,532	177,557,908	808,333,532	177,557,908
Other expenses	676,926,033	447,463,642	673,529,727	405,329,763
	5,256,622,141	4,344,835,441	5,218,120,733	4,188,504,916

* See Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014	2015	2014
	R	Restated*	R	Restated*
		R		R
39. Cash generated from operations				
Surplus	1,178,662,431	607,303,401	1,177,976,313	619,290,297
Adjustments for:				
Depreciation and amortisation	1,329,594,934	1,251,559,330	1,324,227,544	1,247,700,840
Gain on sale of assets and liabilities	171,819,804	143,237,630	171,774,542	143,165,651
Fair value adjustments	(52,091,422)	(3,536,565)	(52,091,422)	(3,536,565)
Impairment deficit	124,922,833	5,200,760	124,922,833	5,200,760
Debt impairment	850,661,938	1,338,600,788	721,971,875	1,242,883,805
Movements in operating lease assets and accruals	(1,872,193)	(2,457,968)	(2,308,997)	(2,990,938)
Movements in retirement benefit assets and liabilities	180,404,220	200,792,972	180,404,220	200,792,972
Movements in provisions	209,834,832	203,092,749	209,837,394	203,090,187
Annual charge for deferred tax	(449,203)	26,550	-	-
Changes in working capital:				
Inventories	(93,559,209)	10,322,696	(93,812,886)	10,934,798
Other receivables	(167,515,165)	(76,724,037)	(133,148,689)	(74,128,930)
Consumer receivables	(837,664,628)	(752,216,270)	(712,428,564)	(657,007,634)
Payables from exchange transactions	156,873,930	349,248,718	124,296,790	337,585,165
VAT	227,239,389	(106,992,341)	231,146,048	(110,808,315)
Unspent grants and receipts	(12,845,357)	8,442,137	(12,845,357)	9,327,525
Consumer deposits	(55,733,493)	(7,918,647)	(55,763,968)	(8,150,633)
Taxation	(2,181,693)	2,092,154	-	-
	3,206,101,948	3,170,074,057	3,204,157,676	3,163,348,985

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

Contributions to organised local government

Current year subscription/fee	3,326,196	3,387,544	3,326,196	3,387,544
Amount paid - current year	(3,326,196)	(3,387,544)	(3,326,196)	(3,387,544)
	-	-	-	-

Audit fees

Opening balance	1,310,946	-	1,310,946	-
Current year audit fee	20,334,332	29,637,517	17,830,402	27,526,494
Amount paid - current year	(20,051,775)	(28,326,571)	(17,830,402)	(26,215,548)
Amount paid - previous years	(1,310,946)	-	(1,310,946)	-
	282,557	1,310,946	-	1,310,946

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

PAYE and UIF

Opening balance	79,392,746	66,692,022	76,496,349	64,637,294
Current year payroll deductions	965,756,460	870,004,976	942,824,943	847,972,730
Amount paid - current year	(880,637,866)	(791,679,950)	(859,549,709)	(771,476,381)
Amount paid - previous years	(77,031,988)	(65,624,302)	(76,496,349)	(64,637,294)
	87,479,352	79,392,746	83,275,234	76,496,349

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

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

Pension and Medical Aid Deductions

Opening balance	276,968	102,871	-	-
Current year payroll deductions and council contributions	1,761,182,071	1,607,539,090	1,734,559,756	1,587,865,173
Amount paid - current year	(1,761,298,313)	(1,607,364,993)	(1,734,559,756)	(1,587,865,173)
Amount paid - previous years	(160,726)	-	-	-
	<u>-</u>	<u>276,968</u>	<u>-</u>	<u>-</u>

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding as at 30 June 2015:

These Councillors made arrangements to pay off their arrear debt.

30 June 2015	Less than 90 days	More than 90 days	Total R
Ncube, M E	1,109	3,325	4,434
Lesufi M L	1,519	8,106	9,625
Lesufi M M (Heir) #	657	2,905	3,562
Buthelezi, M M # (Inactive)	6,405	35,198	41,603
Marema, M P	4,416	435	4,851
Matentjie, M J	1,399	4,587	5,986
Thobejane, E M #	630	13,778	14,408
Khumalo, Z C #	2,314	13,973	16,287
Majeng, M J	586	345	931
Zitha, B P and F T	1,797	599	2,396
Babane, T J	787	156	943
Mathafa, O M	551	474	1,025
Boshomane, M J	3,378	3,057	6,435
Strijdom, C E	30,143	2,149	32,292
Mabelane, V P	3,750	374	4,124
Maseko, N E	10,070	11,540	21,610
Majeng, J (Sandspruit)	673	2,871	3,544
Mampheko, A M (Sandspruit)	836	5,962	6,798
Motsepe, R H (Sandspruit)	401	24,121	24,522
Rammushi, J P (Sandspruit)	1,680	3,705	5,385
Sekonya, M D (Sandspruit)	117	-	117
Sindane, J M (Sandspruit)	1,140	15,251	16,391
	<u>74,358</u>	<u>152,911</u>	<u>227,269</u>

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

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

30 June 2014	Less than 90 days	More than 90 days	Total R
Buthlezi M M #	12,790	21,985	34,775
Huma S E	865	259	1,124
Katake N S	538	170	708
Khoza K S	465	10	475
Khumalo Z C #	3,594	22,352	25,946
Kwenda L H	341	85	426
Lehobye M J	751	242	993
Mabona A D	511	170	681
Majeng M J	719	231	950
Marotola M S	649	71	720
Marotola Y K and M S	568	5,187	5,755
Maseko N E	1,004	214	1,218
Matentjie M J	1,548	573	2,121
Mathafa O M	741	238	979
Mbele N B	365	72	437
Mohlala R K B	2,365	778	3,143
Mosime D W	580	339	919
Mosito D B	730	235	965
Motswapong B J	455	109	564
Ncube M E	1,209	295	1,504
Ngwenya F P and Moqoba A #	3,160	1,770	4,930
Rammushi J P	241	60	301
Thobejane E M #	(2,922)	21,038	18,116
Baloyi, R W (Sandspruit)	121	-	121
Sesoko, A M (Sandspruit)	117	-	117
Majeng, J (Sandspruit)	1,978	3,394	5,372
Mampheko, R M (Sandspruit)	126	3,689	3,815
Motsepe, R H (Sandspruit)	766	18,657	19,423
Rammushi, J P (Sandspruit)	696	929	1,625
Sindane, J M (Sandspruit)	1,426	11,878	13,304
	36,497	115,030	151,527

These councillors made arrangements to pay off their arrear debt

41. Non-compliance with applicable legislation

MFMA: Section 116(3)

Contracts were amended or extended without notifying the public as required by section 116(3) of the MFMA.

Supply Chain Management Regulations

In terms of Supply Chain Management Regulation 44, awards may not be made to a person who is in service of the state. Awards were made by the municipality to persons who are in the service of the state.

* See Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R
42. Commitments				
Authorised capital expenditure				
Approved and contracted for				
• Infrastructure	2,596,038,643	2,993,697,396	2,596,038,643	2,993,697,396
• Community	164,000,000	556,925,500	164,000,000	556,925,500
• Other	571,933,150	325,712,626	571,933,150	325,712,626
	3,331,971,793	3,876,335,522	3,331,971,793	3,876,335,522
Approved but not yet contracted for				
• Infrastructure	223,521,429	307,719,559	223,521,429	307,719,559
• Community	62,300,000	95,886,359	62,300,000	95,886,359
• Other	238,773,260	73,839,849	238,773,260	73,839,849
• Housing	-	35,000,000	-	35,000,000
	524,594,689	512,445,767	524,594,689	512,445,767
	3,856,566,482	7,752,671,044	3,856,566,482	4,388,781,289
Total capital commitments				
Approved and contracted for	3,331,971,793	3,876,335,522	3,331,971,793	3,876,335,522
Approved but not yet contracted for	524,594,689	512,445,767	524,594,689	512,445,767
	3,856,566,482	4,388,781,289	3,856,566,482	4,388,781,289
Authorised operational expenditure				
Approved and contracted for				
• TEDA	8,331,873	596,642	-	-
• Sandspruit Works Association	12,896,025	23,628,840	-	-
	21,227,898	24,225,482	-	-
Total operational commitments				
Already contracted and authorised	21,227,898	24,225,482	-	-
Total commitments				
Total commitments				
Authorised capital expenditure	3,856,566,482	4,388,781,289	3,856,566,482	4,388,781,289
Authorised operational expenditure	21,227,898	24,225,482	-	-
	3,877,794,380	4,413,006,771	3,856,566,482	4,388,781,289

The amount of the 2013/14 financial year regarding the parent municipality has been restated to reflect the amounts as approved in the adjustment budget.

Note: The capital commitments disclosed in this note, with regard to the Municipality, is based on the capital budget for the next financial year. Although most of the projects are multi year projects, however, only one year's approved capital budget for these projects has been disclosed.

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

43. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus - Group - 2015

	Insurance reserve	COVID reserve	Housing development fund	Accumulated surplus	Total
Opening balance	25,020,508	67,171,810	156,442,652	17,556,532,882	17,805,167,852
Net surplus for the year	-	-	-	1,178,662,431	1,178,662,431
Transfer to/(from) reserves	838,583	3,946,548	-	(4,785,131)	-
	25,859,091	71,118,358	156,442,652	18,730,410,182	18,983,830,283

Ring-fenced internal funds and reserves within accumulated surplus - Group - 2014

	Insurance reserve	COVID reserve	Housing development fund	Other	Total
Opening balance	58,163,634	150,012,090	156,442,652	13,238,923,501	13,603,541,877
Net surplus for the year	-	-	-	943,163,655	943,163,655
Restatement of 2013/14 financial year	-	-	-	(334,031,240)	(334,031,240)
Restatement of 2012/13 and prior financial years	-	-	-	3,602,029,427	3,602,029,427
Restatement of 2012/13 and prior - municipal entities	-	-	-	(7,706,853)	(7,706,853)
Restatement of 2013/14 financial year - municipal entities	-	-	-	(1,829,014)	(1,829,014)
Transfer to/(from) reserves	(33,143,126)	(82,840,280)	-	115,983,406	-
	25,020,508	67,171,810	156,442,652	17,556,532,882	17,805,167,852

Ring-fenced internal funds and reserves within accumulated surplus - Municipality - 2015

	Insurance reserve	COVID reserve	Housing development fund	Accumulated surplus	Total
Opening balance	25,020,508	67,171,810	156,442,652	17,513,578,123	17,762,213,093
Net surplus for the year	-	-	-	1,177,976,313	1,177,976,313
Transfer to/(from) reserves	838,583	3,946,548	-	(4,785,131)	-
	25,859,091	71,118,358	156,442,652	18,686,769,305	18,940,189,406

Ring-fenced internal funds and reserves within accumulated surplus - Municipality - 2014

	Insurance reserve	COVID reserve	Housing development fund	Other	Total
Opening balance	58,163,634	150,012,090	156,442,652	13,176,274,997	13,540,893,373
Net surplus for the year	-	-	-	953,321,534	953,321,534
Restatement of 2013/14 financial year	-	-	-	(334,031,240)	(334,031,240)
Restatement of 2012/13 and prior financial years	-	-	-	3,602,029,427	3,602,029,427
Transfer to/(from) reserves	(33,143,126)	(82,840,280)	-	115,983,406	-
	25,020,508	67,171,810	156,442,652	17,513,578,124	17,762,213,094

* See Note 47

City of Tshwane Metropolitan Municipality

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	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

44. Employee benefit obligations

Pension funds

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 a charge against income 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 5 651 (31.45 %) of the Municipality's employees are members of this fund.	312,845,933	280,017,389	312,845,933	280,017,389
Pension Fund for Municipal Councillors The Councillors of the City of Tshwane Metropolitan Municipality are members of this fund. 67 (0.37 %) of the Municipality's employees are members of this fund.	6,195,402	5,909,449	6,195,402	5,909,449
National Fund for Municipal Workers 6 252 (34.80 %) of the Municipality's employees are members of this fund.	380,608,532	346,974,897	380,608,532	346,974,897
SALA Provident Fund/Gratuity Fund 55 (0.31 %) of the Municipality's employees are members of this fund.	1,177,803	1,124,358	1,177,803	1,124,358
SAMWU National Pension Fund 14 (0.08 %) of the Municipality's employees are members of this fund.	928,555	888,292	928,555	888,292
SAMWU National Provident Fund 1 193 (6.64 %) of the Municipality's employees are members of this fund.	59,626,072	56,841,160	59,626,072	56,841,160
Germiston Municipal Retirement Fund 4 (0.02 %) of the Municipality's employees are members of this fund.	439,572	450,515	439,572	450,515
Meshawu National Local Authorities Retirement Fund 34 (0.19 %) of the Municipality's employees are members of this fund.	1,486,281	1,539,887	1,486,281	1,539,887
	763,308,150	693,745,947	763,308,150	693,745,947

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014	2015	2014
	R	Restated* R	R	Restated* R
44. Employee benefit obligations (continued)				
Defined benefit plan (as classified by the relevant funds):				
Tshwane Municipal Pension Fund				
256 (1.42%) of the Municipality's employees are members of this fund.				
Included in general expenses are:				
Current service cost	27,994,833	24,041,577	27,994,833	24,041,577
Interest cost	202,496,145	58,407,763	202,496,145	58,407,763
Expected return on assets	(194,855,117)	(58,069,726)	(194,855,117)	(58,069,726)
Recognised Net (Gain)/Loss	118,187,597	(24,013,553)	118,187,597	(24,013,553)
Defined benefit expense	153,823,458	366,061	153,823,458	366,061
Post-employment benefit liability (funded status)				
Present value of the obligation	(2,459,626,867)	(2,335,595,676)	(2,459,626,867)	(2,335,595,676)
Fair value of plan assets	2,233,686,185	2,247,463,862	2,233,686,185	2,247,463,862
Liability recognised in statement of financial position	(225,940,682)	(88,131,814)	(225,940,682)	(88,131,814)
Reconciliation of defined benefit obligation:				
Present value of obligation at beginning of year	2,335,595,677	698,138,451	2,335,595,677	698,138,451
Interest cost	202,496,145	58,407,763	202,496,145	58,407,763
Current service cost	27,994,833	24,041,577	27,994,833	24,041,577
Member contributions	6,395,138	6,352,929	6,395,138	6,352,929
Risk premiums	(1,947,828)	(1,913,807)	(1,947,828)	(1,913,807)
Benefits paid	(127,727,283)	-	(127,727,283)	-
Actuarial (gain)/loss on obligation	16,820,185	12,311,255	16,820,185	12,311,255
Past service cost	-	1,538,257,509	-	1,538,257,509
Present value of obligation at end of year	2,459,626,867	2,335,595,677	2,459,626,867	2,335,595,677

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R
44. 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	2,247,463,863	694,097,951	2,247,463,863	694,097,951
Expected return on plan assets	194,855,117	58,069,726	194,855,117	58,069,726
Contributions	22,409,729	1,460,885,185	22,409,729	1,460,885,185
Risk premiums	(1,947,828)	(1,913,807)	(1,947,828)	(1,913,807)
Benefits paid	(127,727,283)	-	(127,727,283)	-
Actuarial (gain)/loss on obligation	(101,367,412)	36,324,808	(101,367,412)	36,324,808
Fair value of plan assets at end of year	2,233,686,186	2,247,463,863	2,233,686,186	2,247,463,863
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	194,855,117	56,674,040	194,855,117	56,674,040
Estimated contributions to be paid to the Tshwane Pension Fund in the next financial period	22,409,729	22,528,641	22,409,729	22,528,641
Municipal Gratuity Fund				
1 577 (8.67%) of the Municipality's employees are members of this fund. No specific plan assets are set aside for the Gratuity Fund.				
Included in general expenses are:				
Current service cost	1,329,965	2,414,596	1,329,965	2,414,596
Interest cost	5,183,923	5,609,874	5,183,923	5,609,874
Recognised net (gain)/loss	12,379,149	(6,141,372)	12,379,149	(6,141,372)
Defined benefit expense	18,893,037	1,883,098	18,893,037	1,883,098
Post-employment benefit liability (funded status)				
Present value of the obligation	(71,244,758)	(76,279,430)	(71,244,758)	(76,279,430)
Net (expense)/income recognised in statement of financial performance	14,914,672	5,034,672	14,914,672	5,034,672
Liability recognised in statement of financial position	(56,330,086)	(71,244,758)	(56,330,086)	(71,244,758)
Reconciliation of defined benefit obligation:				
Present value of obligation at beginning of year	71,244,758	76,279,432	71,244,758	76,279,432
Interest cost	5,183,923	5,609,874	5,183,923	5,609,874
Current service cost	1,329,965	2,414,596	1,329,965	2,414,596
Benefits paid	(9,049,411)	(6,917,771)	(9,049,411)	(6,917,771)
Actuarial (gain)/loss on obligation	(12,379,149)	(6,141,373)	(12,379,149)	(6,141,373)
Present value of obligation at end of year	56,330,086	71,244,758	56,330,086	71,244,758

* See Note 47

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	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R
44. Employee benefit obligations (continued)				
Estimated benefit payments to be paid in the next financial period	7,185,066	9,049,411	7,185,066	9,049,411
Multi-employer funds				
<p>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 paragraph 30 of IAS 19. The total contributions are included in employee-related costs, Note 29)</p>				
SALA Pension Fund				
The actuarial valuation is carried annually since 1 July 1998. The actuarial valuation performed on 1 July 2004 showed an unfunded liability of R516,62 million (81,9% funding level). The Municipality's employees make up approximately 5,4% of the total membership and therefore the Municipality's possible liability with regard to the unfunded liability is calculated at R28 104 128. 693 (3.15%) of the Municipality's employees are members of this fund.	34,440,342	35,815,687	34,440,342	35,815,687
The Government Employees Pension Fund				
Actuarial valuations are performed every 3 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%. 7 (0.04%) of the Municipality's employees are members of this fund.	511,042	580,736	511,042	580,736
Joint Municipal Pension Fund				
Actuarial valuations are performed every 3 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. 40 (0.22 %) of the Municipality's employees are members of this fund.	4,014,982	3,861,615	4,014,982	3,861,615
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%. 2 272 (12.64 %) of the Municipality's employees are members of this fund.	115,118,516	102,962,106	115,118,516	102,962,106
Magalies Water Pension Fund				
Part of the transfer of functions during 2012/13	-	(5,885)	-	(5,885)
	154,084,882	143,214,259	154,084,882	143,214,259

* See Note 47

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	2015	2014	2015	2014
	R	Restated*	R	Restated*
		R		R
44. Employee benefit obligations (continued)				
Medical aid funds				
Included in general expenses are:				
Current service cost	25,443,000	16,423,238	25,443,000	16,423,238
Interest cost	105,946,044	92,922,554	105,946,044	92,922,554
Expected employer benefit payments	(46,696,764)	(43,713,480)	(46,696,764)	(43,713,480)
Recognised net (gain)/loss	(90,128,255)	36,622,636	(90,128,255)	36,622,636
Rounding correction	152	-	152	-
Defined benefit expense	(5,435,823)	102,254,948	(5,435,823)	102,254,948
Post-employment benefit liability (funded status)				
Present value of the unfunded obligation	(1,232,429,948)	(1,130,175,000)	(1,232,429,948)	(1,130,175,000)
Recognised actuarial gains	5,435,823	(102,254,948)	5,435,823	(102,254,948)
Liability recognised in statement of financial position	(1,226,994,125)	(1,232,429,948)	(1,226,994,125)	(1,232,429,948)
Reconciliation of defined benefit obligation:				
Present value of unfunded obligation at beginning of year	1,232,429,948	1,130,175,000	1,232,429,948	1,130,175,000
Interest cost	105,946,044	92,922,554	105,946,044	92,922,554
Current service cost	25,443,000	16,423,238	25,443,000	16,423,238
Employer contributions	(46,696,764)	(43,713,480)	(46,696,764)	(43,713,480)
Actuarial gains/losses	(90,128,255)	36,622,636	(90,128,255)	36,622,636
Rounding correction	152	-	152	-
Present value of obligation at end of year	1,226,994,125	1,232,429,948	1,226,994,125	1,232,429,948
Actuarial (gains)/losses recognised in other comprehensive income:				
Tshwane Pension Fund	118,187,597	(24,013,553)	118,187,597	(24,013,553)
Gratuities	12,379,149	(6,141,372)	12,379,149	(6,141,372)
Medical aid funds	(90,128,255)	36,622,636	(90,128,255)	36,622,636
Total amount of actuarial (gains)/losses recognised	40,438,491	6,467,711	40,438,491	6,467,711
Estimated employer benefit payments to be paid iro medical aid funds in the next financial period	47,780,436	46,696,764	47,780,436	46,696,764
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	1,226,993,973	1,232,430,100	1,226,993,973	1,232,430,100
Decrease of 1%	1,113,097,173	1,135,548,100	1,113,097,173	1,135,548,100
% change	(13.0)%	(7.9)%	(13.0)%	(7.9)%
Increase of 1%	1,377,809,973	1,356,237,200	1,377,809,973	1,356,237,200
% change	15.0 %	10.1 %	15.0 %	10.1 %

* See Note 47

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	Group		Municipality	
	2015	2014	2015	2014
	R	Restated*	R	Restated*
		R		R
44. Employee benefit obligations (continued)				
Long service awards				
Included in general expenses are:				
Current service cost	48,557,875	45,835,095	48,557,875	45,835,095
Interest cost	35,691,770	31,357,478	35,691,770	31,357,478
Expected employer benefit payments	(40,407,011)	(40,542,857)	(40,407,011)	(40,542,857)
Recognised net (gain)/loss	19,103,214	(17,168,334)	19,103,214	(17,168,334)
Defined benefit expense	62,945,848	19,481,382	62,945,848	19,481,382
Post-employment benefit liability (funded status)				
Present value of the unfunded obligation	(564,094,126)	(544,612,744)	(564,094,126)	(544,612,744)
Recognised actuarial gains	(62,945,848)	(19,481,382)	(62,945,848)	(19,481,382)
Liability recognised in statement of financial position	(627,039,974)	(564,094,126)	(627,039,974)	(564,094,126)
Reconciliation of defined benefit obligation:				
Present value of unfunded obligation at beginning of year	564,094,126	544,612,745	564,094,126	544,612,745
Interest cost	35,691,770	31,357,477	35,691,770	31,357,477
Current service cost	48,557,875	45,835,095	48,557,875	45,835,095
Employer contributions	(40,407,011)	(40,542,857)	(40,407,011)	(40,542,857)
Actuarial gains/losses	19,103,214	(17,168,334)	19,103,214	(17,168,334)
Present value of obligation at end of year	627,039,974	564,094,126	627,039,974	564,094,126
Actuarial (gains)/losses recognised in other comprehensive income:				
Long service awards	19,103,214	(17,168,334)	19,103,214	(17,168,334)
Estimated employer benefit payments to be paid iro long service awards in the next financial period	42,986,327	40,407,011	42,986,327	40,407,011
Sensitivity Results				
The effect of an increase and decrease of one percentage point in the assumed medical cost trend rates on is as follows:				
Salary increase rate:				
Accrued liability 30 June	627,039,974	564,094,126	627,039,974	564,094,126
Decrease of 1%	550,649,006	523,131,671	550,649,006	523,131,671
% change	(9.0)%	(7.3)%	(9.0)%	(7.3)%
Increase of 1%	720,337,400	815,604,557	720,337,400	815,604,557
% change	11.0 %	9.1 %	11.0 %	9.1 %
Post-employment benefit liability: Statement of financial position				
Pension fund	(225,940,682)	(88,131,815)	(225,940,682)	(88,131,815)
Municipal gratuity fund	(56,330,086)	(71,244,758)	(56,330,086)	(71,244,758)
Medical aid funds	(1,226,994,125)	(1,232,429,948)	(1,226,994,125)	(1,232,429,948)
Long service awards	(627,039,974)	(564,094,126)	(627,039,974)	(564,094,126)
	(2,136,304,867)	(1,955,900,647)	(2,136,304,867)	(1,955,900,647)

* See Note 47

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	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

44. Employee benefit obligations (continued)

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	8.58 %	8.67 %	8.58 %	8.67 %
Inflation rate	6.29 %	6.35 %	6.29 %	6.35 %
Salary increase rate	7.29 %	7.35 %	7.29 %	7.35 %
Expected rate of return on assets	8.58 %	8.67 %	8.58 %	8.67 %
Pension increase allowance	2.91 %	2.95 %	2.91 %	2.95 %
Health care cost inflation	7.95 %	8.02 %	7.95 %	8.02 %

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 8.58% 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 6.29 % 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 (1.69%) and nominal bonds (8.58%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore determined as follows: $(8.58\% - 0.5\% - 1.69\%)/1.0169$.

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 1 % (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 8.58%.

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 then increases of 5.51% per annum will be awarded on average over the longterm. This implies a post-retirement interest rate of 2.91% (from $1.0858/1.0551 - 1.0$).

Health care cost inflation:

We have assumed that the current contribution table(s) of the medical scheme(s) would continue to apply in the future, with allowance for inflationary increases of 7.95% per annum. We have assumed that health care cost inflation exceeds CPI inflation by an average of 1.50% per annum over the longterm.

* See Note 47

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	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

44. Employee benefit obligations (continued)

History of liabilities, assets and experience adjustments

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

	2015 R	2014 R	2013 R	2012 R	2011 R
History of liabilities and assets					
Accrued liability	1,910,364,185	1,867,768,832	1,751,067,174	1,449,361,665	1,366,271,668
Plan assets	-	-	-	-	-
Surplus (deficit)	(1,910,364,185)	(1,867,768,832)	(1,751,067,174)	(1,449,361,665)	(1,366,271,668)
Experience adjustments on plan: (Gains) and losses					
Liabilities	45,114,019	49,430,832	317,872,196	(236,307,193)	29,556,431

45. Events after the reporting date

2014/15:

Termination of the Security of Revenue Project (Smart meter pre-paid):

The master service agreement (MSA) between PEU Capital (Pty) Ltd and the City of Tshwane to assist with the Security of Revenue Project (SORP) - which was originally signed on 6 June 2013 - has been terminated effective 30 June 2015. The system will be taken over from PEU, at a price yet to be determined. The contracted service fee, namely 19.5 cents in a Rand, will cease to be paid. From 1 July 2015, PEU will commence with a handover and transfer process estimated to last six (6) months. During the handover and transfer period, a service fee of 9.5 cents in a Rand will apply for the maintenance and upkeep of the system.

The expenditure incurred to date on the contract amounted to R808 333 532 (2013/14 – R177 557 908).

TEDA:

Non-adjusting events

The entity is in the process of finalising the organisational design (OD) process to position itself to its external environment. There was a need to identify capacity needs and skills requirements aligned to a business model that will allow TEDA to be a larger entity. The OD process identified a new organisational structure, which was approved with 60 positions. Based on the new structure, competency assessments were conducted for all employees to ascertain competency levels and their suitability in terms of competencies required as informed by the new structure. The cost implication of the process is yet to be established.

On 10 and 24 July 2015 two (2) laptops were reported stolen with a combined book value of R14 527 and were reported to the South African Police Service with the following case numbers: 223/07/2015 and 356/07/2015 respectively.

On 7 and 20 July 2015 a deviation in terms of section 36(1) of the Supply Chain Management Regulations for Multichoice and Greenboard was approved and noted to the amount of R13 501.76 and R227 179.20 respectively.

* See Note 47

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	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R
46. Related parties				
Relationships				
Members of key management				Refer to Note 29 for remuneration of the City Manager Refer to Note 30 for remuneration of top management Refer to Note 29 and 31 for remuneration of Councillors
Related party balances				
Amounts included in trade receivables and loans regarding related parties				
Sandspruit Works Association			34,298,530	34,298,530
Amounts included in trade payables regarding related parties				
Housing Company Tshwane: Rental received on behalf of City of Tshwane			(195,431)	(187,968)
Housing Company Tshwane: Grant owed by City of Tshwane			8,000,000	-
Housing Company Tshwane: Unspent conditional grant			-	(7,849,460)
Housing Company Tshwane: Services charges owed by City of Tshwane			22,446	-
Sandspruit Works Association: Operating loss account			(12,138,910)	6,995,304
Sandspruit Works Association: Water treatment works			18,076,115	3,821,089
Sandspruit Works Association: Water accounts			3,298,235	1,451,298
TEDA			6,936	543,975
Related party transactions				
Sales to related parties				
Housing Company Tshwane: Rates			(202,305)	(167,860)
Housing Company Tshwane: Water and electricity			(91,679)	(18,382)
Housing Company Tshwane: Interest			(369)	-
Housing Company Tshwane: Deposit paid			(350)	-
Sandspruit Works Association (water purchases from CoT)			168,095,578	132,532,414
Sandspruit Works Association (electricity purchases from CoT)			1,611,919	2,876,785
Purchases from related parties				
Sandspruit Works Association (water sales to CoT)			140,954,128	116,864,174
TEDA: Loan from shareholder			-	588,482
TEDA: Printing services			1,208	-
Expenses paid on behalf of related parties				
Housing Company Tshwane: Telephone expenses			72,528	50,915
TEDA (salary of acting CEO) (seconded from CoT)			1,057,278	-
TEDA: Rental received from City of Tshwane			4,050,000	-
TEDA: SAP implementation MM and FICO			505,296	-
Grants to related parties				
Housing Company Tshwane			15,849,460	12,288,435
Sandspruit Works Association: CoT subsidy			193,576,330	161,457,228
TEDA - grant			57,651,938	47,500,000
TEDA - rental income			4,050,000	543,975
Disestablishment of municipal entities:				
Metsweding Economic Development Agency (MEDA)			-	244,393

MEDA was part of the former Metsweding District Municipality and it was resolved by Council on 25 August 2011 to disestablish the municipal entity. During the 2011/12 financial year all assets and liabilities of MEDA were taken over by the City of Tshwane and creditors outstanding were paid by the City of Tshwane. The amount of R244 393 (2012 = R480 474) relates to the net balance (accumulated surplus) between assets and liabilities on 1 July 2011 and 30 June 2013 respectively. The final close-down financial statements are still to be compiled and finalised. No movement occurred in the balance during 2013/14. The balance was cleared to revenue during 2014/15.

* See Note 47

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2015	2014 Restated*	2015	2014 Restated*
R	R	R	R

47. Prior period restatements

Change in accounting policy

With the implementation of GRAP 103: Heritage assets in 2013 the accounting policy of the Municipality regarding the valuation of heritage assets changed. However, the Municipality used the transitional provisions which lapsed on 30 June 2015. According to the transitional provisions the Municipality was not required to measure heritage assets for reporting periods beginning on or after a date within three (3) years following the date of initial adoption of the standard. Up to 30 June 2014, heritage assets were therefore recognised at provisional amounts. An expert was appointed to value the heritage assets during 2014/15 and the value of heritage assets as on 30 June 2014 was therefore restated with an amount of R3 581 871 158.

Reclassification

Statement of financial performance:

A reclassification was done on general expenditure to the amount of R332 227 417 and consist of collection cost: electricity disconnection expenses which were reclassified to collection cost (R67 697 425) and an amount of R264 529 992 was reclassified to grants and subsidies paid, which relate to transfers to municipal entities. This reclassification was necessary, as the mapping of the expenses was incorrect.

A reclassification was done on expenditure relating to grants-in aid: assessment rates, as this was reclassified to property rates revenue to comply with paragraph 72 of GRAP 23 (R22 006 956).

Statement of financial position:

Non-current assets held for sale (R170 509) were reclassified to property, plant and equipment in terms of the revised GRAP 100 requirements.

Other receivables and consumer receivables: An amount of R25 714 380 was reclassified from other receivables to consumer receivables, as the smart prepaid electricity debtor was incorrectly mapped to other receivables.

Cash flow statement:

A reclassification between receipts from ratepayers and other sources was done (R1 930 320 268) to be comparable, as the calculation method with regard to the receipts from ratepayers was changed during 2014/15. For the group the reclassification amounted to R764 958 649.

For the Municipality reclassification was done between payments to suppliers and transfers and grants to show the transfers to municipal entities correctly (R264 529 992). This is a result of the reclassification between general expenditure and transfers and grants.

For the Municipality an amount of R46 820 859 was reclassified between movement in long-term receivables and movement in financial assets, as these two (2) line items were split on the cash flow statement during 2014/15 to give more detailed information.

Correction of errors

Revenue:

Service charges were restated with an amount of R4 817 287 due to accruals that were corrected.

Rental of facilities and equipment was restated with an amount of R14 546 434 (group = R13 914 464) as a result of the correction of the straight lining calculations. Refer to other receivables on the statement of financial position as well.

Grant revenue was restated with an amount of R2 159 543 as a result of incorrect expenditure against a capital project which had to be transferred to operational expenditure and the grant revenue recognition had to be reversed as well. Refer to unspent grant under liabilities as well.

Other income was restated with an amount of R48 494 206 as a result of newly identified assets (assets identified during the year which were not on the asset register).

Expense:

For the group remuneration was restated with an amount of R518 967 due to corrections done by the municipal entities.

* See Note 47

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2015	2014 Restated*	2015	2014 Restated*
R	R	R	R

47. Prior period restatements (continued)

Depreciation and amortisation were restated with an amount of R13 853 678 (Group = R14 081 874) due to purification of the asset register.

Repairs and maintenance was restated with an amount of R65 094 008 (group = R74 654 536) due to purification of the asset register (i.e. amounts relate to operational expenditure which cannot be capitalised as an asset) and creditors accrual correction.

General expense was restated with an amount of R271 625 443 (group = R527 960 118) as a result of a correction of the creditors accrual as invoices were paid in 2014/15 and were dated before 30 June 2014. Refer to payables under liabilities as well.

Gain/loss on disposal of assets was restated with an amount of R8 421 329 (group = R8 412 324) as a result of scrapping of assets and disposal of assets.

Finance cost was restated with an amount of R158 928 as a result of corrections to lease liabilities.

Collection cost was restated with an amount of R575 365 as a result of creditors accrual correction.

Bulk purchases were restated with an amount of R28 368 560 as a result of creditors accrual correction.

TEDA: Taxation was restated with an amount of R9 608 due to errors picked up by the entity.

Statement of financial position:

Other receivables were restated with an amount of R503 069 828 (group = R505 612 372) mainly as a result of corrections to levies for rental of facilities and waste management debtors which form part of sundry debtors and the pre-payment made to Sanral out of a capital project for which a debtor had to be created.

Investment property was restated with an amount of R102 873 780 due to purification of the fixed asset register and for the group it was restated with R111 130 210 as Housing Company Tshwane used the fair value model for investment property and an adjusting entry had to be done on consolidation..

The restatement of property, plant and equipment with an amount of R607 313 908 (group = R607 322 693) consists mainly of purification of the fixed asset register and transferring amounts to operational expenditure which cannot be capitalised as an asset under the purification of assets under construction.

Leased assets were restated with an amount of R1 847 328 and the lease liability was also restated with R1 866 272. This was due to calculation errors picked up.

Intangible assets were restated with an amount of R4 959 757 (group = R5 119 062) due to purification actions.

Heritage assets were restated with an amount of R3 581 871 158 due to the valuation of heritage assets as the transitional provisions of GRAP 103 lapsed on 30 June 2015.

Trade payables were restated with an amount of R271 095 714 (group = R273 519 145) due to the correction of creditor accruals due to late receiving of invoices (R368 317 362 increase) and the gain on transfer of functions which was transferred to revenue (R97 221 647 decrease).

Consumer deposits were restated with an amount of R3 001 653 due to the restatement of the transfer of functions. Council approval was obtained to write off or transfer to revenue the balances which showed no movement since the transfer of functions were finalised.

The municipality restated VAT receivable with R122 506 729 and VAT payable with R45 916 232 mainly due to the claiming of VAT on non-vatable services e.g. transport services and corrections by the municipal entities and the VAT audit done by SARS.

Unspent grants and receipts were restated with an amount of R2 159 545, and a municipal entity (Sandspruit) with an amount of R1 551 045 as a result of incorrect expenditure against a capital project which had to be transferred to operational expenditure and the grant revenue recognition had to be reversed as well. (Refer to grant revenue as well).

Accumulated surplus was restated with a net amount of R3 267 998 188 (group = R3 258 462 319) consisting of a decrease in the surplus of 2013/14 of R334 031 240 and an increase in the surplus of 2012/13 and prior of R3 602 029 427 and for municipal entities an amount of R9 535 867.

* See Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Notes to the Consolidated Annual Financial Statements

Group		Municipality	
2015	2014 Restated*	2015	2014 Restated*
R	R	R	R

47. Prior period restatements (continued)

Restatement on disclosure notes:

Note 46 - Related party transactions were restated due to errors picked up only in the 2013/14 financial year:

TEDA:

Trade receivables were restated from R0 to R543 975 due to rental income that is owed to TEDA by the City of Tshwane.

Sandspruit Works Association:

Purchases from this related party was restated from R132 232 368 to R132 532 414.

Note 42 - Commitments:

The amount of the commitments relating to 2013/14 has been restated during 2014/15 to reflect the amounts as per the adjustment budget. The total was restated with an amount of R220 794 533 from R4 167 986 756 to R4 388 781 289.

Note 49 - Fruitless and wasteful expenditure:

TEDA: The entity restated the fruitless and wasteful expenditure of 2013/14 from R50 515 to R246 174.

Note 50 - Irregular expenditure:-

The irregular expenditure of the municipality in 2013/14 was restated with an amount of R177 557 908 relating to non-compliance with section 23 of the SCM regulations which was only picked up during 2014/15.

Note 53 - Operating leases were restated due to errors picked up in the 2014/15 financial year

During 2014/15 it was identified that the balance of R43 200 000 disclosed in the 2013/14 financial year was incorrect and should have been zero as the lease of the buses was fully repaid in 2013/14.

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 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

47. Prior period restatements (continued)

Group	As previously reported	Reclassification	Correction of errors	Restated
2014				
Statement of financial performance				
Revenue:				
Property rates	4,432,341,534	(22,006,956)	-	4,410,334,578
Service charges	12,312,128,924	-	4,817,287	12,316,946,211
Rental of facilities and equipment	112,856,800	-	(13,944,464)	98,912,336
Interest received: Outstanding consumer debtors	326,815,627	25,200	-	326,840,827
Public contributions and donations	237,944,478	-	-	237,944,478
Fines	196,885,787	-	(62,022,251)	134,863,536
Licences and permits	55,801,028	-	-	55,801,028
Government grants, subsidies, awards and donations	4,976,054,018	-	(2,159,543)	4,973,894,475
Other income	677,612,767	-	48,494,206	726,106,973
Interest received - external investments	52,427,699	(25,200)	-	52,402,499
Total Revenue	23,380,868,662	(22,006,956)	(24,814,765)	23,334,046,941
Expenditure:				
Remuneration	6,085,985,562	-	518,967	6,086,504,529
Remuneration of councillors	96,788,502	-	-	96,788,502
Depreciation and amortisation	1,237,477,456	-	14,081,874	1,251,559,330
Impairment loss/reversal of impairments	5,200,760	-	-	5,200,760
Finance cost	813,986,128	-	(158,928)	813,827,200
Debt impairment	1,400,623,038	-	(62,022,250)	1,338,600,788
Collection costs	92,113,866	67,697,425	575,365	160,386,656
Repairs and maintenance	1,305,150,179	-	74,654,536	1,379,804,715
Bulk purchases	7,028,472,531	-	28,068,514	7,056,541,045
Grants and subsidies paid	22,006,956	242,523,036	(264,529,992)	-
General expenses	4,149,102,740	(332,227,417)	527,960,118	4,344,835,441
Total expenditure	22,236,907,718	(22,006,956)	319,148,204	22,534,048,966
Gain/(loss) on disposal of assets and liabilities	(151,649,954)	-	8,412,324	(143,237,630)
Fair value adjustments	(47,226,582)	-	(300,000)	(47,526,582)
Gain/(loss) on foreign exchange	42,326	-	-	42,326
Taxation	(1,963,079)	-	(9,608)	(1,972,687)
Surplus for the year	943,163,655	-	(335,860,253)	607,303,402

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

47. Prior period restatements (continued)

Group	As previously reported	Changes in accounting policy	Reclassification	Correction of errors	Restated
2014					
Statement of financial position					
Current assets					
Inventory	391,915,943	-	-	2	391,915,945
Current portion of long-term receivables	162,118,924	-	-	-	162,118,924
Other receivables	652,312,213	-	(25,714,380)	505,612,372	1,132,210,205
VAT receivable	1,785,209	-	-	120,721,520	122,506,729
Consumer receivables	2,534,752,267	-	25,714,380	16,668	2,560,483,315
Call investment deposits	622,948,673	-	-	-	622,948,673
Cash and cash equivalents	224,867,307	-	-	-	224,867,307
Non-current assets					
Investment property	864,677,551	-	-	(111,130,320)	753,547,231
Property, plant and equipment	26,090,032,722	-	170,509	(607,322,693)	25,482,880,538
Leased assets	9,931,773	-	-	(1,847,328)	8,084,445
Intangible assets	392,033,888	-	-	(5,119,062)	386,914,826
Heritage assets	25,750,552	3,581,871,158	-	-	3,607,621,710
Investments	5,807,092	-	-	-	5,807,092
Long-term receivables	108,213,966	-	-	-	108,213,966
Interest rate swap asset	34,411,454	-	-	-	34,411,454
Non-current assets held for sale	170,509	-	(170,509)	-	-
Current liabilities					
Long-term liabilities	507,460,155	-	-	-	507,460,155
Lease liabilities	10,624,474	-	-	(1,878,706)	8,745,768
Deferred operating lease liability	2,608,775	-	-	-	2,608,775
Payables from exchange transactions	5,264,814,545	-	-	273,519,145	5,538,333,690
VAT payable	45,916,232	-	-	(45,066,990)	849,242
Consumer deposits	413,750,974	-	-	(3,001,653)	410,749,321
Unspent grants and receipts	134,328,118	-	-	608,500	134,936,618
Taxation	3,071,875	-	-	206,110	3,277,985
Non-current liabilities					
Long-term liabilities	8,746,039,145	-	-	-	8,746,039,145
Lease liabilities	210,183	-	-	12,434	222,617
Deferred operating lease liability	481,254	-	-	-	481,254
Retirement benefit obligation	1,955,900,647	-	-	-	1,955,900,647
Deferred tax	9,700	-	-	(847)	8,853
Provisions	445,694,280	-	-	-	445,694,280
Interest rate swap liability	44,114,153	-	-	-	44,114,153
Equity					
Accumulated surplus	14,546,705,533	-	-	3,258,462,319	17,805,167,852

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

47. Prior period restatements (continued)

Group	As previously reported	Reclassi- fication	Correction of errors	Restated
2014				
Cash flow statement				
Cash generated from operations				
Cash receipts from ratepayers and service charges	16,744,470,458	(764,958,649)	(25,200)	15,979,486,609
Cash receipts from other revenue sources	1,066,971,302	742,976,893	(423,335,899)	1,386,612,296
Grants	4,984,560,786	-	-	4,984,560,786
Cash paid to suppliers	(12,651,146,942)	266,502,677	150,749,048	(12,233,895,217)
Cash paid to employees	(6,182,774,064)	-	(518,967)	(6,183,293,031)
Transfers and grants	(22,006,956)	(242,523,036)	264,529,992	-
Finance costs (interest paid)	(813,986,128)	-	158,928	(813,827,200)
Taxes on surpluses	-	(1,972,685)	-	(1,972,685)
Interest income	52,427,699	(25,200)	-	52,402,499
Net cash generated from operations	3,178,516,155	-	(8,442,098)	3,170,074,057
Cash flow from investing activities				
Purchase of property, plant and equipment	(4,628,611,029)	-	(972,246)	(4,629,583,275)
Purchase/redemption of leased assets	117,884	-	2,340,752	2,458,636
Proceeds from sale of property, plant and equipment	(20,591,172)	-	9,163,630	(11,427,542)
Purchase of investment property	23,316,350	-	724,160	24,040,510
Purchase of other intangible assets/restatements	(9,267,146)	-	(369,230)	(9,636,376)
Proceeds from sale of intangible assets	13,434,315	-	-	13,434,315
Purchase of heritage assets	(7)	-	7	-
Proceeds from sale of heritage assets	536	-	-	536
Movement in long-term receivables	-	(46,820,859)	-	(46,820,859)
Movement in financial assets	(47,641,739)	46,820,859	-	(820,880)
Movement in interest rate swap asset	47,142,677	-	-	47,142,677
Movement in interest rate swap liability	44,114,153	-	-	44,114,153
Net cash from investing activities	(4,577,985,178)	-	10,887,073	(4,567,098,105)
Cash flow from financing activities				
Proceeds from long-term liabilities	1,600,000,000	-	-	1,600,000,000
Repayment of long-term liabilities	(648,537,164)	-	-	(648,537,164)
Finance lease repayments	(81,149,114)	-	(2,444,976)	(83,594,090)
Net cash from financing activities	870,313,722	-	(2,444,976)	867,868,746

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014	2015	2014
	R	Restated*	R	Restated*
		R		R
47. Prior period restatements (continued)				
Net cash flow				
Net increase/(decrease) in cash and cash equivalents	(529,155,301)	-	-	(529,155,301)
Cash and cash equivalents at the beginning of the year	1,376,971,281	-	-	1,376,971,281
Cash flow at the end of the year	847,815,980	-	-	847,815,980
Municipality	As previously reported	Reclassi- fication	Correction of errors	Restated
2014	R'000	R'000	R'000	R'000
Statement of financial performance				
Revenue:				
Property rates	4,432,509,394	(22,006,956)	-	4,410,502,438
Service charges	12,364,114,235	-	5,117,333	12,369,231,568
Rental of facilities and equipment	109,863,153	-	(14,546,434)	95,316,719
Interest received: Outstanding consumer debtors	299,341,658	-	-	299,341,658
Public contributions and donations	237,944,478	-	-	237,944,478
Fines	196,885,787	-	(62,022,251)	134,863,536
Licences and permits	55,801,028	-	-	55,801,028
Government grants and subsidies	4,976,054,018	-	(2,159,543)	4,973,894,475
Other income	673,396,789	-	48,494,206	721,890,995
Interest received - external investments	51,799,573	-	-	51,799,573
Total Revenue	23,397,710,113	(22,006,956)	(25,116,689)	23,350,586,468
Municipality	As previously reported	Reclassi- fication	Correction of errors	Restated
2014				
Expenditure:				
Employee costs	5,977,333,289	-	-	5,977,333,289
Remuneration of councillors	96,788,502	-	-	96,788,502
Depreciation and amortisation	1,233,847,162	-	13,853,678	1,247,700,840
Impairment loss/reversal of impairments	5,200,760	-	-	5,200,760
Finance cost	813,090,999	-	(158,928)	812,932,071
Debt impairment	1,304,906,055	-	(62,022,250)	1,242,883,805
Collection costs	92,048,535	67,697,425	575,365	160,321,325
Repairs and maintenance	1,302,647,008	-	65,094,008	1,367,741,016
Bulk purchases	7,148,341,187	-	28,368,560	7,176,709,747
Grants and subsidies paid	22,006,956	242,523,036	-	264,529,992
General expenses	4,249,106,890	(332,227,417)	271,625,443	4,188,504,916
Total expenditure	22,245,317,343	(22,006,956)	317,335,876	22,540,646,263
Gain/(loss) on disposal of assets and liabilities	(151,586,980)	-	8,421,329	(143,165,651)
Fair value adjustments	(47,526,582)	-	-	(47,526,582)
Gain/(loss) on foreign exchange	42,326	-	-	42,326
Surplus for the year	953,321,534	-	(334,031,236)	619,290,298

* See Note 47

City of Tshwane Metropolitan Municipality

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	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

47. Prior period restatements (continued)

Municipality	As previously reported	Changes in accounting policy	Reclassification	Correction of errors	Restated
2014					
Statement of financial position					
Current assets					
Inventory	388,533,035	-	-	-	388,533,035
Current portion of long-term receivables	162,118,924	-	-	-	162,118,924
Other receivables	633,834,417	-	(25,714,380)	503,069,508	1,111,189,545
Consumer receivables	2,518,811,868	-	25,714,380	16,668	2,544,542,916
VAT receivable	-	-	-	122,506,729	122,506,729
Call investment deposits	622,948,673	-	-	-	622,948,673
Cash and cash equivalents	174,299,426	-	-	-	174,299,426
Non-current assets					
Investment property	851,177,551	-	-	(102,873,780)	748,303,771
Property, plant and equipment	26,071,567,438	-	170,509	(607,313,908)	25,464,424,039
Leased assets	9,931,773	-	-	(1,847,328)	8,084,445
Intangible assets	391,730,090	-	-	(4,959,757)	386,770,333
Heritage assets	25,750,552	3,581,871,158	-	-	3,607,621,710
Investments	5,807,092	-	-	-	5,807,092
Long-term receivables	108,213,966	-	-	-	108,213,966
Interest rate swap asset	34,411,454	-	-	-	34,411,454
Non-current assets held for sale	170,509	-	(170,509)	-	-
Current liabilities					
Trade and other payables from exchange transactions	5,207,107,468	-	-	271,095,714	5,478,203,182
Deferred operating lease liability	2,308,997	-	-	-	2,308,997
Long-term liabilities	507,144,757	-	-	-	507,144,757
Lease liabilities	10,624,474	-	-	(1,878,706)	8,745,768
VAT payable	45,916,232	-	-	(45,916,232)	-
Unspent grants and receipts	132,498,219	-	-	2,159,545	134,657,764
Consumer deposits	410,025,312	-	-	(3,001,653)	407,023,659
Non-current liabilities					
Long-term liabilities	8,743,549,702	-	-	-	8,743,549,702
Lease liabilities	210,183	-	-	12,434	222,617
Retirement benefit obligation	1,955,900,647	-	-	-	1,955,900,647
Provisions	445,691,718	-	-	-	445,691,718
Interest rate swap liability	44,114,153	-	-	-	44,114,153
Equity					
Accumulated surplus	14,494,214,906	-	-	3,267,998,188	17,762,213,094

* See Note 47

City of Tshwane Metropolitan Municipality

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	Group		Municipality	
	2015	2014	2015	2014
	R	Restated*	R	Restated*
		R		R
47. Prior period restatements (continued)				
Municipality	As previously reported	Reclassification	Correction of errors	Restated
2014				
Cash flow statement				
Cash generated from operations				
Cash receipts from ratepayers and service charges	14,174,122,626	1,924,952,462	5,367,806	16,104,442,894
Cash receipts from other revenue sources	3,747,875,554	(1,946,959,418)	(425,905,727)	1,375,010,409
Grants received	4,983,222,000	-	-	4,983,222,000
Cash paid to suppliers	(12,876,189,503)	264,529,992	412,117,476	(12,199,542,035)
Cash paid to employees	(6,074,121,790)	-	-	(6,074,121,790)
Transfers and grants paid	(22,006,956)	(242,523,036)	-	(264,529,992)
Finance costs (interest paid)	(813,090,999)	-	158,928	(812,932,071)
Interest Income	51,799,573	-	-	51,799,573
Net cash generated from operations	3,171,610,505	-	(8,261,517)	3,163,348,988
Cash flow from investing activities				
Purchase of property, plant and equipment	(4,617,961,242)	-	(972,246)	(4,618,933,488)
Purchase/redemption of leased assets	117,884	-	2,340,752	2,458,636
Proceeds from sale of property, plant and equipment	(20,591,172)	-	9,163,630	(11,427,542)
Purchase of investment property	23,316,350	-	724,159	24,040,509
Purchase of other intangible assets/restatements	(9,045,120)	-	(549,807)	(9,594,927)
Proceeds from sale of intangible assets	13,434,315	-	-	13,434,315
Purchase of heritage assets	(7)	-	7	-
Proceeds from sale of heritage assets	536	-	-	536
Movement in long-term receivables	-	(46,820,859)	-	(46,820,859)
Movement in financial assets	(47,641,739)	46,820,859	-	(820,880)
Movement in interest rate swap asset	47,142,677	-	-	47,142,677
Movement in interest rate swap liability	44,114,153	-	-	44,114,153
Net cash from investing activities	(4,567,113,365)	-	10,706,495	(4,556,406,870)
Cash flow from financing activities				
Proceeds from long-term liabilities	1,600,000,000	-	-	1,600,000,000
Repayment of long-term liabilities	(648,221,694)	-	-	(648,221,694)
Finance lease repayments	(81,149,114)	-	(2,444,976)	(83,594,090)
Net cash from financing activities	870,629,192	-	(2,444,976)	868,184,216
Net cash flow				
Net increase/(decrease) in cash and cash equivalents	(524,873,668)	-	-	(524,873,668)
Cash and cash equivalents at the beginning of the year	1,322,121,767	-	-	1,322,121,767
Cash and cash equivalents at the end of the year	797,248,099	-	-	797,248,099

* See Note 47

City of Tshwane Metropolitan Municipality

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	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R
48. Unauthorised expenditure				
Opening balance	1,193,981,952	-	1,193,981,952	-
Unauthorised expenditure in current year (refer to Appendix D for detail)	785,504,172	1,193,981,952	785,504,172	1,193,981,952
Less: Approved/Condoned by Council in respect of previous financial year	(1,193,981,952)	-	(1,193,981,952)	-
	785,504,172	1,193,981,952	785,504,172	1,193,981,952

2014/15:

Refer to Appendix D relating to municipal votes and Appendix E relating to revenue and expenditure line items for more detail.

The over-expenditure can mainly be attributed to, debt impairment, depreciation, finance charges 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.

Unauthorised expenditure: Budget overspending - per strategic unit

Group Financial Services	-	100,937,287	-	100,937,287
Health and Social Development	26,270,026	10,006,092	26,270,026	10,006,092
Information and Communication Technology Management	115,159,925	25,322,297	115,159,925	25,322,297
Metro Police Services	19,425,662	161,920,826	19,425,662	161,920,826
Office of the Chief Audit Executive	97,595,821	-	97,595,821	-
Regional Service Delivery	216,622,176	203,817,966	216,622,176	203,817,966
Service Infrastructure: Electricity	129,465,017	330,797,025	129,465,017	330,797,025
Service Infrastructure: Water and Sanitation	137,027,219	89,328,107	137,027,219	89,328,107
Transport	43,938,326	-	43,938,326	-
City Planning	-	4,573,719	-	4,573,719
City Strategies and Performance Management	-	2,110,624	-	2,110,624
Corporate and Shared Services	-	133,993,117	-	133,993,117
Emergency Services	-	19,540,982	-	19,540,982
Environmental Management	-	79,658,664	-	79,658,664
Housing and Human Settlement	-	14,335,000	-	14,335,000
Legal Services	-	330,829	-	330,829
Macro Economic Planning	-	1,829,000	-	1,829,000
Office of the Chief Whip	-	1,072,956	-	1,072,956
Office of the Speaker	-	14,407,461	-	14,407,461
	785,504,172	1,193,981,952	785,504,172	1,193,981,952

* See Note 47

City of Tshwane Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014	2015	2014
	R	Restated*	R	Restated*
		R		R
49. Fruitless and wasteful expenditure				
Opening balance	17,428,956	16,667,942	13,503,181	13,139,024
Fruitless and wasteful expenditure in current year (from declarations)	992,600	329,768	992,600	329,768
SCM: Lowest price quotation not selected	-	1,894	-	1,894
Electricity: Disputing interest levied by Eskom	-	32,495	-	32,495
Interest on overdue accounts not recorded	40,392	-	40,392	-
Current year expenditure - TEDA	662,939	246,174	-	-
Current year expenditure - Housing Company Tshwane	31,342	113,579	-	-
Current year expenditure - Sandspruit	-	50,287	-	-
Less: Condoned - TEDA	(38,990)	-	-	-
Less: Recoveries - Housing Company Tshwane	(150)	(13,183)	-	-
Less: Condoned - Housing Company Tshwane	(144,402)	-	-	-
Less: Approved by Council	(329,768)	-	(329,768)	-
	18,642,919	17,428,956	14,206,405	13,503,181

Details of fruitless and wasteful expenditure – current year

	Disciplinary steps taken/criminal proceedings	
Electricity: Eskom interest	Under investigation - dispute with Eskom	664,832
Interest on overdue accounts not recorded	Non-compliance	40,392
Group Finance: Cheque fraud	Under investigation	327,768
Housing Company Tshwane: Interest and penalty to SARS	Under investigation - VAT review ongoing	31,342
TEDA: Interest and penalties in respect of provisional tax	None. Due to delay in registering for PAYE, SDL and UIF	147,052
TEDA: Provisional tax CSRI for TITIIC	None. Under provision due to TITIIC postponement	515,887
		1,727,273

Details of fruitless-and wasteful expenditure condoned

	Condoned by Council/City Manager/SED	
Housing Company: Recoveries	Recovered during the year	150
Housing Company: Condonement	Condoned by the board	144,402
City of Tshwane: Cheque fraud	Condoned by Council	35,448
City of Tshwane: Cheque fraud	Condoned by Council	294,320
TEDA: Condoned or written off	Condoned by the board	38,990
		513,310

* See Note 47

City of Tshwane Metropolitan Municipality

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	Group		Municipality	
	2015	2014	2015	2014
	R	Restated*	R	Restated*
		R		R
50. Irregular expenditure				
Opening balance	627,469,867	293,590,854	612,048,099	284,186,513
Add: Irregular Expenditure (from declarations) - current year	124,312	-	124,312	-
Add: Irregular expenditure due to non-compliance with regulation 44 of MFMA - persons in service of City of Tshwane	186,775	8,328,629	186,775	8,328,629
Add: Irregular expenditure due to awards to employees of other state institutions	1,920,492	-	1,920,492	-
Add: Irregular expenditure ito section 32 of the MFMA	65,083,419	11,903,603	65,083,419	11,903,603
Add: Irregular expenditure due to rotation of suppliers	68,322	505,891	68,322	505,891
Add: Irregular expenditure due to procurement splitting	231,250	427,439	231,250	427,439
Add: Irregular expenditure due to unfair and subjective awards	-	189,999	-	189,999
Add: Irregular expenditure because 3 quotations were not obtained	11,288	68,101	11,288	68,101
Add: Irregular expenditure due to lowest price quotation not selected	-	80,548	-	80,548
Add: Irregular expenditure due to BRT System contract 239	-	79,161,683	-	79,161,683
Add: Irregular expenditure due to transactions with employees	-	1,794,764	-	1,794,764
Add: Irregular expenditure due to no disclosure of awards to spouses of employees	-	2,416,421	-	2,416,421
Add: Irregular expenditure due to value of awards made not disclosed	-	1,202,640	-	1,202,640
Add: Irregular expenditure due to SCM deviations	-	24,773,145	-	24,773,145
Add: Irregular expenditure due to the ward committee system found to be invalid by the courts	8,162,651	19,450,815	8,162,651	19,450,815
Add: Irregular expenditure due to expired BBBEE certificate	38,029,172	-	38,029,172	-
Add: Irregular expenditure due to non compliance with section 19 (a) of SCM regulations (identified in current year)	808,333,532	177,557,908	808,333,532	177,557,908
Add: Sandspruit non-compliance with SCM regulations	14,251,713	7,205,515	-	-
Add: Housing Company Tshwane - non compliance with SCM regulations	1,570,498	-	-	-
Less: Ward committee expenditure of 2014 condoned ito court ruling	(19,450,815)	-	(19,450,815)	-
Less: Ward committee expenditure of 2015 condoned ito court ruling	(8,162,651)	-	(8,162,651)	-
Less: Sandspruit condoned	(707,405)	-	-	-
Less: TEDA condoned	-	(1,188,088)	-	-
Less: Approved/condoned during the year	(50,611)	-	(50,611)	-
	1,537,071,809	627,469,867	1,506,535,235	612,048,099

* See Note 47

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	Group		Municipality	
	2015	2014	2015	2014
	R	Restated* R	R	Restated* R
50. Irregular expenditure (continued)				
Details of irregular expenditure – current year				
Ex facto payments - section 32				65,083,419
Irregular expenditure due to the ward committee system				8,162,651
Non-compliance with regulation 44 of MFMA - persons in service of City of Tshwane				186,775
Declaration: Group Financial Services - remuneration				42,246
Declaration: Corporate and Shared Services - salaries of 3 employees paid into fraudulent bank account				82,066
Irregular expenditure due to non-compliance with section 19(a) of SCM regulations (R177 557 908 of 2013/14 was identified in current year)				808,333,532
Procurement of goods and/services split into parts				231,250
Awards to employees of other state institutions				1,920,492
Three quotations not obtained				11,288
Supplier of goods and services not rotated				68,322
Expired BBBEE certificate				38,029,172
Sandspruit: Manhole covers				73,391
Sandspruit: Municipal Finance Management Programme				289,332
Sandspruit: TLB hire at WWTW				28,500
Sandspruit: Grass cutting at Rietgat WWTW				28,158
Sandspruit: Repairs and maintenance at water purification works				30,435
Sandspruit: Facilitation of strategic workshop and development of turnaround strategy				171,000
Sandspruit: Other items below R10 000 individually				36,577
Sandspruit: Supply and delivery of customised ODI diaries				38,500
Sandspruit: Annual software licence fee				11,512
Sandspruit: Various repairs and maintenance at various WWTW				8,981,217
Sandspruit: TLB hire				1,210,825
Sandspruit: Cash collection security services				312,893
Sandspruit: Grading of job profiles				33,354
Sandspruit: Office cleaning products				268,872
Sandspruit: Cutting of grass services				35,867
Sandspruit: Other various WWTW expenses				126,120
Sandspruit: Municipal Finance Management programme				289,332
Sandspruit: Repair and removal of branding on vehicles				33,516
Sandspruit: Valid emergencies reclassified due to lack of rotation of suppliers				363,884
Sandspruit: Repairs to submersible pump				29,901
Sandspruit: DN300 hydroclass pipe due to pipe burst in Ga-Rankuwa				53,153
Sandspruit: Cleaning of all Sandspruit offices				1,015,700
Sandspruit: Legal fees				679,875
Sandspruit: Accommodation hire for IMESA conference				14,847
Sandspruit: Secretarial services for board meetings				5,903
Sandspruit: Venue hire for board meeting				5,212
Sandspruit: Catering during Kuka Maoto				4,200
Sandspruit: Transport for funeral arrangements				4,900

* See Note 47

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Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014	2015	2014
	R	Restated* R	R	Restated* R
50. Irregular expenditure (continued)				
Sandspruit: Advertising of position in newspapers		None. Awaiting investigation/condonement		33,902
Sandspruit: Incident investigation training		None. Awaiting investigation/condonement		40,835
Housing Company: Awarding security services contract without following bidding process (Eloff)		Investigation will be launched to verify whether there was an act of negligence or misconduct		431,345
Housing Company: Awarding cleaning services contract without following bidding process (Clarina)		Investigation will be launched to verify whether there was an act of negligence or misconduct		476,450
Housing Company: Awarding security services contract without following bidding process (Clarina)		Investigation will be launched to verify whether there was an act of negligence or misconduct		521,903
Housing Company: Contract awarded without following the bidding process and the amount is more than R200 000		Investigation will be launched to verify whether there was an act of negligence or misconduct		140,800
				937,973,424
Details of irregular expenditure condoned		Condoned by Council/City Manager/SED		
2015: Group IT and Communications Management - engaging service provider while contract has expired		Condoned by Council		50,611
2014: Irregular expenditure due to the ward committee system		Condoned by Council and in terms of court ruling		19,450,815
2015: Irregular expenditure due to the ward committee system		Condoned by Council and in terms of court ruling		8,162,651
Sandspruit: Manhole covers		Condoned by the board		73,391
Sandspruit: Municipal Finance Management Programme		Condoned by the board		289,332
Sandspruit: TLB hire at WWTW		Condoned by the board		28,500
Sandspruit: Grass cutting at Rietgat WWTW		Condoned by the board		28,158
Sandspruit: Repairs and maintenance at water purification works		Condoned by the board		30,435
Sandspruit: Facilitaion of strategic workshop and development of turnaround strategy		Condoned by the board		171,000
Sandspruit: Other items below R10 000 individually		Condoned by the board		36,577
Sandspruit: Supply and delivery of customised ODI diaries		Condoned by the board		38,500
Sandspruit: Annual software licence fee		Condoned by the board		11,512
				28,371,482

The irregular expenditure relating to prior year deviations was condoned in terms of the Supply Chain Management Policy by the Accounting Officer and was noted by Council. This irregular expenditure was then viewed as irregular subsequently and not complying with section 36 of the Supply Chain Management Policy, which allows the Accounting Officer to dispense with the official procurement process established by policy to procure any required goods or services through any convenient process, but only:

- (i) in an emergency;
- (ii) if such goods or services are produced or available from single provider only;
- (iii) in any other exceptional case where it is impractical or impossible to follow the official procurement process.

The prerogative of approval and condonement of deviation is a permission granted to the Accounting Officer of the Municipality and to be noted by Council. However, these particular deviations were viewed as not having complied with regulation 36, namely not being emergency or impractical or impossible to follow official procurement process, in the prior year.

These prior year deviations were also contracts running for the future years, but were condoned and certified by Council as irrecoverable, which is a core competency and function of the Council.

* See Note 47

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2015	2014 Restated*	2015	2014 Restated*
R	R	R	R

51. 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 2015	Value of awards 30 June 2014
F C Wilkins (Fire Fighter, senior/leading)	E J Wilkens (Spouse)	45,444	-
L W M Maudi (Deputy Director: Cemeteries)	C M Maudi (Spouse)	13,950	-
G G Jacobs (Functional Head: Fleet Support and Logistics)	E M Jacobs (Spouse)	127,628	-
T G Ngwenya (Deputy Director: Judicial Operational Support)	N L M Ngwenya (Spouse)	66,000	-
N P Kekana (Constable/Sergeant)	M G Kekana (Spouse)	3,800	-
N C Mulaudzi (Social Worker)	R C N Mulaudzi (Spouse)	12,105	-
M M Siwela (Snr HR Benefits Administrative Specialist)	D K Siwela (Spouse)	41,959	-
A Springbok (Snr Safety Officer)	V Springbok (Spouse)	31,995	-
W J Snyman (Storekeeper)	Z Snyman (Spouse)	84,336	-
A E Mukwevho (IT Helpdesk Agent)	M F Tibane (Spouse)	2,485,571	-
T M Madiba (Administrator)	Spouse	-	9,000
L Dlamini (Artisan)	Spouse	-	65,798
L H Ramohle (Artisan)	Spouse	-	3,850
M C Magoane (Community Health Nurse)	Spouse	-	450,004
R M Moagi (Community Health Nurse)	Spouse	-	4,670
K Z Khotlele (Disaster Management Officer)	Spouse	-	47,070
V S Mashifane (Worker)	Spouse	-	5,884,129
J M Simoes (Transport Inspector)	M Simoes (Spouse)	-	34,041
D Mthetwa (Councillor)	M A Mthetwa (Spouse)	-	458,457
Z W Kgopa (Health Worker)	M E Kgopa (Spouse)	-	29,000
J Ditlhake (Artisan)	M F Matsho (Spouse)	-	59,570
R A Rachidi (Building Inspector)	W M Rachidi (Spouse)	-	15,117
T H Mashilo (Management Support Officer)	M S Mashilo	-	37,500
Z J Khumalo (Secretary)	M C Mabuza (Spouse)	-	330,000
M M Siwela (Senior HR Benefits Specialist)	D K Siwela (Spouse)	-	466,990
N P Kekana (Constable)	M G Kekana (Spouse)	-	406,338
N P Kekana (Constable)	M G Kekana (Spouse)	-	136,089
M S Matsimela (Planner)	P S Matsimela (Spouse)	-	443,320
TEDA: I Z Joubert	Spouse (as Chief Director, Department of Higher Education)	7,980	-
TEDA: A Muller	Spouse (as Director Social Development)	7,980	-
TEDA: F A Henning	Spouse (as Pilot Mango SOC Ltd)	7,980	-
TEDA: T T Carrim	Spouse (GCSI as Chief Director)	4,104	-
		2,940,832	8,880,943

* See Note 47

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2015	2014 Restated*	2015	2014 Restated*
R	R	R	R

52. In-kind donations and assistance

2014/15:

The Municipality received the following in-kind donations and assistance during the 2014/15 financial year:

- Emergency Services Department received the following:
 - # Simba chips (4 boxes) from Willards factory for the Fire Brigade Service to the value of R600
 - # Telephone instruments from Mediscor for the Emergency Operational Call Centre and Technical Support Section to the value of R96 000
- Metro Police Services:
 - # Flights, accommodation and conference fees - estimated value R122 627
 - # Horse for duty - estimated value R10 000
 - # Sponsorship to Barcelona Tetra Conference - 3 persons attended
 - # Training course of the Law Enforcement Agency for 5 members
 - # Furniture donated by USA Embassy - estimated value R50 000
- Corporate and Shared Services:
 - # Pen and memory stick set, power bank, wrist silicone memory stick, key chain (2) and bag
 - # Promotional material for the Women's Month event for interns and Tshepo 10 000 staff - estimated value R50
 - # TSEA project cookbook - estimated value R300
 - # George Foreman food fryer from DPSA for being an adjudicator for the National Service Excellence Awards - estimated value R500

The Municipality rendered the following in-kind donations and assistance during the 2014/15 financial year:

- Disaster Management Division - blankets, food, mattresses, plastic to cover roofs
- Fire brigade services to the value of R29 884
- Fire brigade services accounts waived and free quotes to the value of R1 084 418

53. 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 Municipality has the option to extend the agreement for periods ranging between one month and three years.

Non-cancelable operating leases - office equipment

The amounts of minimum lease payments under non-cancelable operating leases in respect of office equipment and properties were repaid in full during the 2013/14 financial year.

Non-cancelable operating leases - vehicles (buses):

The amounts of minimum lease payments under non-cancellable operating leases in respect of vehicles (buses) were repaid in full during the 2014/15 financial year. The 2013/14 balance was restated with an amount of R43 200 000, as it was supposed to be zero.

Housing Company Tshwane:

Operating lease payments represent rentals payable by the entity for its head office. The first lease was negotiated for a term of 3 years from 1 October 2011 to 30 September 2014, with an annual escalation of 10%. The second lease was negotiated for the period 1 March 2012 to September 2014, with an escalation of 10%. The third lease for parking bays was negotiated for the period 1 August 2013 to September 2014. The lease had no binding renewal terms. These leases expired on 30 September 2014 and the company entered into a new lease agreement from 1 October 2014 to 30 September 2017, with an annual escalation of 10%. Housing Company Tshwane does not have the option to purchase the building. No contingent rent is payable. The lease payments for the year under review amounts to R540 070.

TEDA:

Operating lease commitment is the rental of offices used by TEDA situated at 349 Witch-Hazel Avenue, Eco-origin Building, Block F, Highveld extension 70, Centurion for the period of three years starting 1 November 2013. No contingent rent is payable.

Sandspruit Works Association:

Operating lease payments represent rentals payable by the entity for some of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

* See Note 47

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	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R
53. Operating leases (continued)				
Non-cancellable property leases				
Payable within a year	10,587,102	22,228,250	-	11,686,260
Payable within 2 to 5 years	9,602,151	20,236,581	-	-
	20,189,253	42,464,831	-	11,686,260
54. Rental income straight lining				
Gross investment in the lease due				
- within one year	15,977,384	16,065,876	15,977,384	16,065,876
- in second to fifth year inclusive	40,756,239	45,275,540	40,756,239	45,275,540
- later than five years	168,689,254	174,427,697	168,689,254	174,427,697
	225,422,877	235,769,113	225,422,877	235,769,113
55. Contingencies				
Housing loan guarantees				
Guarantees for housing loans to employees at financial institutions	13,000	192,394	13,000	192,394
With the implementation of the MFMA no new guarantees are issued. The liability would therefore decrease in future. The property was used as collateral in cases of default of payments.				
Indemnification				
Capitalised pension value in compliance with Compensation for Occupational Injuries and Diseases Act, 1993	71,118,358	67,171,810	71,118,358	67,171,810
The capitalised value as at 31 December 2014 that is calculated by the Department of Labour amounted to R71 118 358. The actual amount is guaranteed with a bank guarantee during 2014/15.				
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	438,747,631	27,132,083	438,747,631	27,132,083
Pending claims iro public liabilities	281,114,770	23,375,225	281,114,770	23,375,225
	719,862,401	50,507,308	719,862,401	50,507,308

Above-mentioned insurance claims originated before 30 June.

The payment of claims against the City of Tshwane is provided for in the Self Insurance Reserve, which, as at 31 December 2014, has a balance of R25 020 508 (2014 = R25 020 508 and 2013 = R58 163 634).

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. The claims are divided in the under-mentioned groups. The total value of claims, where amounts have been linked to the cases, amount to R104 237 465.37.

* See Note 47

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2015	2014 Restated*	2015	2014 Restated*
R	R	R	R

55. Contingencies (continued)

a. General litigation

Housing and Sustainable Human Settlement Development Department (total value = R1 579 810.00):

Case 1:

The plaintiffs are not satisfied with the compensation offered by the City of Tshwane on the Winterveldt expropriation and are claiming additional compensation for the expropriation of their property. The total claim is for an amount of R746 110 (market value) and R43 700 as solatium together with interest in terms of the Expropriation Act. Awaiting court date.

Case 2:

Expropriation. Property was expropriated by the City of Tshwane and the claimant is not satisfied with the amount of compensation paid. Negotiations are underway to find an appropriate amount (R790 000). Awaiting court date.

Financial Service Department (total value = R7 133 086.43):

Case 1:

Applicant claims that interest amounting to R80 000 is owing due to an incorrect clearance memorandum that was issued by the City of Tshwane.

Case 2:

Damages and refund claim amounting to R71 296. Plaintiff paid monies in order to obtain a clearance certificate to transfer property. He, however, was disputing the account and is now claiming a refund. Plaintiff to apply for trial date.

Case 3:

Breach of contract. Matter arises out of work that was to have been done before the 2010 Soccer World Cup. City of Tshwane alleges that the work was never done. Claim value is R33 593.52.

Case 4:

Payment for services rendered. In this matter summons was issued for the payment of services rendered amounting to R2 622 000. There is a dispute regarding the payment of the claim. Negotiations to resolve the matter took place and the matter is still pending.

Case 5:

Demand for legal fees for debt collection. The matter pertains to a dispute relating to legal fees. Apparently, the Municipality verbally instructed ("orally engaged the services of") a firm of attorneys in September 2005 to do debt collection on behalf of the Municipality and that the Municipality owes the legal firm R1 657,251.00 (being the legal costs on work done on 951 files). The matter is defended.

Case 6:

Claim for refund. The plaintiff alleges that they were overcharged for water. They claim to have disputed their account and questioned the City of Tshwane's measuring devices. According to them they were overcharged by the amount claimed of R1 505 427.50. The City of Tshwane has filed a plea.

Case 7:

Claim for damages. This is a claim for the payment of an amount that the plaintiff avers that the City of Tshwane owes him for not informing him that his tenant did not pay for services. The matter is defended and a trial date is awaited. Total claim value is R1 097 936.69.

Case 8:

Damages claim for wrong calculation. Consumer is alleging that because the Municipality incorrectly charged for services accounts, they are now seeking damages in the form of a refund for overpayment (R20 274.48).

Case 9:

Claim for refund of money overpaid for electricity due to wrong calculation. Claimant is now seeking damages in the form of a refund for overpayment (R45 306.94).

Corporate and Shared Services: Property Management and Community Safety (total value = R20 181 002.15):

Case 1:

Breach of contract. Matter arises out of a contract that was concluded in Pretoria and the breach terms thereof put the Magistrate's court in Nigel as the forum for adjudication. Matter is in court on that dispute (R100 000).

* See Note 47

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2015	2014 Restated*	2015	2014 Restated*
R	R	R	R

55. Contingencies (continued)

Case 2:

Breach of contract. Claimant claims that the Municipality has constructively dismissed him in that his position was no longer available on the erstwhile Nokeng Municipality organogram. He then resigned on the basis that he has been constructively dismissed and claimed compensation. He further claims performance bonuses for 4 years. Defence of the Municipality is that he was never constructively dismissed. The matter is still pending (R159 705.00).

Case 3:

Breach of contract. Matter arises out of 2 councillors and an official who procured work to be done for the City without following prescribed procurement procedures. Claimant now sues for payment (R796 680.00). Both councillors are no longer in office and the official is on suspension.

Case 4:

Unfair dismissal. The Municipality (erstwhile Nokeng) advertised positions for 8 student traffic officers. The claimants (3) applied for the positions, were interviewed and subsequently appointed even though they did not meet one or more of the minimum requirements. The then Chief Financial Officer discovered it and indicated that he would not continue to pay them. They were then relieved of their duties after an internal hearing. They should not have been interviewed in the first place. the matter is still pending at the Bargaining Council. (R97 734.00).

Case 5:

Unfair labour practice. The Municipality (erstwhile Nokeng Municipality) paid employer medical aid contributions directly to the claimant even though she was not a member of any designated medical aid fund. No contributions should have been made for her let alone directly paid to her as part of her salary. The matter is still pending (R42 000.00).

Case 6:

Payment of damages. This is a claim for damages relating to the appointment of a former municipal manager of Kungwini Municipality. The matter is defended and a trial date is awaited. (R2 250 000.00).

Case 7:

Claim for damages due to unlawful termination of employment. Plaintiff alleges that his contract of employment was unlawfully terminated by the City of Tshwane. As a result he had to find other employment at a lower salary. Plaintiff now claims from the City of Tshwane the difference in the reduced salary and his previous salary. Plaintiff took the unfair dismissal to the Labour Court and won and was awarded damages. He now seeks an additional claim which amounts to R2 500 000.

Case 8:

Motor vehicle accident. The plaintiff alleges that the traffic officer caused the accident on 1 September 2009 at Poort Primary School on the Kameeldrift Road and since, at all material times, the traffic officer was acting within the scope of his employment the Municipality is vicariously liable for the damages caused to the plaintiff's car to the amount of R29 238.04. The applicant secured a default judgement against the former Nokeng Municipality without the said municipality being aware of the application, since it was not served on the Municipality. Matter is defended to set aside the default judgement and a trial date is awaited.

Case 9:

Claim for damages resulting from repudiation of a contract of employment. Plaintiff alleges that a contract of employment was repudiated by the City of Tshwane. Consequently, plaintiff suffered damages as a result of such repudiation and is now claiming damages amounting to R5 464 800 from the City of Tshwane.

Case 10:

Suspension damages claim. The plaintiff alleges that she was suspended pending an investigation into alleged misconduct. The suspension was never lifted until the employee's contract lapsed. Now she alleges that she has not been able to find employment due to the suspension hanging over her head. She alleges she suffered damages as a result and claims R8 000 000. The plaintiff recently filed an amendment to her particulars as claimant. The City of Tshwane is to file an amended plea.

Case 11:

This is a claim for stolen pension money. The matter has been referred to the Commercial Crimes Unit of the South African Police Service. In the meantime, the claimant has issued summons for R649 016.79 against the City, as it is suspected that some officials had a hand in the fraudulent payout.

Case 12:

Labour dispute. City of Tshwane had an agreement with UNISA in terms of which the City of Tshwane provided buses to UNISA for transporting UNISA employees. The buses 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.

* See Note 47

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R	R	R	R

55. Contingencies (continued)

Case 13:

This is a claim for stolen pension money. Claimant was an employee of the City of Tshwane and a cheque for his pension payout was issued and given to the wrong person. Plaintiff never received his cheque. Estimated value R327 211.32.

Case 14:

Tender for the hiring of vehicles for use by the Electricity Department. Services provided and never paid for (R6 964 617.00).

Case 15:

Unfair labour practices. Various cases in arbitration or Labour Court stage. Amounts not quantified.

Public Works and Infrastructure Development Department (total value = R46 431 829.58):

Case 1:

Retention monies claim. Applicant wants the City of Tshwane to pay retention monies withheld by the Municipality since the project laying sewer network pipes was stopped (R2 508 171.92).

Case 2:

Contractual claim for payment arising out of contractual disputes relating to payment for work done and costs incurred due to adverse conditions experienced on site over and above amounts paid as the contract price. The matter was referred for adjudication as per the Condition of Contract and the adjudicator ruled that the contractor was entitled to claim R6 683 428.18. The plaintiff brought an application for summary judgement. The City of Tshwane opposed the summary judgement application and this was upheld and the City was granted leave to defend.

Case 3:

Breach of contract: The claim arises out of a roads and water reticulation construction, which the department alleges was not properly done. Matter is defended and the claim value is R2 858 036.62.

Case 4:

Breach of contract. Matter arises from a tender awarded to provide security services on information gathered by the City. Matter has been finalised but the City has to date not retrieved its information from the company (R98 724.00).

Case 5:

Breach of contract. Tender awarded to plaintiff for City-wide communication system. Plaintiff failed to live up to tender specifications and the City of Tshwane cancelled the contract and is now being sued for R1 401 516. Matter is defended and the matter has been set down for trial.

Case 6:

Breach of contract. Plaintiff provided services to the Municipality but was never paid. Hence the claim of R159 219.22.

Case 7:

Breach of contract. Contribution payment for bulk services. Department alleges the services were inadequately rendered for the claim value of R952 952.29.

Case 8:

Contribution payment for bulk services. In this matter summons was issued for the payment of bulk services contributions after the City of Tshwane took over the services. Plaintiff alleges that they are entitled to a refund every time a new developer connects to services the plaintiff installed. The matter was defended and a trial date is awaited. R150 000.00.

Case 9:

Payment of bulk services contribution. Plaintiff alleges they had an agreement with the erstwhile Kungwini Municipality in that they would during township development, install infrastructure, which was the responsibility of Kungwini Municipality, and in turn Kungwini Municipality would refund them. R2 705 431.37.

Case 10:

Damages claim amounting to R120 000. The matter arises from the construction of a road on private property. Negotiations are underway to expropriate the land on which the road was constructed.

Case 11:

Personal injuries claim. Plaintiff alleges that he was injured when the vehicle he was travelling in collided with a barrier on the road and he lost control. As a result of the collision he sustained injuries and is now claiming R100 000 from the City of Tshwane. Awaiting a trial date.

* See Note 47

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R	R	R	R

55. Contingencies (continued)

Case 12:

Constructive dismissal damages claim. Plaintiff was diagnosed with PTS disorder that was 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 (R850 883.71). Awaiting a new trial date.

Case 13:

Personal injury allegedly caused by Council's negligence in 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 14:

Application for rescission. The applicant wants to reverse the decision of the court ordering the City of Tshwane to pay over a certain amount. If the rescission is made, the City could find itself having to pay another amount to the applicant. The City of Tshwane has already made the payment to someone else in accordance with the previous court order. Total claim is R2 081 409.42.

Case 15:

Summons has been issued and an appearance to defend has been entered. The crux of the action is to compel the City of Tshwane to allocate land to persons listed in the summons as former residents of Lady Selbourne. 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. They are also not claiming through their parents or grandparents or even great grandparents. Awaiting court date. The amount of the claim cannot be estimated at this stage.

Case 16:

The applicant has brought an application against the City of Tshwane and the City Manager for an order declaring that the City of Tshwane should contribute towards the monthly premium of the medical 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. The amount of the claim cannot be estimated at this stage.

Case 17:

Breach of contract. Applicant is taking the interpretation of a contract to court. The dispute is about the contract price adjustment. No amount is claimed, simply a referral to arbitration on the interpretation of the contract.

Case 18:

Breach of contract. Construction of roads within the City of Tshwane. Work done and contractor never paid. Awaiting court date. R25 762 056.85.

Agricultural and Environmental Management Department (total value = R22 142 621.53):

Case 1:

The plaintiff issued summons for damages for the alleged breach of contract by appointing two new contractors before the expiry of the tender. Relief sought is payment in the amount of R432 220.50 (including interest on the aforesaid amount and at the rate of 15.5%) and cost of the suit. Matter is awaiting trial.

Case 2:

Breach of contract. Claimant is suing for payment in respect of services rendered to the City of Tshwane. R1 120 884.52.

Case 3:

Breach of contract. Claim arises out of work allegedly done, which the relevant department disputes. Matter is defended. R1 210 876.70.

Case 4:

Breach of contract. A claim amounting to R2 299 500 for rubbish bins for sandblasting and painting as well as the storage costs has been made against the City of Tshwane.

Case 5:

Breach of contract. Matter arises out of refuse removal tender and a dispute over its terms. Department says tenderer was aware that the by-laws of the Municipality required him to inform the City of any generation of refuse before executing the work, which it did not do. Matter is in court and the claim value is R200 812.66.

* See Note 47

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R	R	R	R

55. Contingencies (continued)

Case 6:

Waste Management ordered delivery of refuse bins, which were delivered. Contractor was never paid. Refuse bins were defective. R158 232.00.

Case 7:

Tender for the provision of security services at 5 locations in the erstwhile Kungwini Municipality. Services provided and never paid. R16 720 095.15.

Health and Social Development (total value = R64 993.74):

Case 1:

Breach of contract. Tender by City for pesticides and insecticides. Work done and never paid for. Payment for damages claimed. R64 993.74.

Transport and Roads Department (total value = R690 446.30):

Case 1:

Breach of contract. Matter arises out of roads and water reticulation services by a tenderer who was incompetent and the work was completed by another contractor. The original contractor now claims payment for the full contract price. Matter is before court. R690 446.30.

Office of the Speaker (total value = R2 360 610.06):

Case 1:

Claim for services rendered. Matter arises out of a dispute over the terms of a tender. Contractor did work which the relevant department denies ever receiving. Matter is before court. R2 360 610.06.

Metro Police Services (total value = R620 103.18):

Case 1:

Breach of contract. Security services were provided but never paid for. R620 103.18

Municipal entities (Total value = R3 032 962.40):

Sandspruit Works Association:

An amount of R219 750 remained in dispute with an attorney's firm for work performed on the investigation in the case of the suspended Chief Executive Officer (CEO).

Housing Company Tshwane:

Case 1:

The claimant entered into an agreement with City Properties as a managing agent for the City of Tshwane in terms of which the claimant would provide maintenance and repair services at Schubart and Kruger Park complexes. Housing Company Tshwane took over the duties of City Properties and suspended the agreement on 1 December 2006. The claimant is suing Housing Company Tshwane for R86 613 for suspending the agreement.

Case 2:

The claimant entered into an agreement with City Properties as a managing agent for the City of Tshwane in terms of which the claimant would provide guarding/security services at Schubart and Kruger Park complexes. Housing Company Tshwane took over the duties of City Properties and terminated the agreement with effect from 31 January 2008. The claimant is suing Housing Company Tshwane for R715 474 for non-payment of invoices relating to 2006 after their service was terminated. It should be noted that at no stage did the claimant raise the alleged non-payment matter prior to their services being terminated on 31 January 2008. No contract existed between the claimant and Housing Company Tshwane at the time. The claimant alleges to have rendered guarding services to Housing Company Tshwane. The claimant is not sure about alleged amount owed, as various amounts have been bandied about by the claimant.

* See Note 47

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R	R	R	R

55. Contingencies (continued)

Tshwane Economic Development Agency (TEDA):

TEDA had a contingent liability of approximately R2 991 937 pertaining to:-

- * Possible penalties and interest from SARS regarding non-compliance with section 28 of the VAT Act;
- * The former CEO who lodged an appeal against his dismissal and as a result the entity might pay R1 138 000 for both settlement and litigation costs; and
- * Claim of TITIIC 2015 (postponed conference) amounting to R873 125 and litigation is underway.

56. Change in estimate

Property, plant and equipment

The useful lives of all asset classes were reviewed and adjusted during 2014/15 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 lives was done.

During 2014/15 certain water and sanitation assets were assessed to provide a deeper level of detail to align with best asset management practice. Through this data improvement exercise some components were unbundled to align with the adopted Data Dictionary. The total number of assets affected was 360 748.

The effect of changing the remaining useful lives during 2014/15 has increased the depreciation charge for the current and future periods. The total number of assets affected was 360 748.

TEDA: When TEDA signed the lease agreement for its current office it was not yet registered for VAT. The effect of the VAT registration on 1 July 2014 resulted in a change on the straight lined amount, as the prior year's amortisation schedule was VAT inclusive and the current year schedules exclude VAT. The estimated straight lined amount was adjusted to align the amortisation tables. The current operating lease liability was reduced by R950 207.21 and the future operating expense was reduced by R1 266 942.94. The total decrease amounted to R2 217 150.15.

Effect of change in estimates

Other and infrastructure assets	46,516,604	29,201,650	46,516,604	29,201,650
Housing Company Tshwane: Other assets	-	45,131	-	-
TEDA: Operating lease	2,217,150	-	-	-
	48,733,754	29,246,781	46,516,604	29,201,650

57. Deviation from Supply Chain Management Regulations

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

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

* See Note 47

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57. Deviation from Supply Chain Management Regulations (continued)				
Deviation from tender process (amounts above R200 000)				
Municipality - various reasons	137,793,700	94,066,541	137,793,700	94,066,541
Housing Company Tshwane	253,361	-	-	-
TEDA - sole provider	862,908	8,040,883	-	-
Sandspruit - emergency	627,781	1,201,812	-	-
	139,537,750	103,309,236	137,793,700	94,066,541
Deviation from quotation process				
Municipality - various reasons	-	570,880	-	570,880
Housing Company Tshwane	12,265	63,409	-	-
TEDA - sole provider	131,701	-	-	-
	143,966	634,289	-	570,880

58. 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%.

The following revenue and expenditure line items showed a material variance for the year ending 30 June 2015:

Other own revenue category:

- Rental of facilities and equipment (56.3% under) - this line item is based on demand from users of the facilities and equipment.
- Interest on external investments (44.6% under) - decrease in interest earned due to decrease in investments held.
- Interest on outstanding debtors (71.6 % over) - overrecovery is due to an increase in levying of interest on long overdue accounts.
- Fines (41.5 % over) - this is due to the IGRAP1 accounting requirements on AARTO fines.
- Public contributions (85.8% over) - underrecovery is due to more contributions in terms of township establishment and rezoning applications.
- Other income (23.2% under) - under recovery due to Tshwane Open, insurance claims, sale of airplane fuel, TRT services and land sales revenue not realising as anticipated.

Other expenditure category:

- Debt impairment (23.3% over) - overexpenditure is due to write-off of Region 5 and 7 debtors amounts in July 2014 and IGRAP 1 requirements in respect to AARTO fines.
- Grants and subsidies paid (15.5% under) - due to fewer applications received than anticipated in the budget.
- Depreciation (29.6% over) - due to purification of asset register and review of useful lives.

Capital expenditure:

- The capital expenditure shows a 94% spending level against the total budget at the end of the financial year.

Changes from the approved budget to the final budget

The adjustment budget was approved by Council on 26 February 2015.

The mid-year budget review report approved by the Council on 29 January 2015 indicated the necessity for an adjustments budget for the 2014/15 financial year for, inter alia, the following:

- To adjust operating revenue sources in line with performance trends;
- To accommodate GRAP-related provisions;
- To authorise the utilisation of projected savings in one vote towards spending under another vote; and
- To facilitate the inclusion of rolled over/transfer grant funding.

The Council approved the 2014/15 original revenue budget to the amount of R26.918 billion, which was increased with R236.815 million to R27.154 billion (increase of 0.88%). Furthermore, the total expenditure of R23.274 billion was increased with an amount of R736.386 million to R24.010 billion (increase of 3.16%). As a result the budgeted surplus of R3.644 billion was decreased to R3.144 billion, indicating that contractual obligations compromised the downscaling of expenditure.

* See Note 47

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R	R	R	R

58. Budget differences (continued)

After the adjustment budget was approved it was determined that the LG Seta discretionary allocation is not a grant and it was reclassified to other revenue (budget amount R689 400).

On the budgeted cash flow statement the consumer deposits were incorrectly accounted for under net cash from financing activities, whereas it should actually be part of net cash from operating activities (R8 200 000).

59. Distribution losses: Water

Non-revenue water (NRW) - kilolitre

Technical	46,600,996	47,392,725	46,600,996	47,392,725
Non-technical	11,650,249	11,848,181	11,650,249	11,848,181
Sandspruit: Technical	1,987,886	1,865,871	-	-
Sandspruit: Non-technical	2,981,780	2,798,806	-	-
	63,220,911	63,905,583	58,251,245	59,240,906

Non-revenue water (NRW) - Rand value

Technical	279,908,986	261,085,349	279,908,986	261,085,349
Non-technical	69,977,246	65,271,336	69,977,246	65,271,336
Sandspruit: Technical	13,298,824	11,344,496	-	-
Sandspruit: Non-technical	19,948,242	17,016,740	-	-
	383,133,298	354,717,921	349,886,232	326,356,685

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 and 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 losses in the city is determined by calculating the amount of non-revenue water (NRW), which is the difference between the volume of water supplied into the system and the authorised consumption.

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.

At the end of June 2015 the NRW in the city was calculated at 58 251 245 kl (18.94% of the total input into the system). This indicates a deterioration of NRW in the city when compared to June 2014 when the NRW was 59 240 906 kl (20.7% of the total input into the system). The losses in Rvalue amount to R349.8 million. The calculation is based on the unit tariff of Rand Water purchases per kilolitre at R6.00 for 2014/15 and R5.50 for 2013/14 respectively.

* See Note 47

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	R	R	R	R

59. Distribution losses: Water (continued)

At the end of June 2014 the NRW in the city was calculated at 59 240 906 kl (20.7% of the total input into the system). This was a marked improvement of NRW in the city when compared to June 2013 when the NRW was 75 112 366 kl (23.6% of the total input into the system). The losses in Rvalue amount to R326.3 million (2013 = R376.3 million). The calculation is based on the unit tariff of Rand Water purchases per kilolitre at R5.50 for 2013/14 and R5.01 for 2012/13 respectively.

60. Distribution losses: Electricity

Distribution loss: kWh

Technical	674,884,927	688,355,278	674,884,927	688,355,278
Non-technical	872,529,799	712,939,396	872,529,799	712,939,396
	1,547,414,726	1,401,294,674	1,547,414,726	1,401,294,674

Distribution loss - Rand value

Technical	424,584,758	402,343,660	424,584,756	402,343,660
Non-technical	548,927,434	416,713,077	548,927,434	416,713,077
	973,512,192	819,056,737	973,512,190	819,056,737

For the 2014/15 financial year the distribution losses amount to 16.05%. The annual electricity distribution losses are made up of technical and non-technical losses, which are the difference between electricity purchased and electricity sold. For the 2013/14 financial year the distribution losses amounted to 14.25%.

The City of Tshwane has a five-year target to reduce non-technical losses through theft and illegal connections to less than 2%. The refurbishment of the electricity network will assist in managing the technical losses because the technical losses increase with the ageing of the electricity network. The five-year target is to have unaccounted losses to 9% (7% technical and 2% non-technical losses).

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 2014/15 financial year the value of non-technical loss amounts to R548.9 million or 872 529 799 kWh (2013/14 = R416.7 million or 712 939 396 kWh) based on the cost per unit purchased, namely 62.91 c/kWh (2013/14 = 58.45 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. 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 2014/15 financial year the value of technical loss amounts to R424.5 million or 674 884 927 kWh (2013/14 = R402.3 million or 688 355 278 kWh) based on the cost per unit purchased, namely 62.91 c/kWh (2013/14 = 58.45 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;
- Strengthening overhead lines.

* See Note 47

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61. Deferred tax

Deferred tax asset

Property, plant and equipment and intangible assets	(51,121)	(385,840)	-	-
Provision	362,899	265,615	-	-
Unspent grant	1,648,156	571,657	-	-
Section 24C allowance	(1,648,156)	(571,657)	-	-
Straight lining of operation lease	130,376	111,372	-	-
Prepayment	(1,804)	-	-	-
Total deferred tax asset	440,350	(8,853)	-	-

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	-	(8,853)	-	-
Deferred tax asset	440,350	(8,853)	-	-
Total net deferred tax asset (liability)	440,350	(17,706)	-	-

Reconciliation of deferred tax asset/(liability)

At beginning of year	(8,853)	17,696	-	-
Movement on property, equipment and intangible fixed assets	334,719	(370,870)	-	-
Movement in provision for leave pay	97,284	232,949	-	-
Movement on unspent grant	1,076,499	(3,358,657)	-	-
Section 24C allowance	(1,076,499)	3,358,657	-	-
Operating lease straight lining	19,004	111,372	-	-
Pre-payment	(1,804)	-	-	-
	<u>440,350</u>	<u>(8,853)</u>	<u>-</u>	<u>-</u>

62. Deferred operating lease liability

Current assets	181,025	57,995	-	-
Non-current liabilities	(765,930)	(481,254)	-	-
Current liabilities	(574,936)	(2,608,775)	-	(2,308,997)
	<u>(1,159,841)</u>	<u>(3,032,034)</u>	<u>-</u>	<u>(2,308,997)</u>

There were no operating lease liabilities for the Municipality at the end of 30 June 2015.

63. Impairment of assets

Impairments

Property, plant and equipment	124,922,833	5,200,760	124,922,833	5,200,760
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The main classes of assets affected by impairment losses are: Moveable assets with a condition rating of poor and very poor. Infrastructure assets were impaired according to specific indicators. Assets held for sale: Fair values were determined based on the selling price of assets received according to previous auctions held, taking into consideration their current condition.

Assets were impaired according to specific indicators. For the 2014/15 year, included in the impairment figure is also impairment of assets under construction (AUC).

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64. Taxation

Major components of the tax expense

Current

Normal tax - current year	948,923	1,946,135	-	-
Over provision - current year	(10,451)	-	-	-
Deferred tax - current year	(449,203)	27,891	-	-
Arising from prior period adjustments	-	(1,341)	-	-
	489,269	1,972,685	-	-

Taxation liability movement

Opening balance	3,277,985	1,136,191	-	-
Current year	948,923	1,946,135	-	-
Normal income tax paid	(3,130,616)	-	-	-
Arising from prior period adjustments	-	195,659	-	-
Closing balance	1,096,292	3,277,985	-	-

Reconciliation of the tax expense

Tax in note @ 28%	489,269	1,972,685	-	-
Profit before tax	1,859,250	6,861,916	-	-
Tax as % of income before tax	28.00	28.00 %	-	-

Reconciliation between applicable tax rate and average effective tax rate

Tax effect on permanent differences	28.00 %	28.00 %	-	-
Tax effect on non-deductible expenses	2.52 %	1.01 %	-	-
Over provision - current tax	(0.64)%	-	-	-
	29.88 %	29.01 %	-	-

65. Going concern

We draw attention to the fact that at 30 June 2015, the Municipality had an accumulated surplus of R18 686 769 305 (2014 = R17 513 578 123) and that the Municipality's total assets exceed its liabilities by R 18,983,830,283 (2014 = R17 762 213 094). The difference consists of the Housing Development Fund, Self-insurance Reserve and COID Reserve to a total of R253 420 101.

We draw attention to the fact that at 30 June 2015, the group had an accumulated surplus of R18 730 410 182 (2014 = R17 556 532 882) and that the group's total assets exceed its liabilities by R 18,983,830,283 (2014 = R17 805 167 852). The difference consists of the Housing Development Fund, Self-insurance Reserve and COID Reserve to a total of R253 420 101.

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.

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.

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68. Expenditure by National Treasury classification

Expenditure type				
Employee-related cost	6,318,953,632	6,086,504,529	6,202,412,814	5,977,333,289
Remuneration of councillors	104,192,823	96,788,503	104,192,823	96,788,503
Debt impairment	850,661,938	1,338,600,788	721,971,875	1,304,729,422
Depreciation and asset impairment	1,454,517,767	1,256,760,090	1,449,151,377	1,239,047,922
Finance charges	997,466,530	813,827,200	996,547,871	813,090,998
Bulk purchases	7,574,254,174	7,056,541,045	7,717,077,475	7,148,341,187
Other materials	268,560,899	311,868,288	268,560,899	311,868,288
Contracted services	2,936,655,542	3,676,033,109	2,936,655,542	3,676,033,109
Transfers and grants	25,600,087	22,006,956	217,334,821	227,042,145
Other expenditure	3,606,240,167	1,722,131,824	3,557,721,975	1,298,055,846
Loss on disposal of property, plant and equipment	192,399,344	152,986,634	192,399,344	152,986,634
	24,329,502,903	22,534,048,966	24,364,026,816	22,245,317,343
Total expenditure per statement of financial performance	24,329,502,903	22,534,048,966	24,364,026,816	22,245,317,343

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Notes to the Consolidated Annual Financial Statements

Group		Municipality	
2015	2014 Restated*	2015	2014 Restated*
R	R	R	R

69. 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 on notional principal amounts and that oblige the Municipality to pay interest at variable rates on the same amounts. The interest rate swap allows the Municipality to raise long-term borrowings at variable rates and effectively swap them into fixed 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. Settlement date: 1 March 2023

Nominal amount: R573 577 919

Fixed rate: 9.75% and Variable rate: Jibar + 2.55 basis points

Payable: Semi-annual

Regiments:

Trade date: 30 June 2014. 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). 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

During 2013/14 the Municipality entered into interest rate swaps with the following role players:

Nedbank:

Trade date: 31 December 2013. Settlement date: 30 June 2026

Nominal amount: R943 766 167

Fixed rate: 9.31% and Variable rate: floating - Prime -1.28

Payable: Semi-annual

Nedbank:

Trade date: 1 April 2014. Settlement date: 30 June 2026

Nominal amount: R890 312 447

Fixed rate: 9.31% and Variable rate: Jibar + 2.22 basis points

Payable: Semi-annual

Fair values of financial assets measured or disclosed at fair value:

Class 1: Interest rate swaps:

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

Fair value hierarchy of financial assets at fair value:

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy 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 (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Applies inputs that are not based on observable market data.

* See Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2015	2014 Restated*	2015	2014 Restated*
	R	R	R	R

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 R3 909 911 976 as at 30 June 2015.

Interest paid on the interest rate swaps to the amount of R38 959 100 was recognised in surplus or deficit during 2013/14 as part of finance cost - 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	130,122,756	34,411,454	130,122,756	34,411,454
Interest rate swap liability	(85,625,408)	(44,114,153)	(85,625,408)	(44,114,153)
	<u>44,497,348</u>	<u>(9,702,699)</u>	<u>44,497,348</u>	<u>(9,702,699)</u>

70. Public private partnerships (PPP)

Tshwane House:

The City of Tshwane Metropolitan Municipality has entered into a PPP agreement with Tsela Tshweu, a private consortium led by Group 5, to finance, construct and operate the City of Tshwane's head office. The agreement is for a period of 27 years, of which 2 years would be to construct the property and 25 years to operate the property on behalf of the City of Tshwane. At the end of the 27-year agreement, ownership of the building would pass to the City of Tshwane.

The City of Tshwane will pay the consortium a fixed unitary fee for the construction and operation of the asset for the 27-year period. The first fee would begin on the completion of the first block of the building. This unitary payment would escalate with inflation each year.

* See Note 47

Appendix A
Supplementary unaudited information

Schedule of external loans as at 30 June 2015

	Interest Rate (%)	Redeemable	Balance at 30 June 2014	Received during the period	Redeemed written off during the period	Amortised value	Balance at 30 June 2015	Carrying Value of Property, Plant & Equipment
			Rand	Rand	Rand	Rand	Rand	Rand
LOCAL REGISTERED STOCK : Issued								
Loan 105 (Issued 1997)	16.65	2014.06.30	-	-	-	-	-	-
Loan 43 (Issued 1984)	16.25	2004.04.30	5,000	-	5,000	-	-	-
			5,000	-	5,000	-	-	-
TERM LOANS								
DBSA: bullet portion	13.50	2018.04.30	51,897,643	-	-	(214,766)	51,682,877	59,111,265
DBSA: Floating rate	Variable	2019.10.31	78,331,528	-	-	-	78,331,528	89,590,130
Housing Company: National Housing Finance Corporation	14.00	2011.10.31	2,803,841	-	315,421	-	2,488,420	2,488,420
TEDA			1,000	-	-	-	1,000	-
DBSA Bullet repayment loan	Jibar +2.5 margin	2034.06.30	1,600,000,000	-	-	-	1,600,000,000	1,829,968,237
DBSA Bullet repayment loan	Jibar + 2.5 margin	2035.06.30	-	1,500,000,000	-	-	1,500,000,000	1,715,595,222
			1,733,034,012	1,500,000,000	315,421	(214,766)	3,232,503,825	3,696,753,274
ANNUITY LOANS:								
DBSA	13.5	2018.04.30	142,607,677	-	24,044,666	(1,010,581)	117,552,430	134,448,259
DBSA (Restructuring)	10.97	2018.12.31	133,548,252	-	24,410,235	-	109,138,017	124,824,440
INCA	11.03	2019.06.30	10,451,340	-	1,667,585	-	8,783,755	10,046,245
INCA	9.52	2020.03.31	129,428,391	-	16,490,704	(437,266)	112,500,421	128,670,123
INCA	11.01	2020.06.30	29,662,375	-	3,720,633	-	25,941,742	29,670,353
DBSA	9.36	2020.12.31	165,075,115	-	19,482,309	-	145,592,806	166,518,882
INCA	10.92	2020.12.31	62,583,790	-	7,052,981	-	55,530,809	63,512,260
INCA	10.81	2021.06.30	52,555,938	-	5,357,931	-	47,198,007	53,981,784
DBSA	5.0	2021.12.31	55,609,388	-	6,818,916	-	48,790,472	55,803,134
DBSA	9.84	2021.12.31	253,457,829	-	26,672,580	-	226,785,249	259,381,127
Ivuzi	8.74	2021.12.31	131,016,719	-	13,009,324	-	118,007,395	134,968,614
DBSA	6.25	2028.06.30	81,358,425	-	3,781,169	-	77,577,256	88,727,446
DBSA	12.81	2028.06.30	179,757,875	-	5,103,853	-	174,654,022	199,757,070
DBSA	11.32	2028.06.30	179,213,252	-	5,317,194	-	173,896,058	198,890,165
ABSA Roodeplaat Temba	12.5	2021.03.31	169,910,190	-	15,753,175	(83,396)	154,073,619	176,218,642
DBSA Roodeplaat Temba	11.99	2021.03.31	87,439,470	-	8,253,810	(152,448)	79,033,212	90,392,668
Nedbank Roodeplaat Temba	12.51	2021.03.31	116,813,254	-	10,830,309	(57,333)	105,925,612	121,150,317
DBSA TIP	6.75	2029.06.30	128,705,566	-	5,181,347	-	123,524,219	141,278,373
Nedbank	9.27	2020.05.18	251,662,110	-	33,376,163	(115,701)	218,170,246	249,527,887
Nedbank	9.32	2020.06.16	250,338,506	-	33,231,986	7,380	217,113,900	248,319,712
Standard Bank	7.72	2026.06.30	881,198,270	-	46,361,362	(117,898)	834,719,010	954,578,923
DBSA	5.00	2016.08.31	469,251	-	209,177	-	260,074	297,456
DBSA	15.04	2016.06.30	9,484,154	-	4,393,171	-	5,090,983	5,822,710
Standardbank - Magalies Water	13.50	2014.09.30	335,755	-	335,755	-	-	-
Nedbank	Jibar	2029.06.29	620,108,275	-	45,367,253	(5,736,052)	569,004,970	650,788,139
Nedbank	Jibar	2025.12.01	349,983,684	-	25,247,112	(3,281,006)	321,455,566	367,658,422
iVuzi (Firststrand bank)	Jibar	2022.06.30	421,265,161	-	52,631,579	(212,529)	368,421,053	421,374,265
iVuzi (Firststrand bank)	Jibar	2027.12.01	448,494,113	-	34,482,759	(218,251)	413,793,103	473,267,647
			5,342,534,125	-	478,585,038	(11,415,081)	4,852,534,006	5,549,875,063

Appendix A
Supplementary unaudited information

Schedule of external loans as at 30 June 2015

Interest Rate (%)	Redeemable	Balance at 30 June 2014	Received during the period	Redeemed written off during the period	Amortised value	Balance at 30 June 2015	Carrying Value of Property, Plant & Equipment
		Rand	Rand	Rand	Rand	Rand	Value of Property, Plant & Equipment Rand
10.20	2023.04.02	574,165,042	-	-	(237,152)	573,927,890	656,418,631
9.11	2023.04.02	848,691,794	-	-	(254,652)	848,437,142	970,383,138
9.46	2028.06.05	755,069,327	-	-	(15,354)	755,053,973	863,577,992
		2,177,926,163	-	-	(507,158)	2,177,419,005	2,490,379,761
		9,253,499,300	1,500,000,000	478,905,459	(12,137,005)	10,262,456,836	11,737,008,098

FINANCE LEASES

ABSA	Variable *	3,565,761	-	3,630,086	64,325	-	-
DEBIS FLEET MANAGEMENT	Variable *	3,756,964	-	3,792,492	35,528	-	-
ZEDA	Variable *	255,425	-	261,362	5,937	-	-
TSHWANE AUTO LEASING	Variable *	1,365,314	-	1,239,050	77,882	204,146	184,136
MAN	Variable *	-	266,860,621	71,731,494	13,523,169	208,652,296	204,226,183
ABSA SOL	Variable*	24,921	-	19,631	1,159	6,449	4,178
		8,968,385	266,860,621	80,674,115	13,708,000	208,862,891	204,414,497

City of Tshwane Metropolitan Municipality
Appendix B
Supplementary unaudited information

Analysis of property, plant and equipment as at 30 June 2015

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	5,571,966,519	3,226,903,727	-	(1,460,830,884)	299,646,747	7,637,686,109	-	-	(123,216,100)	-	-	(123,216,100)	7,514,470,009
Electricity	5,434,210,787	189,893,528	(50,064,299)	37,969,711	2,733,595	5,614,743,322	(1,389,387,535)	(207,406,055)	-	16,741,684	(1,832,593)	(1,581,884,499)	4,032,858,823
General	182,742,256	1,905,814	(19,874)	-	57,153,255	241,781,451	(111,953,520)	(16,376,469)	-	18,870	(48,842,009)	(177,153,128)	64,628,323
Roads	7,719,715,188	123,493,814	(1,917,902)	990,340,783	686,460	8,832,318,343	(2,208,703,896)	(321,157,419)	-	109,038	(617,776)	(2,530,370,053)	6,301,948,290
Water and sanitation	6,413,761,851	102,767,678	(64,979,474)	429,582,958	-	6,881,133,013	(1,559,876,808)	(259,546,876)	(2,422)	13,220,603	-	(1,806,205,503)	5,074,927,510
Sandspruit Works Association	12,689,770	412,692	-	-	-	13,102,462	(9,897,366)	(898,656)	-	-	-	(10,796,022)	2,306,440
	25,335,086,371	3,645,377,253	(116,981,549)	(2,937,432)	360,220,057	29,220,764,700	(5,279,819,125)	(805,385,475)	(123,218,522)	30,090,195	(51,292,378)	(6,229,625,305)	22,991,139,395

Community Assets

General	2,905,964,956	26,031,846	(6,782,258)	18,136,311	254,565,695	3,197,916,550	(663,526,085)	(121,773,035)	(802)	1,003,490	(148,172,321)	(932,468,753)	2,265,447,797
Assets under construction	232,262,465	178,725,735	-	(17,285,093)	71,009,553	464,712,660	-	-	-	-	-	-	464,712,660
	3,138,227,421	204,757,581	(6,782,258)	851,218	325,575,248	3,662,629,210	(663,526,085)	(121,773,035)	(802)	1,003,490	(148,172,321)	(932,468,753)	2,730,160,457

Housing

Housing assets	180,068,440	-	(197,123)	85,562	254,280,824	434,237,703	(7,097,719)	(10,055,289)	-	45,556	(49,171,269)	(66,278,721)	367,958,982
Assets under construction	152,591,190	191,552,500	-	(3,252,442)	-	340,891,248	-	-	-	-	-	-	340,891,248
	332,659,630	191,552,500	(197,123)	(3,166,880)	254,280,824	775,128,951	(7,097,719)	(10,055,289)	-	45,556	(49,171,269)	(66,278,721)	708,850,230

Biological assets

Game (livestock)	16,587,413	-	-	-	(2,108,625)	14,478,788	-	-	-	-	-	-	14,478,788
	16,587,413	-	-	-	(2,108,625)	14,478,788	-	-	-	-	-	-	14,478,788

Land

Land	321,440,139	-	(8,001,139)	40,420,634	(628,189)	353,231,445	-	-	-	-	-	-	353,231,445
	321,440,139	-	(8,001,139)	40,420,634	(628,189)	353,231,445	-	-	-	-	-	-	353,231,445

Buildings

Buildings	1,231,567,763	2,683,987	-	5,244,954	(313,896,014)	925,600,690	(599,724,508)	(36,407,780)	-	400,860	100,053,602	(535,677,826)	389,922,864
Sandspruit Works Association	7,383,244	-	-	-	-	7,383,244	(2,860,300)	(345,544)	-	-	-	(3,205,844)	4,177,400
	1,238,951,007	2,683,987	-	5,244,954	(313,896,014)	932,983,934	(602,584,808)	(36,753,324)	-	400,860	100,053,602	(538,883,670)	394,100,264

City of Tshwane Metropolitan Municipality
Appendix B
Supplementary unaudited information

Analysis of property, plant and equipment as at 30 June 2015

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

Other

General	2,120,758,574	65,666,063	(42,392,234)	27,737,269	(254,895,627)	1,916,874,045	(1,133,345,819)	(160,252,195)	(1,695,675)	34,140,135	148,582,366	(1,112,571,188)	804,302,857
Rehabilitation assets	339,145,909	168,689,262	-	-	-	507,835,171	(101,746,201)	(53,637,933)	-	-	-	(155,384,134)	352,451,037
Assets under construction	417,002,679	241,615,330	-	(69,790,988)	(370,656,300)	218,170,721	-	-	-	-	-	-	218,170,721
Sandspruit Works Association	8,635,267	363,544	(19,993)	-	-	8,978,818	(7,920,699)	(446,334)	-	-	-	(8,367,033)	611,785
Housing Company Tshwane	962,446	279,363	(15,653)	-	-	1,226,156	(283,700)	(92,601)	-	-	-	(376,301)	849,855
TEDA	11,610,233	653,452	(9,616)	-	-	12,254,069	(1,862,396)	(3,200,763)	-	-	-	(5,063,159)	7,190,910
	2,898,115,108	477,267,014	(42,437,496)	(42,053,719)	(625,551,927)	2,665,338,980	(1,245,158,815)	(217,629,826)	(1,695,675)	34,140,135	148,582,366	(1,281,761,815)	1,383,577,165

Total property plant and equipment

	33,281,067,089	4,521,638,335	(174,399,565)	(1,641,225)	(2,108,626)	37,624,556,008	(7,798,186,552)	1,191,596,949	(124,914,999)	65,680,236	-	(9,049,018,264)	28,575,537,744
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Heritage assets

General	3,607,621,710	6,491	-	-	-	3,607,628,201	-	-	-	-	-	-	3,607,628,201
	3,607,621,710	6,491	-	-	-	3,607,628,201	-	-	-	-	-	-	3,607,628,201

Investment properties

Property capitalised: parent	932,705,637	13,626,000	(11,196,745)	1,673,401	-	936,808,293	(184,401,866)	(4,699,390)	-	19,568	-	(189,081,688)	747,726,605
Housing Company Tshwane	7,490,657	-	-	-	-	7,490,657	(2,247,197)	(249,689)	-	-	-	(2,496,886)	4,993,771
	940,196,294	13,626,000	(11,196,745)	1,673,401	-	944,298,950	(186,649,063)	(4,949,079)	-	19,568	-	(191,578,574)	752,720,376

Intangible assets

Computer software	574,105,874	1,029,288	(397,630,639)	(32,176)	-	177,472,347	(371,368,485)	(63,071,370)	(7,834)	319,955,052	-	(114,492,637)	62,979,710
Servitudes	184,032,944	-	-	-	-	184,032,944	-	-	-	-	-	-	184,032,944
TEDA computer software	28,437	250,827	-	-	-	279,264	(9,473)	(15,979)	-	-	-	(25,452)	253,812
HCT computer software	77,198	138,150	-	-	-	215,348	(27,994)	(76,330)	-	-	-	(104,324)	111,024
Sandspruit computer software	102,485	-	-	-	-	102,485	(26,160)	(34,161)	(7,332)	-	-	(67,653)	34,832
	758,346,938	1,418,265	(397,630,639)	(32,176)	-	362,102,388	(371,432,112)	(63,197,840)	(15,166)	319,955,052	-	(114,690,066)	247,412,322

Total

Land	321,440,139	-	(8,001,139)	40,420,634	(628,189)	353,231,445	-	-	-	-	-	-	353,231,445
Infrastructure	25,335,086,371	3,645,377,253	(116,981,549)	(2,937,432)	360,220,057	29,220,764,700	(5,279,819,125)	(805,385,475)	(123,218,522)	30,090,195	(51,292,378)	(6,229,625,305)	22,991,139,395
Community Assets	3,138,227,421	204,757,581	(6,782,258)	851,218	325,575,248	3,662,629,210	(663,526,085)	(121,773,035)	(802)	1,003,490	(148,172,321)	(932,468,753)	2,730,160,457
Housing	332,659,630	191,552,500	(197,123)	(3,166,880)	254,280,824	775,128,951	(7,097,719)	(10,055,289)	-	45,556	(49,171,269)	(66,278,721)	708,850,230
Other	2,898,115,108	477,267,014	(42,437,496)	(42,053,719)	(625,551,927)	2,665,338,980	(1,245,158,815)	(217,629,826)	(1,695,675)	34,140,135	148,582,366	(1,281,761,815)	1,383,577,165
Heritage assets	3,607,621,710	6,491	-	-	-	3,607,628,201	-	-	-	-	-	-	3,607,628,201
Intangible assets	758,346,938	1,418,265	(397,630,639)	(32,176)	-	362,102,388	(371,432,112)	(63,197,840)	(15,166)	319,955,052	-	(114,690,066)	247,412,322
Investment properties	940,196,294	13,626,000	(11,196,745)	1,673,401	-	944,298,950	(186,649,063)	(4,949,079)	-	19,568	-	(191,578,574)	752,720,376
Buildings	1,238,951,007	2,683,987	-	5,244,954	(313,896,014)	932,983,934	(602,584,808)	(36,753,324)	-	400,860	100,053,602	(538,883,670)	394,100,264
Biological assets	16,587,413	-	-	-	(2,108,625)	14,478,788	-	-	-	-	-	-	14,478,788
	38,587,232,031	4,536,689,091	(583,226,949)	-	(2,108,626)	42,538,585,547	(8,356,267,727)	1,259,743,868	(124,930,165)	385,654,856	-	(9,355,286,904)	33,183,298,643

Appendix C
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2015

2014/15							2013/14 Restated						
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 MFMA)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue - Standard													
Governance and administration	8,851,027,497	(13,132,115)	8,837,895,382		8,837,895,382	8,327,002,138		(510,893,244)	94 %	94 %			7,577,388,885
Executive and council	153,513,000	33,165,533	186,678,533		186,678,533	181,695,359		(4,983,174)	97 %	118 %			212,009,448
Budget and treasury office	7,721,480,202	675,152	7,722,155,354		7,722,155,354	7,957,200,493		235,045,139	103 %	103 %			7,190,650,085
Corporate services	976,034,295	(46,972,800)	929,061,495		929,061,495	188,106,286		(740,955,209)	20 %	19 %			174,729,352
Community and public safety	1,255,937,413	162,453,531	1,418,390,944		1,418,390,944	1,283,667,713		(134,723,231)	91 %	102 %			819,070,284
Community and social services	49,768,757	26,752,782	76,521,539		76,521,539	67,391,980		(9,129,559)	88 %	135 %			35,296,804
Sport and recreation	26,028,718	1,989,700	28,018,418		28,018,418	28,859,305		840,887	103 %	111 %			47,005,495
Public safety	121,693,848	103,364,000	225,057,848		225,057,848	173,830,658		(51,227,190)	77 %	143 %			149,142,565
Housing	941,813,965	30,297,049	972,111,014		972,111,014	895,378,400		(76,732,614)	92 %	95 %			473,758,418
Health	116,632,125	50,000	116,682,125		116,682,125	118,207,370		1,525,245	101 %	101 %			113,867,002
Economic and environmental services	1,620,021,634	16,566,879	1,636,588,513		1,636,588,513	1,606,718,930		(29,869,583)	98 %	99 %			1,444,073,561
Planning and development	259,065,434	9,516,288	268,581,722		268,581,722	281,597,546		13,015,824	105 %	109 %			271,109,671
Road transport	1,360,399,600	6,200,217	1,366,599,817		1,366,599,817	1,324,137,622		(42,462,195)	97 %	97 %			1,171,599,009
Environmental protection	556,600	850,374	1,406,974		1,406,974	983,762		(423,212)	70 %	177 %			1,364,881
Trading services	15,546,371,536	79,200,020	15,625,571,556		15,625,571,556	14,702,034,725		(923,536,831)	94 %	95 %			13,675,028,629
Electricity	10,208,624,135	(7,000,000)	10,201,624,135		10,201,624,135	9,613,573,243		(588,050,892)	94 %	94 %			8,882,628,664
Water	3,321,983,622	83,700,000	3,405,683,622		3,405,683,622	994,442,075		(2,411,241,547)	29 %	30 %			1,198,440,032
Waste water management	979,668,976	-	979,668,976		979,668,976	1,044,072,497		64,403,521	107 %	107 %			851,432,157
Waste management	1,036,094,803	2,500,020	1,038,594,823		1,038,594,823	3,049,946,910		2,011,352,087	294 %	294 %			2,742,527,776
Other	210,525,959	5,102,000	215,627,959		215,627,959	191,499,478		(24,128,481)	89 %	91 %			-
Other	210,525,959	5,102,000	215,627,959		215,627,959	191,499,478		(24,128,481)	89 %	91 %			253,432,266
Total Revenue - Standard	27,483,884,039	250,190,315	27,734,074,354		27,734,074,354	26,110,922,984		(1,623,151,370)	94 %	95 %			23,768,993,625

Appendix C
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2015

2014/15								2013/14 Restated					
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 MFMA)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	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 - Standard													
Governance and administration	5,117,741,756	23,292,648	5,141,034,404	-	5,141,034,404	5,376,755,351	235,720,947	235,720,947	105 %	105 %	-	-	4,641,238,219
Executive and council	1,398,270,052	114,896,442	1,513,166,494	-	1,513,166,494	1,521,938,282	8,771,788	8,771,788	101 %	109 %	-	-	815,250,177
Budget and treasury office	629,788,177	(200,977,533)	428,810,644	-	428,810,644	586,509,252	157,698,608	157,698,608	137 %	93 %	-	-	538,335,043
Corporate services	3,089,683,527	109,373,739	3,199,057,266	-	3,199,057,266	3,268,307,817	69,250,551	69,250,551	102 %	106 %	-	-	3,287,652,999
Community and public safety	3,490,120,255	106,089,089	3,596,209,344	-	3,596,209,344	3,427,583,750	45,964,695	(168,625,594)	95 %	98 %	-	-	3,856,379,696
Community and social services	573,423,765	29,856,392	603,280,157	-	603,280,157	566,132,689	-	(37,147,468)	94 %	99 %	-	-	508,504,088
Sport and recreation	620,487,144	7,604,085	628,091,229	-	628,091,229	450,648,408	-	(177,442,821)	72 %	73 %	-	-	696,899,597
Public safety	1,254,374,799	182,203,344	1,436,578,143	-	1,436,578,143	1,446,872,718	10,294,575	10,294,575	101 %	115 %	-	-	1,713,975,185
Housing	595,881,798	(94,806,450)	501,075,348	-	501,075,348	528,934,407	27,859,059	27,859,059	106 %	89 %	-	-	531,856,589
Health	445,952,749	(18,768,282)	427,184,467	-	427,184,467	434,995,528	7,811,061	7,811,061	102 %	98 %	-	-	405,144,237
Economic and environmental services	2,234,763,987	142,281,971	2,377,045,958	-	2,377,045,958	2,328,562,714	63,743,650	(48,483,244)	98 %	104 %	-	-	2,129,986,965
Planning and development	648,311,933	109,438,518	757,750,451	-	757,750,451	645,523,557	-	(112,226,894)	85 %	100 %	-	-	612,768,545
Road transport	1,528,513,206	38,592,338	1,567,105,544	-	1,567,105,544	1,628,008,912	60,903,368	60,903,368	104 %	107 %	-	-	1,454,950,496
Environmental protection	57,938,848	(5,748,885)	52,189,963	-	52,189,963	55,030,245	2,840,282	2,840,282	105 %	95 %	-	-	62,267,924
Trading services	12,784,430,168	488,386,458	13,272,816,626	-	13,272,816,626	13,599,142,520	684,778,231	326,325,894	102 %	106 %	-	-	12,348,453,269
Electricity	8,723,960,366	429,797,815	9,153,758,181	-	9,153,758,181	9,352,842,875	199,084,694	199,084,694	102 %	107 %	-	-	8,829,832,484
Water	1,042,253,016	66,314,465	1,108,567,481	-	1,108,567,481	750,115,144	-	(358,452,337)	68 %	72 %	-	-	652,703,303
Waste water management	607,802,871	(56,667,823)	551,135,048	-	551,135,048	1,018,060,888	466,925,840	466,925,840	185 %	167 %	-	-	617,388,293
Waste management	2,410,413,915	48,942,001	2,459,355,916	-	2,459,355,916	2,478,123,613	18,767,697	18,767,697	101 %	103 %	-	-	2,248,529,189
Other	212,899,589	(10,288,844)	202,610,745	-	202,610,745	200,216,217	-	(2,394,528)	99 %	94 %	-	-	-
Other	212,899,589	(10,288,844)	202,610,745	-	202,610,745	200,216,217	-	(2,394,528)	99 %	94 %	-	-	185,632,074
Total Expenditure - Standard	23,839,955,755	749,761,322	24,589,717,077	-	24,589,717,077	24,932,260,552	1,030,207,523	342,543,475	101 %	105 %	-	-	23,161,690,223
Surplus/(Deficit) for the year	3,643,928,284	(499,571,007)	3,144,357,277		3,144,357,277	1,178,662,432		(1,965,694,845)	37 %	32 %			607,303,402

Appendix D
Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the year ended 30 June 2015

	2014/15							2013/14 Restated						
	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 MFMA)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue by Vote														
City Planning and Development	136,041,534	-	136,041,534		136,041,534	195,564,548		59,523,014	144 %	144 %				147,642,726
City Strategies & Performance Management	-	-	-		-	-		-	DIV/0 %	DIV/0 %				454
Communications, Marketing & Events	71,835,300	-	71,835,300		71,835,300	55,672,323		(16,162,977)	77 %	77 %				39,903,256
Corporate and Shared Services	723,088,526	(219,300)	722,869,226		722,869,226	102,944,811		(619,924,415)	14 %	14 %				75,105,985
Emergency Services	70,013,406	15,794,000	85,807,406		85,807,406	73,757,379		(12,050,027)	86 %	105 %				71,178,284
Environmental Mangement	1,186,289,050	(5,350,906)	1,180,938,144		1,180,938,144	1,177,623,367		(3,314,777)	100 %	99 %				977,892,474
Financial Services	7,810,642,058	705,152	7,811,347,210		7,811,347,210	8,001,729,367		190,382,157	102 %	102 %				7,252,173,145
Health & Social Development	13,284,025	11,200,000	24,484,025		24,484,025	47,160,935		22,676,910	193 %	355 %				17,446,370
Housing & Human Settlement	888,862,590	26,438,075	915,300,665		915,300,665	871,118,095		(44,182,570)	95 %	98 %				451,565,450
Information & Communication	16,713	-	16,713		16,713	43,717		27,004	262 %	262 %				139,993
Technology Management														
Legal Services	375,700	-	375,700		375,700	111,507		(264,193)	30 %	30 %				535,862
Macro Economic Planning	33,800,700	-	33,800,700		33,800,700	30,385,124		(3,415,576)	90 %	90 %				45,386,651
Metro Police Services	253,225,372	87,620,000	340,845,372		340,845,372	290,971,907		(49,873,465)	85 %	115 %				268,230,385
Office of the Chief Audit Executive	184,654,500	(46,753,500)	137,901,000		137,901,000	40,864,932		(97,036,068)	30 %	22 %				39,305,276
Office of the City Manager	150,000,000	25,000,000	175,000,000		175,000,000	174,998,474		(1,526)	100 %	117 %				198,970,541
Office of the Executive Mayor	-	-	-		-	-		-	DIV/0 %	DIV/0 %				181
Regional Service Delivery	131,546,599	36,485,168	168,031,767		168,031,767	175,248,087		7,216,320	104 %	133 %				244,303,941
Service Infrastructure: Electricity	10,441,735,335	(7,000,000)	10,434,735,335		10,434,735,335	9,600,143,198		(834,592,137)	92 %	92 %				8,855,672,227
Service Infrastructure: Water and Sanitation	4,101,994,423	97,075,262	4,199,069,685		4,199,069,685	4,044,190,512		(154,879,173)	96 %	99 %				3,940,848,130
Sport and Recreation	3,420,907	2,996,147	6,417,054		6,417,054	3,206,743		(3,210,311)	50 %	94 %				5,178,488
Transport	1,283,057,302	6,200,217	1,289,257,519		1,289,257,519	1,225,187,957		(64,069,562)	95 %	95 %				1,137,513,808
Total Revenue by Vote	27,483,884,040	250,190,315	27,734,074,355		27,734,074,355	26,110,922,983		(1,623,151,372)	94 %	95 %				23,768,993,627

Appendix D
Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the year ended 30 June 2015

2014/15							2013/14 Restated						
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 MFMA)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	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 Vote to be appropriated													
City Planning	276,287,949	9,518,160	285,806,109	-	285,806,109	259,298,966	-	(26,507,143)	91 %	94 %	-	-	249,233,341
City Strategies & Performance Management	27,300,436	2,109,381	29,409,817	-	29,409,817	24,459,632	-	(4,950,185)	83 %	90 %	-	-	25,537,513
Communications, Marketing & Events	198,170,539	3,220,337	201,390,876	-	201,390,876	181,591,054	-	(19,799,822)	90 %	92 %	-	-	146,875,982
Corporate & Shared Services	1,546,117,244	19,508,580	1,565,625,824	-	1,565,625,824	1,499,590,227	-	(66,035,597)	96 %	97 %	-	-	1,794,539,517
Emergency Services	543,437,899	13,390,307	556,828,206	-	556,828,206	535,439,457	-	(21,388,749)	96 %	99 %	-	-	528,382,117
Environmental Management	575,009,039	60,749,579	635,758,618	-	635,758,618	625,917,578	-	(9,841,040)	98 %	109 %	-	-	680,472,008
Financial Services	1,305,764,340	105,321,463	1,411,085,803	-	1,411,085,803	1,194,598,159	-	(216,487,644)	85 %	91 %	-	-	1,272,675,857
Health & Social Development	256,445,687	(23,172,667)	233,273,020	-	233,273,020	245,490,242	12,217,222	12,217,222	105 %	96 %	-	-	256,718,151
Housing & Human Settlement	491,414,039	(145,187,237)	346,226,802	-	346,226,802	327,741,809	-	(18,484,993)	95 %	67 %	-	-	331,707,865
Information & Communication Technology Management	577,032,486	65,266,888	642,299,374	-	642,299,374	761,459,299	119,159,925	119,159,925	119 %	132 %	-	-	470,011,198
Legal Services	92,717,359	2,776,274	95,493,633	-	95,493,633	85,381,757	-	(10,111,876)	89 %	92 %	-	-	95,808,186
Macro Economic Planning	246,056,270	84,180,960	330,237,230	-	330,237,230	314,586,398	-	(15,650,832)	95 %	128 %	-	-	305,417,604
Metro Police Services	1,425,915,170	168,751,647	1,594,666,817	-	1,594,666,817	1,615,045,479	20,378,662	20,378,662	101 %	113 %	-	-	1,494,270,700
Office of the Chief Audit Executive	272,089,804	(49,647,658)	222,442,146	-	222,442,146	320,037,967	97,595,821	97,595,821	144 %	118 %	-	-	225,114,644
Office of the Chief Whip	29,070,565	1,397,351	30,467,916	-	30,467,916	27,244,358	-	(3,223,558)	89 %	94 %	-	-	22,808,351
Office of the City Manager	114,359,274	(5,323,176)	109,036,098	-	109,036,098	97,039,189	-	(11,996,909)	89 %	85 %	-	-	101,344,229
Office of the Executive Mayor	204,697,391	51,891,062	256,588,453	-	256,588,453	242,673,329	-	(13,915,124)	95 %	119 %	-	-	174,984,713
Office of the Speaker	325,246,640	(79,672,980)	245,573,660	-	245,573,660	240,861,963	-	(4,711,697)	98 %	74 %	-	-	222,029,348
Regional Service Delivery	3,127,242,457	66,472,381	3,193,714,838	-	3,193,714,838	3,423,986,126	230,271,288	230,271,288	107 %	109 %	-	-	2,991,743,462
Research & Innovation	26,334,200	937,467	27,271,667	-	27,271,667	20,236,654	-	(7,035,013)	74 %	77 %	-	-	29,911,359
Service Infrastructure: Electricity	8,130,664,160	420,926,820	8,551,590,980	-	8,551,590,980	8,572,555,997	20,965,017	20,965,017	100 %	105 %	-	-	8,107,983,049
Service Infrastructure: Water and Sanitation	2,702,749,909	(73,986,677)	2,628,763,232	-	2,628,763,232	2,879,948,837	251,185,605	251,185,605	110 %	107 %	-	-	2,440,110,385
Sport and Recreation	59,769,410	19,284,534	79,053,944	-	79,053,944	76,025,735	-	(3,028,209)	96 %	127 %	-	-	32,899,230
Transport	1,286,063,488	31,048,525	1,317,112,013	-	1,317,112,013	1,361,050,339	43,938,326	43,938,326	103 %	106 %	-	-	1,161,111,416
Total Expenditure by Vote	23,839,955,755	749,761,321	24,589,717,076	-	24,589,717,076	24,932,260,551	795,711,866	342,543,475	101 %	105 %	-	-	23,161,690,225
Surplus/(Deficit) for the year	3,643,928,285	(499,571,006)	3,144,357,279		3,144,357,279	1,178,662,432		(1,965,694,847)	37 %	32 %			607,303,402

Appendix E
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2015

	2014/15							2013/14 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 of Actual Outcome against Adjustments Budget	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
Revenue By Source															
Property rates	4,888,153,500	-	4,888,153,500	-		4,888,153,500	4,866,348,173		(21,805,327)	100 %	100 %				4,410,334,579
Service charges - electricity revenue	9,613,283,000	-	9,613,283,000	-		9,613,283,000	8,738,615,740		(874,667,260)	91 %	91 %				8,313,648,415
Service charges - water revenue	2,915,881,108	84,000,000	2,999,881,108	-		2,999,881,108	2,743,867,599		(256,013,509)	91 %	94 %				2,476,029,486
Service charges - sanitation revenue	745,935,177	-	745,935,177	-		745,935,177	713,527,680		(32,407,497)	96 %	96 %				623,442,006
Service charges - refuse revenue	956,672,900	-	956,672,900	-		956,672,900	969,643,413		12,970,513	101 %	101 %				768,111,339
Service charges - other	289,069,880	12,500,000	301,569,880	-		301,569,880	178,480,401		(123,089,479)	59 %	62 %				135,714,966
Rental of facilities and equipment	268,883,645	(3,918,364)	264,965,281	-		264,965,281	116,602,095		(148,363,186)	44 %	43 %				98,912,336
Interest earned - external investments	66,621,700	202,682	66,824,382	-		66,824,382	38,131,712		(28,692,670)	57 %	57 %				52,402,499
Interest earned - outstanding debtors	227,378,560	(126,036)	227,252,524	-		227,252,524	374,647,547		147,395,023	165 %	165 %				326,840,827
Fines	111,402,400	87,620,000	199,022,400	-		199,022,400	160,562,313		(38,460,087)	81 %	144 %				134,863,536
Licences and permits	58,577,730	-	58,577,730	-		58,577,730	53,243,503		(5,334,227)	91 %	91 %				55,801,028
Transfers recognised - operational	3,174,408,229	202,789,163	3,377,197,392	-		3,377,197,392	3,081,484,936		(295,712,456)	91 %	97 %				2,861,382,433
Other revenue	1,623,216,211	(211,589,870)	1,411,626,341	-		1,411,626,341	1,026,321,663		(385,304,678)	73 %	63 %				967,588,011
Gains on disposal of PPE	-	-	-	-		-	20,440,818		20,440,818	DIV/0 %	DIV/0 %				11,580,649
Total Revenue (excluding capital transfers and contributions)	24,939,484,040	171,477,575	5,110,961,615	-		5,110,961,615	3,081,917,593		2,029,044,022)	92 %	93 %				1,236,652,110

Appendix E
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2015

2014/15										2013/14 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 of Actual Outcome against Adjustments Budget Rand	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	
Expenditure By Type															
Employee related costs	6,599,934,768	(102,006,349)	6,497,928,419	-	-	6,497,928,419	6,318,953,632	-	(178,974,787)	97 %	96 %	-	-	-	6,086,504,529
Remuneration of councillors	109,043,173	593,682	109,636,855	-	-	109,636,855	104,192,823	-	(5,444,032)	95 %	96 %	-	-	-	96,788,503
Debt impairment	650,517,597	110,762,269	761,279,866		-	761,279,866	850,661,938	89,382,072	89,382,072	112 %	131 %	-	-	-	1,338,600,788
Depreciation & asset impairment	1,116,340,529	7,637,288	1,123,977,817		-	1,123,977,817	1,454,517,767	330,539,950	330,539,950	129 %	130 %	-	-	-	1,256,760,091
Finance charges	898,191,101	39,261,675	937,452,776	-	-	937,452,776	997,466,531	60,013,755	60,013,755	106 %	111 %	-	-	-	813,827,199
Bulk purchases	8,129,270,036	9,395,000	8,138,665,036	-	-	8,138,665,036	7,574,254,175	-	(564,410,861)	93 %	93 %	-	-	-	7,056,541,045
Other materials	410,262,273	(94,160,979)	316,101,294	-	-	316,101,294	253,598,690	-	(62,502,604)	80 %	62 %	-	-	-	308,117,758
Contracted services	2,002,022,919	2,583,598,837	4,585,621,756	-	-	4,585,621,756	4,878,529,228	292,907,472	292,907,472	106 %	244 %	-	-	-	3,943,390,390
Transfers and grants	262,326,995	(5,161,207)	257,165,788	-	-	257,165,788	-	-	(257,165,788)	- %	- %	-	-	-	-
Other expenditure	3,662,046,364	1,800,159,895)	1,861,886,469	-	-	1,861,886,469	1,844,151,877	-	(17,734,592)	99 %	50 %	-	-	-	1,688,527,179
Loss on disposal of PPE	-	1,000	1,000	-	-	1,000	192,399,344	192,398,344	192,398,344	19,239,934 %	DIV/0 %	-	-	-	154,775,955
Total Expenditure	23,839,955,755	749,761,321	4,589,717,076	-	-	4,589,717,076	4,468,726,005	965,241,593	(120,991,071)	100 %	103 %	-	-	-	2,743,833,437
Surplus/(Deficit)	1,099,528,285	(578,283,746)	521,244,539	-		521,244,539	1,386,808,412)	(965,241,593)	1,908,052,951)	(266)%	(126)%				1,507,181,327)
Transfers recognised - capital	2,544,400,000	78,712,740	2,623,112,740	-		2,623,112,740	2,564,981,574		(58,131,166)	98 %	101 %				2,112,512,042
Contributions recognised - capital	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Contributed assets	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Surplus/(Deficit) after capital transfers & contributions	3,643,928,285	(499,571,006)	3,144,357,279	-		3,144,357,279	1,178,173,162		1,966,184,117)	37 %	32 %				605,330,715
Taxation	-	-	-	-		-	489,270		489,270	DIV/0 %	DIV/0 %				1,972,687
Surplus/(Deficit) after taxation	3,643,928,285	(499,571,006)	3,144,357,279	-		3,144,357,279	1,178,662,432		1,965,694,847)	37 %	32 %				607,303,402
Attributable to minorities	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Surplus/(Deficit) attributable to municipality	3,643,928,285	(499,571,006)	3,144,357,279	-		3,144,357,279	1,178,662,432		1,965,694,847)	37 %	32 %				607,303,402
Share of surplus/ (deficit) of associate	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Surplus/(Deficit) for the year	3,643,928,285	(499,571,006)	3,144,357,279	-		3,144,357,279	1,178,662,432		1,965,694,847)	37 %	32 %				607,303,402

Appendix F
Budgeted Capital Expenditure by vote, standard classification and funding (municipality only)
for the period ended 30 June 2015

	2014/15								2013/14						
	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 Planning	500,000	-	500,000	-	-	500,000	461,906	-	(38,094)	92 %	92 %	-	-	-	1,191,802
City Strategies & Performance Management	300,000	-	300,000	-	-	300,000	273,612	-	(26,388)	91 %	91 %	-	-	-	490,762
Communications, Marketing & Events	300,000	-	300,000	-	-	300,000	198,713	-	(101,287)	66 %	66 %	-	-	-	482,564
Corporate & Shared Services	1,000,000	17,235,944	18,235,944	-	-	18,235,944	17,692,850	-	(543,094)	97 %	1,769 %	-	-	-	98,390,038
Emergency Services	23,036,756	-	23,036,756	-	-	23,036,756	22,944,660	-	(92,096)	100 %	100 %	-	-	-	15,727,861
Environmental Management	14,000,000	2,000,000	16,000,000	-	-	16,000,000	15,874,151	-	(125,849)	99 %	113 %	-	-	-	34,609,169
Financial Services	750,000	30,000	780,000	-	-	780,000	736,294	-	(43,706)	94 %	98 %	-	-	-	14,884,997
Health & Social Development	9,000,000	18,056,000	27,056,000	-	-	27,056,000	21,079,153	-	(5,976,847)	78 %	234 %	-	-	-	8,372,064
Housing & Human Settlement	851,304,764	25,616,011	876,920,775	-	-	876,920,775	838,697,599	-	(38,223,176)	96 %	99 %	-	-	-	362,142,743
Information & Communication Technology Management	91,800,000	-	91,800,000	-	-	91,800,000	88,174,074	-	(3,625,926)	96 %	96 %	-	-	-	142,331,591
Legal Services	500,000	-	500,000	-	-	500,000	496,946	-	(3,054)	99 %	99 %	-	-	-	477,501
Macro Economic Planning	2,000,000	-	2,000,000	-	-	2,000,000	1,971,666	-	(28,334)	99 %	99 %	-	-	-	1,000,000
Metro Police Services	9,000,000	-	9,000,000	-	-	9,000,000	8,663,795	-	(336,205)	96 %	96 %	-	-	-	50,863,152
Office of the Chief Audit Executive	13,500,000	-	13,500,000	-	-	13,500,000	11,935,923	-	(1,564,077)	88 %	88 %	-	-	-	6,672,060
Office of the Chief Whip	500,000	-	500,000	-	-	500,000	298,881	-	(201,119)	60 %	60 %	-	-	-	493,937
Office of the City Manager	214,200,000	66,269,849	280,469,849	-	-	280,469,849	277,985,436	-	(2,484,413)	99 %	130 %	-	-	-	198,139,639
Office of the Executive Mayor	300,000	-	300,000	-	-	300,000	122,085	-	(177,915)	41 %	41 %	-	-	-	474,880
Office of the Speaker	500,000	300,000	800,000	-	-	800,000	706,168	-	(93,832)	88 %	141 %	-	-	-	443,299
Regional Service Delivery	178,350,000	36,891,682	215,241,682	-	-	215,241,682	183,283,717	-	(31,957,965)	85 %	103 %	-	-	-	282,767,344
Research & Innovation	300,000	-	300,000	-	-	300,000	263,432	-	(36,568)	88 %	88 %	-	-	-	422,432
Service Infrastructure: Electricity	642,500,000	29,420,000	671,920,000	-	-	671,920,000	616,076,199	-	(55,843,801)	92 %	96 %	-	-	-	414,957,402
Service Infrastructure: Water and Sanitation	498,746,236	26,000,000	524,746,236	-	-	524,746,236	435,737,704	-	(89,008,532)	83 %	87 %	-	-	-	939,935,520
Sport and Recreation	7,629,000	975,047	8,604,047	-	-	8,604,047	7,641,341	-	(962,706)	89 %	100 %	-	-	-	6,253,720
Transport	1,561,470,000	-	1,561,470,000	-	-	1,561,470,000	1,525,846,972	-	(35,623,028)	98 %	98 %	-	-	-	1,427,529,894
Capital multi-year expenditure sub-total	4,121,486,756	222,794,533	4,344,281,289	-	-	4,344,281,289	4,077,163,277	-	(267,118,012)	94 %	99 %	-	-	-	4,009,054,371
Single-year expenditure															
Corporate and Shared Services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	3,303,173
Communications, Marketing & Events	1,500,000	-	1,500,000	-	-	1,500,000	-	-	(1,500,000)	- %	- %	-	-	-	-
Emergency Services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	1,999,641
Environmental Management	15,000,000	(2,000,000)	13,000,000	-	-	13,000,000	10,404,734	-	(2,595,266)	80 %	69 %	-	-	-	3,228,817
Housing & Human Settlement	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	87,995,348
Regional Service Delivery	30,000,000	-	30,000,000	-	-	30,000,000	27,349,572	-	(2,650,428)	91 %	91 %	-	-	-	9,581,364
Transport	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	113,419,798
Capital single-year expenditure sub-total	46,500,000	(2,000,000)	44,500,000	-	-	44,500,000	37,754,306	-	(6,745,694)	85 %	81 %	-	-	-	219,528,141
Total Capital Expenditure - Vote	4,167,986,756	220,794,533	4,388,781,289	-	-	4,388,781,289	4,114,917,583	-	(273,863,706)	94 %	99 %	-	-	-	4,228,582,512

Appendix F
Budgeted Capital Expenditure by vote, standard classification and funding (municipality only)
for the period ended 30 June 2015

2014/15										2013/14				
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	327,100,000	83,835,793	410,935,793	-	-	410,935,793	401,338,703	-	(9,597,090)	98 %	123 %	-	-	- 461,831,452
Executive and Council	200,550,000	25,464,000	226,014,000	-	-	226,014,000	224,301,102	-	(1,712,898)	99 %	112 %	-	-	- 203,683,098
Budget and treasury office	750,000	30,000	780,000	-	-	780,000	736,294	-	(43,706)	94 %	98 %	-	-	- 2,903,524
Corporate services	125,800,000	58,341,793	184,141,793	-	-	184,141,793	176,301,307	-	(7,840,486)	96 %	140 %	-	-	- 255,244,830
Community and public safety	1,106,370,520	81,538,740	1,187,909,260	-	-	1,187,909,260	1,107,133,886	-	(80,775,374)	93 %	100 %	-	-	- 818,670,628
Community and social services	26,529,000	43,666,729	70,195,729	-	-	70,195,729	57,449,059	-	(12,746,670)	82 %	217 %	-	-	- 33,894,105
Sport and recreation	112,500,000	22,400,000	134,900,000	-	-	134,900,000	106,183,275	-	(28,716,725)	79 %	94 %	-	-	- 231,267,274
Public safety	32,036,756	-	32,036,756	-	-	32,036,756	31,608,455	-	(428,301)	99 %	99 %	-	-	- 68,590,654
Housing	901,304,764	10,616,011	911,920,775	-	-	911,920,775	873,448,099	-	(38,472,676)	96 %	97 %	-	-	- 450,138,091
Health	34,000,000	4,856,000	38,856,000	-	-	38,856,000	38,444,998	-	(411,002)	99 %	113 %	-	-	- 34,780,504
Economic and environmental services	1,565,770,000	-	1,565,770,000	-	-	1,565,770,000	1,529,809,584	-	(35,960,416)	98 %	98 %	-	-	- 1,528,588,195
Planning and development	3,300,000	-	3,300,000	-	-	3,300,000	2,979,329	-	(320,671)	90 %	90 %	-	-	- 2,682,564
Road transport	1,561,470,000	-	1,561,470,000	-	-	1,561,470,000	1,525,846,972	-	(35,623,028)	98 %	98 %	-	-	- 1,520,066,018
Environmental protection	1,000,000	-	1,000,000	-	-	1,000,000	983,283	-	(16,717)	98 %	98 %	-	-	- 5,839,613
Trading services	1,156,246,236	55,420,000	1,211,666,236	-	-	1,211,666,236	1,064,218,609	-	(147,447,627)	88 %	92 %	-	-	- 1,382,532,095
Electricity	642,500,000	29,420,000	671,920,000	-	-	671,920,000	616,076,199	-	(55,843,801)	92 %	96 %	-	-	- 422,955,844
Water	406,646,236	21,828,571	428,474,807	-	-	428,474,807	361,796,917	-	(66,677,890)	84 %	89 %	-	-	- 766,424,647
Waste water management	15,000,000	-	15,000,000	-	-	15,000,000	12,404,706	-	(2,595,294)	83 %	83 %	-	-	- 19,640,731
Waste management	92,100,000	4,171,429	96,271,429	-	-	96,271,429	73,940,787	-	(22,330,642)	77 %	80 %	-	-	- 173,510,873
Other	12,500,000	-	12,500,000	-	-	12,500,000	12,416,801	-	(83,199)	99 %	99 %	-	-	- 36,960,142
Other	12,500,000	-	12,500,000	-	-	12,500,000	12,416,801	-	(83,199)	99 %	99 %	-	-	- 36,960,142
Total Capital Expenditure - Standard	4,167,986,756	220,794,533	4,388,781,289	-	-	4,388,781,289	4,114,917,583	-	(273,863,706)	94 %	99 %	-	-	- 4,228,582,512
Funded by:														
National Government	2,529,271,000	62,037,693	2,591,308,693	-		2,591,308,693	2,551,806,060		(39,502,633)	98 %	101 %			2,097,657,610
Provincial Government	15,129,000	12,175,047	27,304,047	-		27,304,047	8,721,122		(18,582,925)	32 %	58 %			5,000,193
District Municipality	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %			-
Other transfers and grants	-	4,500,000	4,500,000	-		4,500,000	4,454,390		(45,610)	99 %	DIV/0 %			12,090,886
Transfers recognised - capital	2,544,400,000	78,712,740	2,623,112,740	-		2,623,112,740	2,564,981,572		(58,131,168)	98 %	101 %			2,114,748,689
Public contributions & donations	60,100,000	16,000,000	76,100,000	-		76,100,000	57,530,022		(18,569,978)	76 %	96 %			93,818,354
Borrowing	1,500,000,000	-	1,500,000,000	-		1,500,000,000	1,387,942,005		(112,057,995)	93 %	93 %			1,493,166,334
Internally generated funds	63,486,756	126,081,793	189,568,549	-		189,568,549	104,463,984		(85,104,565)	55 %	165 %			526,849,135
Total Capital Funding	4,167,986,756	220,794,533	4,388,781,289	-		4,388,781,289	4,114,917,583		(273,863,706)	94 %	99 %			4,228,582,512

Appendix G

Budgeted Cash Flows

for the period ended 30 June 2015

	2014/15					2013/14			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget Rand	Actual Outcome as % of Original Budget Rand	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand			Rand
Cash flow from operating activities									
Receipts									
Other sources	1,401,858,603	-	1,401,858,603	1,401,858,603	1,410,489,511	8,630,908	101 %	101 %	1,408,560,306
Ratepayers/consumers	19,146,045,357	(49,269,240)	19,096,776,117	19,096,776,117	17,711,635,661	(1,385,140,456)	93 %	93 %	15,979,487,609
Government - operating	3,166,497,986	210,699,405	3,377,197,391	3,377,197,391	3,115,441,552	(261,755,839)	92 %	98 %	2,635,453,786
Government - capital	2,544,400,000	78,712,740	2,623,112,740	2,623,112,740	2,562,278,440	(60,834,300)	98 %	101 %	2,349,107,000
Interest received	96,624,060	(24,545)	96,599,515	96,599,515	38,131,712	(58,467,803)	39 %	39 %	52,402,499
Payments									
Suppliers	(14,174,601,615)	(1,004,219,624)	(15,178,821,239)	(15,178,821,239)	(14,210,772,673)	968,048,566	94 %	100 %	(12,255,844,226)
Employees	(6,571,034,790)	-	(6,571,034,790)	(6,571,034,790)	(6,423,146,455)	147,888,335	98 %	98 %	(6,183,293,031)
Interest paid	(898,191,101)	(39,261,675)	(937,452,776)	(937,452,776)	(997,466,530)	(60,013,754)	106 %	111 %	(813,827,200)
Transfers and grants	(236,673,180)	(20,492,608)	(257,165,788)	(257,165,788)	-	257,165,788	- %	- %	-
Taxes on surpluses	-	-	-	-	(489,269)	(489,269)	DIV/0 %	DIV/0 %	(1,972,685)
Net cash flow from/used operating activities	4,474,925,320	(823,855,547)	3,651,069,773	3,651,069,773	3,206,101,949	(444,967,824)	88 %	72 %	3,170,074,058
Cash flow from investing activities									
Receipts									
Proceeds on disposal of PPE	-	-	-	-	(62,413,642)	(62,413,642)	DIV/0 %	DIV/0 %	(11,427,542)
Decrease/(increase) other non-current receivables	48,553,230	-	48,553,230	48,553,230	109,762,466	61,209,236	226 %	226 %	(46,820,859)
Decrease/(increase) in financial assets	(100,000,000)	39,508,026	(60,491,974)	(60,491,974)	5,096,572	65,588,546	(8)%	(5)%	90,435,950
Payments									
Capital assets	(4,012,608,417)	(257,377,910)	(4,269,986,327)	(4,269,986,327)	(4,714,696,944)	(444,710,617)	110 %	117 %	(4,599,285,654)
Net cash flow from/used investing activities	(4,064,055,187)	(217,869,884)	(4,281,925,071)	(4,281,925,071)	(4,662,251,548)	(380,326,477)	109 %	115 %	(4,567,098,105)
Cash flow from financing activities									
Increase in finance lease payments	-	-	-	-	199,894,504	199,894,504	DIV/0 %	DIV/0 %	(83,594,090)
Borrowing long term/refinancing	1,500,000,000	-	1,500,000,000	1,500,000,000	1,500,000,000	-	100 %	100 %	1,600,000,000
Payments									
Repayment of borrowing	(634,301,442)	116,647,654	(517,653,788)	(517,653,788)	(491,042,465)	26,611,323	95 %	77 %	(648,537,164)
Net cash flow from/used financing activities	865,698,558	116,647,654	982,346,212	982,346,212	1,208,852,039	226,505,827	123 %	140 %	867,868,746
Net increase/(decrease) in cash held	1,276,568,691	(925,077,777)	351,490,914	351,490,914	(247,297,560)	(598,788,474)	(70)%	(19)%	(529,155,301)
Cash/cash equivalents at the year begin:	1,416,667,468	(564,682,274)	851,985,194	797,248,099	847,815,980	564,682,274	106 %	60 %	1,376,971,281
Cash/cash equivalents at the year end:	2,693,236,159	(1,489,760,051)	1,203,476,108	1,148,739,013	600,518,420	(34,106,200)	52 %	22 %	847,815,980

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	-	-	-	-	-	-	378,440	378,440	-	378,440	None	None	Yes
Integrated national electrification Programme (INEP)	Department of Mineral & Energy (DME)	-	-	-	14,200,000	2,900,000	14,900,000	-	32,000,000	31,999,050	950	None	None	Yes
Gauteng Project Linked Housing	Gauteng:Local Government & Housing (GLGH)	16,543,009	2,159,543	(2,293,422)	-	-	-	(48,553,229)	(48,553,229)	-	(32,144,099)	None	None	Yes
Urban Settlement Development (USDG)	Cooperative Governance and Traditional Affairs (CoGTA)	44,007,692	-	-	220,417,000	734,725,000	514,308,000	-	1,469,450,000	1,477,217,752	36,239,940	None	None	Yes
Gautrans Job Creation	Gauteng: Transport	71,107	-	12,000,000	-	-	-	-	-	-	12,071,107	None	None	Yes
PTIS: Roads	Gauteng: Transport (GDoT)	-	-	26,000,000	-	60,000,000	50,000,000	-	110,000,000	136,000,000	-	None	None	Yes
PTIS: Transport	Gauteng: Transport (GDoT)	-	-	(26,000,000)	-	427,571,000	330,000,000	-	757,571,000	731,346,892	224,108	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
Groen Sebenza	Development Bank South Africa/SANBI	7,823	-	-	-	-	-	-	-	-	7,823	None	None	Yes
Sport and Recreation	Gauteng: Sport, Arts, Culture & Recreation	72,617	-	-	-	-	-	-	-	-	72,617	None	None	Yes
Electricity Demand Side (EDSM)	Department of Mineral & Energy (DME)	-	-	-	3,000,000	-	-	-	3,000,000	-	3,000,000	None	None	Yes
Social Infrastructure Grant	National Treasury	-	-	-	6,492,312	-	4,707,688	-	11,200,000	5,517,789	5,682,211	None	None	Yes
Community Libraries	Gauteng: Sport, Arts, Culture & Recreation	783,095	-	-	3,129,000	-	300,000	-	3,429,000	3,203,335	1,008,760	None	None	Yes
Finance Management Grant (FMG)	National Treasury	30,243	-	-	-	250,000	-	-	250,000	243,891	36,352	None	None	Yes
Neighbourhood Development (NDPG)	National Treasury	2,359,341	-	(2,359,341)	-	117,312,000	57,688,000	-	175,000,000	174,998,474	1,526	None	None	Yes
Sandspruit: DWA	Department Water Affairs	278,855	-	-	-	-	-	-	-	-	278,855	None	None	Yes
		64,221,176	2,159,543	9,640,659	247,238,312	1,342,758,000	971,903,688	(48,174,789)	2,513,725,211	2,560,527,183	29,219,406			

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			July to June
Operational grants/subsidies:															
Health: HIV/AIDS	Gauteng: Department of Health & Social Development	-	-	-	10,923,000	-	-	-	10,923,000	10,923,000	-	None	None	Yes	
Primary Healthcare	Gauteng: Department of Health & Social Development	-	-	-	15,986,800	11,990,100	11,990,100	-	39,967,000	39,967,000	-	None	None	Yes	
Emergency Medical Services (EMS)	Gauteng: Department of Health & Social Development	-	-	-	-	39,678,100	17,004,900	-	56,683,000	56,683,000	-	None	None	Yes	
Top Structures: Project Linked Housing	Gauteng:Local Government & Housing (GLGH)	50,681,533	-	-	-	-	-	-	-	-	50,681,533	None	None	Yes	
Finance Management Grant (FMG)	National Treasury	674,909	-	-	4,750,000	-	-	-	4,750,000	4,539,576	885,333	None	None	Yes	
LG SETA	Department of Local Government	266,921	-	-	-	-	-	-	-	-	266,921	None	None	Yes	
Equitable share	National Treasury	-	-	2,359,341	544,476,000	456,147,000	372,536,000	-	1,373,159,000	1,375,518,341	-	None	None	Yes	
Urban Settlement Development (USDG)	Cooperative Governance and Traditional Affairs (CoGTA)	822,063	-	-	-	-	-	-	-	194,671	627,392	None	None	Yes	
Human Settlements Capacity grant	Cooperative Governance and Traditional Affairs (CoGTA)	-	-	-	-	-	47,506,000	-	47,506,000	31,086,516	16,419,484	None	None	Yes	
ryncipal Disaster Recov	Department Local Government	-	-	-	-	-	14,878,000	-	14,878,000	991,732	13,886,268	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	-	-	-	892,857	-	-	-	892,857	-	892,857	None	None	Yes	
Community Libraries Services	Gauteng: Sport, Arts, Culture & Recreation	1,159,358	-	-	753,695	-	100,000	-	853,695	1,836,707	176,346	None	None	Yes	
Performance Management Gautrans	Department of Local Government	268,665	-	-	-	-	-	-	-	-	268,665	None	None	Yes	
PTNOG: Transport	Gauteng: Transport (GDoT)	12,222,417	-	(12,000,000)	-	-	-	-	-	222,417	-	None	None	Yes	
Revenue Enhancement	Gauteng: Transport (GDoT)	-	-	-	54,000,000	-	84,000,000	-	138,000,000	138,000,000	-	None	None	Yes	
Equitable Share: Fuel levy	Department Public Works	1,224,800	-	-	-	-	-	-	-	-	1,224,800	None	None	Yes	
Integrated City Development	Department Local Government	-	-	-	450,803,000	450,804,000	450,803,000	-	1,352,410,000	1,352,410,000	-	None	None	Yes	
EPWP	National Treasury	-	-	-	44,659,000	-	-	-	44,659,000	38,351,975	6,307,025	None	None	Yes	
	Department of Public Works	-	-	-	-	21,532,000	9,228,000	-	30,760,000	30,760,000	-	None	None	Yes	
		68,555,899	-	(9,640,659)	1,127,244,352	980,151,200	1,008,046,000	-	3,115,441,552	3,081,484,935	92,871,857				
Revenue per Statement of Financial Performance (see note 27)		132,777,075	2,159,543							5,642,012,118					
Unspent conditional grants per Statement of Financial Position (see note 11)				(134,936,618)							122,091,263				



HOUSING COMPANY TSHWANE

HOUSING COMPANY TSHWANE ANNUAL REPORT 2014/15

MANDATE

The mandate of the Housing Company Tshwane is to:

- ✓ Develop, own and manage affordable rental housing opportunities close to employment nodes, transport nodes, social amenities and related public services for households earning between R 3 500 and R7 500 (as revised by the National Department of Human Settlements from time to time);
- ✓ Provide rental housing accommodation for people who do not qualify for the subsidy and are unable to participate in the formal, non-subsidised housing market;
- ✓ Provide property management and turnaround services for low to medium density social or rental accommodation; and
- ✓ Manage all rental stock owned by the Council of the City of Tshwane.

GLOSSARY OF ACRONYMS & ABBREVIATIONS

ACRONYMS	GLOSSARY OF TERMS
ARC	Audit and Risk Committee
BBBEE	Broad Based Black Economic Empowerment Act
BEE	Black Economic Empowerment
CEO	Chief Executive Officer
Constitution	Constitution of the Republic of South Africa
CoT	City of Tshwane
CSI	Corporate Social Investment
EE	Employment Equity
EEA	Employment Equity Act
HCT	Housing Company Tshwane
HDI	Historically Disadvantaged Individuals
IDP	Integrated Development Plan
LRA	Labor Relations Act
MFMA	Municipal Finance Management Act
MSA	Municipal Systems Act, 2000 (Act No. of 2000)
NDHS	National Department of Human Settlements
OHSA	Occupational Health and Safety Act

SCM	Supply Change Management
SDA	Service Delivery Agreement
SDBIP	Service Delivery and Budget Implementation Plan
SHRA	Social Housing Regulatory Authority
SLA	Service Level Agreement

VISION

“A Social Housing provider of choice in the City of Tshwane”.

MISSION

“To deliver and manage social housing in the City of Tshwane on a sustainable basis”

The HCT vision and mission above are the foundation and framework that guide the company in providing rental/social housing services which:

- Contribute to the implementation of the City of Tshwane’s approved spatial development framework.
- Offer affordable social housing products to the targeted households or beneficiary community.
- Promote the development of well-located, liveable communities within easy reach of social and other amenities.
- Promote local economic development activities within areas earmarked for social housing.

BUSINESS VALUES

In working towards the achievement of the vision and mission set out above, HCT subscribes to the following values:

- i. **Caring** - we care about the people of the CoT and take responsibility and ownership of the obligations vested in our mandate;
- ii. **Responsive** – we seek to be proactive in identifying and being responsive to challenges faced by our client-base;
- iii. **Transparency** – HCT seeks to provide consistent, accurate verifiable and reliable information to our stakeholders at all times;
- iv. **Integrity** – HCT pledges to act with honesty and fairness in all our commitments; and
- v. **Professionalism** – HCT is committed to delivering excellence through competent and capable human resources supported by functional and excellent institutional processes and frameworks.

ORGANISATIONAL CULTURE

Housing Company Tshwane operates in an environment governed by, inter alia the City of Tshwane’s principle of Batho Pele (“People First”), which places great emphasis on service delivery to all the people of Tshwane in a caring, transparent and responsible manner. In dealing with beneficiaries of social/rental housing, HCT officials strive to exhibit this culture at all times.

HCT strives to be efficient and cost effective in the delivery of social housing services to its tenants and is committed to ensuring that all the rental tariffs of housing stock under its management's remain affordable to the target market as identified. All operations and interface with stakeholders are underpinned by the principles of honesty and transparency, and all staff and directors are bound by the company's approved code of conduct.

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CHAPTER 1

OVERSIGHT BY MEMBER OF MAYORAL COMMITTEE, COUNCILLOR JOSHUA NGONYAMA



Not all that live and work in the City have firm roots established in it. The City of Tshwane Metropolitan Municipality therefore remains committed to satisfying the current gap that exists with respect to affordable rental housing. In this regard, the City has established the entity Housing Company Tshwane as its vehicle to develop and manage social housing and other forms of institutional housing within and around the City.

The main expectation, based on the mandate of Housing Company Tshwane is to:

- a. Develop, own and manage affordable rental and social housing opportunities close to employment nodes, transport nodes, social amenities and related public services for households earning between R 3 500 and R7 500 (as revised by the National Department of Human Settlements from time to time);
- b. Provide rental housing accommodation for people who do not qualify for subsidy and are unable to participate in the formal, non-subsidised housing market;
- c. Provide property management and turnaround services for low to medium density social or rental accommodation; and

- d. Manage all rental stock owned by the Council of the City of Tshwane.

In stark contrast to previous periods, predominantly due to lack of the appropriate level of accreditation, the Housing Company Tshwane is now able to fully participate in our human settlements programme as it is now in a position to raise its own funding.

During the year under review, the HCT has been in its first year of implementing a turn-around strategy which has seen alignment of its annual business plan with the Service Delivery Agreement and achievement of conditional accreditation by the Social Housing Regulatory Authority.

The entity is making steady progress with implementation of affordable rental accommodation projects which are at various planning stages. These include the Townlands development which will provide 900 units over the next three years; the Timberland development in Arcadia, which includes 320 units over the next two financial years. In addition, rental units within mixed housing developments are planned over the next three years in the Fort West, Lotus Gardens, Zandfontein, Chantelle Extension 39 and Sunnyside. This will not only increase stock under the entity's management, but will enhance operational capacity within HCT and will equally require capability by the entity moving forward. The entity therefore needs to move with speed in building the requisite operational capacity in order to fast-track implementation of programmes and projects relating to the development of social housing units in the City of Tshwane rapidly.

It is therefore expected that the entity will continue to enhance its operations in future by effectively meeting and achieving all its objectives and is able to reach the required self-sustainability levels as a social housing developer within the city.

CLLR J. J. NGONYAMA
MEMBER OF MAYORAL COMMITTEE
HOUSING AND HUMAN SETTLEMENTS

CHAIRPERSON'S FOREWORD



Housing Company Tshwane's (HCT) mandate is to develop and manage affordable social/rental housing within the boundaries of the City of Tshwane. As a municipal entity, HCT derives its mandate from the City of Tshwane (sole shareholder), and is therefore expected to contribute to the City's service delivery programme as captured in the applicable Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP). Operations at HCT are underpinned by the four key guiding principles encapsulated in the company's Strategic Plan, namely *Sustainability, Affordability, Integrity, and Independence*.

Housing Company Tshwane did all it could to discharge of its mandate as per the old Service Delivery Agreement (SDA) with the shareholder. While certain aspects of the old SDA could not be implemented (e.g. transferring of newly-refurbished City of Tshwane rental units/ buildings to HCT), due to the entity's capacity assessment, there is now a focused-effort to resource the entity properly in order to be able to manage tasks of this nature from the Shareholder in future.

Overall, the company's operations during 2014/15 improved significantly as a result of a reliable cash-flow position, the capacitation of the company (i.e. the appointment of Chief Executive Office) as well as the continued improvement of the governance environment and including maintenance the Conditional Accreditation by the Social Housing Regulatory Authority (SHRA). This places the company at a level where it can participate in the various Social Housing Investment Programmes from time to time for and around the City of Tshwane metropolitan area.

Finally, I wish to take this opportunity to thank the management and staff of Housing Company Tshwane for the commitment and enthusiasm displayed during the year. The contribution of the shareholder to the company's 2014/15 operational re-engineering is well acknowledged and appreciated. On behalf of the Board of Directors, I wish to thank the City of Tshwane for affording us the opportunity to serve the City of Tshwane and to contribute to the development of Housing Company Tshwane as a social housing institution.

Mr Tshepo Phetla
Chairperson: Board of Directors

Date
July 2015

STATEMENT OF THE ACTING CHIEF EXECUTIVE OFFICER

GENERAL PERFORMANCE

The company performance rating during the 2014/15 is subject to external audit of the pre-determined (service delivery) objective. Management endeavored enhancing performance beyond the previous. During the year under review the company underwent a leadership vacuum when the former CEO departed. The Property Development Manager was appointed to act as Chief Executive Officer for the remainder of the financial year. The leadership vacuum has had an impact in the achievement of some of the company's objectives, especially relating to greenfield development projects implementation, due to this arrangement, as the greenfields projects would have involved supply chain management processes that requires both positions to be filled.

It is however important to note that, almost all matters raised by the Auditor General in the 2013/14 audit report have continuously been attended to and rectified as required by HCT management.

The company continued to maintain its Conditional Accreditation status by the Social Housing Regulatory Authority (SHRA), a key aspect for the company's participation in the social housing investment programmes. Going forward, the Board of Directors and management committed to raising performance levels during the 2014/15 financial year as set out in the newly approved company Business Plan (2013-2017 for 4 years!) and as well as the revised five (5) year Strategic Plan of the company.

UNITS UNDER MANAGEMENT

Housing Company Tshwane continues to manage the 95 units at the Eloff Building, Pretoria CBD and 160 units in Clarina Residential complex in Pretoria North on behalf of the City of Tshwane. A Service Level Agreements concluded between the City of Tshwane and Housing Company Tshwane could not be implemented as HCT did not have sufficient capacity at the time of implementation to manage additional rental stock that was envisaged for transfer to the entity.

NEW PROJECTS

Project planning of new greenfield projects to be implemented by the company during 2015/2016, for Townlands and Timberlands has commenced and is expected to be complete within the financial year as per business plan of the company.

CONCLUSION

The company's general performance (relative to the company mandate, scorecard and targets set in the Service Delivery Agreement) has some objectives not achieved for the year under review. In the year 2015/2016, management's priority is to meet all the company's pre-determined objectives and targets as detailed in the newly revised Service Delivery Agreement (SDA) and multi-year company business Plan (2013-2017) and the five (5) Strategic Vision of the company, thus ensuring that there is overall compliance and that set performance targets/pre-determined objectives are met.

Mr N.A Magubane

Acting Chief Executive Officer

MEMBERS OF THE BOARD

Board Chairperson: Mr Tshepo Phetla

Non-Executive Director: Advocate Shami T Kholong

Non-Executive Director: Dr. Anirood Singh

Non-Executive Director: Dr Matlotleng Matlou*

Non-Executive Director: Mr William Rowland

Non-Executive Director: Ms Mirriam Lehlokoa**

Non-Executive Director: Advocate Edwin M Mphahlele

Non-Executive Director: Mr. Tebogo J Mokgoro**

Non-Executive Director: Ms Dombolo M Masilela

Non-Executive Director: Ms Nontuthuzelo Mbhiza*

*** Appointed during the financial year**

****Resigned during the financial year**

Key Policy Developments:

This is based on Strategic alignment to the parent department, and the municipality as a whole, focus on impact and outcome achieved –

City of Tshwane Strategic Objective	HCT Strategic Objective	Key Performance area(s)
Sustainable Basic Services Infrastructure and Human Settlements	1. Provide new Social Housing units on a sustainable basis	Increase in number of new social housing units built (refer to the scorecard for quantifiable targets)
	2. Promote effective and efficient management of HCT and Social Housing portfolio (manage social housing stock in accordance with industry norms, and standards as defined by the social housing regulator from time to time)	Full compliance with legislative and risk management frameworks and policies Effective housing stock management
Improved Financial Sustainability	3. Strive for financial sustainability by 2017 (conduct business in a manner which maximises revenue collection from a growing social housing stock)	Prudent credit control and revenue management (rentals) Effective financial management
Promote good governance and active citizenry	4. Promote sound governance	Full compliance with legislative and risk management frameworks Good corporate governance

City of Tshwane Strategic Objective	HCT Strategic Objective	Key Performance area(s)
		*Tenant involvement and participation in social housing planning, implementation, management and monitoring (sound client management services)

Key Service Delivery Improvements:

Key service delivery highlights for the period under review are as follows:

- a. Continued to successfully manage ELOFF building, 95 unit residential building owned by Housing Company Tshwane, with a 0% vacancy rate.
- b. The entity is also sustainably managing the Clarina residential complex, an asset of the parent-municipality, the City of Tshwane.
- c. Conditional Accreditation by the Social Housing Regulatory Authority (SHRA) has been sustained through the period, with submissions of interest for Social Housing Funding submitted during the year.
- d. One of the mainly challenges of the entity during year 2014/2015 has been leadership, due to vacancy in the Accounting Officer (CEO) position. The HCT Board has however managed to finalise the recruitment process and appointed the Chief Executive Officer who will be starting on 1st of July 2015.

- The performance trends for 2013/14 and 2014/15

In terms of performance comparison between 2013/2014 as well as 2014/2015, not much difference as the entity had in the past two period turning itself around in terms accreditation, human capital capacitation and as well as in terms of establishing its systems to be in place.

More focus has been in ensuring that better work is done on the stock under management, while possibilities of additional rental stock were pursued. This focus has also been dedicated more on ensuring not decrease the entity's unit occupancy levels in terms rentals, with Eloff building staying at 99% occupation capacity.

In terms of governance, management has also during the course of the period under review placed emphasis on rectifying all matters raised by the Auditor General during 2013/2014 audit period.

EXECUTIVE SUMMARY

The company performance rating during the fourth quarter of the 2014/15 has improved compared to the previous period in 2013/2014 in terms of meeting some pre-determined objectives of the company. The company took a view to review a number of its policies for implementation during 2015/2016, fill in a number of the key vacant positions in on its organizational structure amongst other matters in order to enhance its operations. There was however unsatisfactory progress in the implementation of the company's greenfields projects, mainly due to lack of capacity to implement supply chain management processes. This has however been rectified with an approval to procure through Regulation 32 for the company by participating in the existing contract of the City of Tshwane for the procurement of all the required service providers. Detailed planning and design for these projects will commence during the first quarter of 2015/2016 financial year.

While some targets on the business plan could not be achieved, the company continued to maintain its Conditional Accreditation level by the Social Housing Regulatory Authority (SHRA) and is addressing the outstanding matters as raised by SHRA for re-submission on July 2015.

Going forward, the management has focused on raising performance levels during 2014/15 financial year as set out in the newly approved company Business Plan (2015/2016) and as well as in line with the revised five (5) year Strategic Vision of the company. Amongst these efforts will be to focus on development of new units, tenant management and property maintenance programme implementations to ensure quality on new and currently managed units, as well as continued process to establish the policies required for the company to efficiently operate, as well as the maintenance with a view to upgrade SHRA accreditation.

The entity has at the beginning of April responded and submitted applications and registration into Social Housing Investment Programme 6a (SHIP6a) to the Social Housing Regulatory Authority (SHRA) reregistering Townlands and Timberland project for funding in the coming financial year. The success of this application would see the entity being able to deliver on its social housing development mandate through the implementation of Townlands and Timberlands project.

AUDITOR GENERAL REPORT

Auditor General's report.

Report of the auditor-general to the Gauteng provincial legislature and the council of the City of Tshwane Metropolitan Municipality on Housing Company Tshwane NPC

Report on the financial statements

Introduction

1. I have audited the financial statements of the Housing Company Tshwane NPC set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2015, the 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, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (Companies Act), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipal entity's preparation and fair presentation of the financial statements 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 municipal entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Housing Company Tshwane NPC as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA standards of GRAP and the requirements of the MFMA and the Companies Act.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Material impairment of debtors

8. As disclosed in note 8 to the financial statements, receivables have significantly been impaired. The impairment of receivables amounts to R712 001 (2014: R315 921), which represents 86% (2014: 79%) of the debtors and the contribution to the provision for doubtful debts for the year under review amounted to R500 828 (2014: R315 921).

Restatement of corresponding figures

9. As disclosed in note 33 and 34 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of an error discovered in the financial statements of the Housing Company Tshwane NPC for the year ended, 30 June 2015.

Additional matters

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited supplementary information

11. The supplementary information set out on pages xxx to xxx, does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

Unaudited disclosure notes

12. In terms of section 125(2)(e) of the MFMA the municipal entity is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Other reports required by the Companies Act

13. As part of our audit of the financial statements for the year ended 30 June 2015, I have read the Directors' Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports I have not identified material inconsistencies between the reports and the audited financial statements in respect of which I have expressed an unqualified opinion. I have not audited the reports and accordingly do not express an opinion on them.

Report on other legal and regulatory requirements

14. 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 findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

15. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the municipal entity for the year ended 30 June 2015:
- Objective 1: Provision of new Social Housing units on a sustainable basis on page xx to xx.
 - Objective 2: Effective and efficient management of HCT and Social Housing portfolio on page xx to xx.
 - Objective 3: Strive for Financial sustainability by 2017 on page xx to xx.
 - Objective 4: Promote and practice sound governance on page xx to xx.
16. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
17. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned [development priorities/objectives]. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
18. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

19. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected objectives.

Additional matters

20. I draw attention to the following matters:

Achievement of planned targets

21. Refer to the annual performance report on pages x to x and x to x for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for objective 1: Provision of new Social Housing units on a sustainable basis. As management subsequently corrected the misstatements, I did not identify material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

23. I performed procedures to obtain evidence that the municipal entity had complied with applicable legislation regarding financial matters, financial management and other related matters.

24. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statements

25. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the Municipal Finance Management Act. Material misstatements of irregular expenditure, commitments, Statement of Changes in Net Assets and Comparative figures identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

26. Reasonable steps were not taken to prevent irregular expenditure and fruitless and wasteful expenditure, as required by section 95(d) of the Municipal Finance Act.

Procurement process

27. Goods and services of a transactions value above R200 000 were procured without inviting competitive bids, as required by SCM regulations 19(a).

Internal control

28. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

29. There is a lack of adequate and proper oversight from management regarding the presentation and the annual financial statements and the annual performance report and internal controls.

Financial and performance management

30. The annual financial statements and annual performance report was subject to material misstatements identified during the audit due to inadequate review of the annual financial statements and annual performance report.
31. There is a lack of review and monitoring of compliance with laws and regulations as instances of non-compliance were identified.

Johannesburg

30 November 2015



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Housing Company Tshwane Responses to the Auditor General Report

Number	AG audit finding	Corrective action	Progress made with implementing commitments given	Responsible official	Due date
1	Incorrect disclosure of Prior Period errors/Adjustments: Commitments There is no disclosure of prior period adjustments relating to Commitments: Non-Cancellable contracts (Disclosure) which occurred in the 2013/2014 annual financial statements, amount R 266 968.	(i) Management to amend the AFS to include the disclosure that was erratically erased (ii) Going forward the AFS must reviewed thoroughly before submitted to the AG or internal auditors for auditing.	Completed	FM	
2	Non-Compliance to SCM Regulations The accounting officer has not within 10 days of the end of each quarter, submitted a report on the implementation of the supply chain management policy to the board of directors. The accounting officer has not within 20 days of the end of each financial year, submitted a report on the implementation of the supply chain management policy to the board of directors.	Management must prepare the Supply Chain Implementation Policy report and submit it to the board for approval at the end of each quarter. Once approved submit it to the parent municipality before respective due dates as per the MFMA.	25% completed. Done for the 1st quarter In progress	FM	
3	Non-Compliance with VAT Act. (1) In terms of the provisions of sections 107A and Part IIIA of Chapter III of the Income Tax Act, 1962 (Act No. 58 of 1962), the Commissioner may on receipt of a notice of objection to an assessment alter the assessment or may disallow the objection and must send the taxpayer notice of such alteration or disallowance, and record any alteration or disallowance made in the	(i) Management does not anticipate lodging an objection to SARS in future (once off audit finding) (ii) Management to prepare VAT recon, submit VAT returns and pay VAT before last day of the month when VAT is due for payment	Completed	Accounts Clerk & FM	

	<p>assessment. Where any objection has been disallowed or withdrawn or any decision has been altered or any assessment has been altered, as the case may be, such decision or altered decision or such assessment or altered assessment, as the case may be, is final and conclusive. The entity lodged an objection for VAT payment and this was disapproved by SARS and the suspension of the payment was revoked. The correspondent dated 13/07/2015 stated that the entity is liable to pay within 10 business days from the date of the notice. The entity did not refund SARS the amount owed within 10 business days.</p> <p>(ii) Section 28 of the VAT Act: Returns and payments: Every vendor shall, within the period ending on the twenty-fifth day of the first month commencing after the end of a tax period relating to such vendor furnish the Commissioner with a return reflecting such information as may be required for the purpose of the calculation of tax in terms of section 16; and calculate the amounts of such tax in accordance with the said section and pay the tax payable to the Commissioner or calculate the amount of any refund due to the vendor: Provided that where the last day of any period within which a return shall be furnished and payment shall be made falls on a Saturday, Sunday or a public holiday, such return shall be furnished and such payment shall be made not later than the last business day falling prior to such Saturday, Sunday or public holiday.</p>				
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	The entity did not submit VAT returns and paid VAT on time for the period of December 2014.				
4	In terms of section 30 (3)(c) of the Companies Act , the AFS of the entity must be approved by the board and signed by an authorised director. The auditor noted that the entity's AFS was signed by the CEO, Anthony Ngcezula, and not by an authorised director as required by the Companies Act.	Management has received board approval reflecting that the CEO is delegated to sign the AFS and he is only the executive director of the board.	Completed	CEO & COSEC	
5	Non-compliance with SCM Regulations: In terms of section 19 (a) of SCM regulations, goods and services with a transaction value of more than R 200 000 or long-term contracts are procured through a competitive bidding process. The entity did not follow competitive bidding processes with regards to the following contracts whose contract value exceeded R200 000: * Puka Ngwathi's - R 228 800 *Advanced guarding - R 913 506.72 *Orizoe services - R 545 532.90 *Solid glory - R 681 788.44	(i) Management to develop a SCM Policy and take it to the board for approval (ii) The Bid Specification, Bid Evaluation and Bid Adjudication Committees will be appointed.	50% completed. This will result in the repeat finding for FY2015/2016 since the contracts were only terminated in September 2015	Supply Chain Officer, FM & CEO	
6	Expenditure management. In terms of sec 32 of the MFMA, the Accounting Officer must take reasonable steps to prevent fruitless, wasteful and Irregular expenditure. The Accounting Officer did not take reasonable steps to prevent unauthorised, irregular or fruitless and wasteful expenditure as there was irregular expenditure of R 1 570 498	(i) Management to ensure competitive bidding takes place (ii) Management to avoid occurrence of fruitless, wasteful and irregular expenditure	Completed	Supply Chain Officer, FM & CEO	
7	Incorrect Irregular Expenditure disclosure in the AFS. The AFS disclosure reflected an amount of R1 429 698 as condoned	Management must amend the AFS to exclude Irregular	Completed	Finance Manager	

	by board subject to an investigation to identify whether the irregular expenditure was an act of negligence and misconduct. The current year condonement is in contravention of the MFMA Act Section 32 (2) b and can there for not be "written off" until all investigations by management is complete. This could result in misstatement of the annual financial statements as well as possible non-compliance to the MFMA.	expenditure as condoned			
8	<p>Prior period error amounts incorrectly disclosed in the AFS.</p> <p>In terms of GRAP 1.110 (d) Presentation of Financial Statements an entity shall present a statement of changes in net assets as required by paragraph 11. The statement of changes in net assets includes the following information: (d) for each component of net assets, the effects of changes in accounting policies and the corrections of errors recognised in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors. GRAP 3 44 9 Accounting Policies, Changes in Accounting Estimates and Errors Paragraph 44 states that subject to paragraph .45, an entity shall correct material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by: (a) restating the comparative amounts for the prior period(s) presented in which the error occurred. In applying paragraph .44, an entity shall disclose the following) the nature of the prior period error; (b) for each prior period presented,</p>	Management to amend the AFS to include the prior year error on the face of Statement of net assets and also include an amount of restatement under comparative note as per GRAP 3.	Completed	Finance Manager	

	<p>to the extent practicable, the amount of the correction for each financial statement line item affected. We identified in note 33, prior period error, was not disclosed in accordance with GRAP 3. In addition to the above where comparative figures were restated, a separate note needs to be disclosed (refer to accounting policy 1.15 on page 23 of the AFS which indicates that where comparative figures as restated or reclassified as necessary to afford a proper and more meaningful of results, as set out in the affected notes in the financial statements).</p> <p>The following misstatements were identified on the statement of changes in net assets:</p> <p>All prior period errors movements (Note 33, page 38 of AFS) have not been disclosed correctly in the Statement of changes in equity (page 10 of AFS) as required by GRAP.110 (d).</p>				
9	<p>Incomplete disclosure of budget differences on the AFS</p> <p>GRAP 24.12 (c) states that subject to the requirements of paragraph .19, an entity shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:</p> <p>(a) the approved and final budget amounts;</p>	<p>Management to amend the AFS to include material variances on budget amounts and actual amounts.</p>	Completed	FM	

	<p>(b) the actual amounts on a comparable basis; and</p> <p>(c) by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes. We noted that the following material differences between budget and actual amounts were not disclosed:</p> <ol style="list-style-type: none"> 1. - Cost of sales 2. - Investment properties 3. - Property, plant and equipment 4. - Intangible assets 5. - Receivables from exchange transactions 6. - Cash and cash equivalents 7. - Payables from exchange transactions 8. - Employee benefits 				
10	<p>Predetermined objectives</p> <p>The mid - year performance assessment did not take into account the municipal entity's annual report for the past year and progress on resolving problems identified in the annual report. No indication that HCT made progress on resolving prior year audit findings in the first 2 quarters of the year.</p>	<p>Management to include in the Mid-term performance assessment report detailed progress on issues raised by AG and not the summary findings.</p>	Completed	FM & CEO	
11	<p>Predetermined objectives</p> <p>Inconsistency between the planned and reported target indicators. The targets as per the Annual</p>	<p>Management to correct the Annual performance report to align with targets in the Business Plan. Going forward, the</p>	Completed. This can be verified through quarterly performance report	CEO/FM	

	Performance Report do not agree to the approved business plan	report will be reviewed by another official CEO/FM who did not prepare the report for quality assurance.			
12	Predetermined objectives Lack of or non-existence of standard operating procedures. It was identified that the municipal entity does not have standard operating procedures for all indicators on how to manage performance information.	Completed The policy was provided to AG as evidence but their comment was that they have received the evidence late and work could not be performed on it. Finding will be transferred to the management report for follow-up next year.	Completed	FM	
13	Predetermined objectives Key performance indicator not well defined. The performance indicator under objective 3 is not well defined: % Compliance with GRAP 17 in terms of Asset register management. Where compliance is concerned you either comply or do not comply and cannot be measured as a percentage.	Management will ensure that where compliance is concerned you either comply or do not comply and do not measure it as a percentage.	Completed. No indicator that is linked with compliance in the current financial year	FM/CEO	
14	Predetermined objectives Actual performance misstated in the Annual Performance report. Objective 1 - Indicator 2: Number of City of Tshwane rental units transferred to HCT for management (Brownfield developments In the Annual performance report it was reported that the actual units occupied was 233. This is in fact not the case as no units were transferred from the CoT to HCT during the current year. Objective 3 - Indicator 4 : % of Vacant Positions filled. In the Annual performance report it was reported on total % positions filled and not on total % vacant positions filled.	(i) The Annual Performance report be amended to reflect the correct actual performance (ii) Going forward the evidence must be verified before information can be reported to avoid misstatements.	25% completed. This can be verified during the quarterly performance reporting	(i)Accounts Clerk to verify evidence (ii)CEO to report the correct actual information on the report	

15	Consequence management In terms of Municipal regulations on financial misconduct procedures and criminal proceedings 4(1), a municipal council or board of directors of a municipal entity must establish a disciplinary board to investigate allegations of financial misconduct in the municipality or municipal entity, and to monitor the institution of disciplinary proceedings against an alleged transgressor. The council or board of directors of a municipal entity did not establish a disciplinary board to investigate allegations of financial misconduct and monitor the institution of disciplinary proceedings against an alleged transgressor.	A Dicipinary Committee will be constituted with appropriate terms of reference	In progress	CEO & COSEC	30 March 2016
16	Consequence management A proper investigation of UIFW expenditure must be commissioned/ approved by a council committee (MFMA sec 32) to determine whether a loss was incurred and any official is liable for the loss. It was noted investigations with regards to fruitless and wasteful and irregular expenditure was not properly conducted, investigations were not commissioned/ approved by a council committee.	UIFW Investigation Policy and Procedure will be developed and approved by HCT Board.	In progress	CEO	30 March 2016
17	Incomplete disclosure of Irregular Expenditure in the AFS Puka's Ngwathi Construction contract was awarded without following the bidding process and the amount is more that R200, 000.	Management to amend the AFS to reflect the total amount of contract until the end of the contract.	Completed	FM	
18	Investment Property Valuation It was found that the investment property valuation is not reasonable due to the following assumptions not making sense:	(i) Management to obtain all supporting evidence from the valuer for all assumptions used. (ii) Amend the AFS to	Completed	FM	

	<p>*The rent for the luxury bachelor flat in the valuator calculation is more than the rent he used for the 1 bedroom flat. According to the rent roll of HCT, a 1 bedroom flat is more expensive than a luxury bachelor flat and thus his calculation does not seem reasonable.</p> <p>*The vacant area (this is a hall) included in his calculation indicates 374 square metres, but through enquire from HCT, the measurement is about 412 square metre</p> <p>*The 7 storerooms are not taken into account in his valuation (R200 per month)</p> <p>*The repairs and maintenance total used by him was not the actual amount as per GL as he felt it was not market related. He used 0.2000% of the replacement value (which he calculated), but no type of information / supporting evidence could be obtained by us to verify the 0.2000%</p> <p>-The insurance total used by him was not the actual amount as per GL as he felt it was not market related. He used 0.18% of the replacement value (which he calculated), but no type of information / supporting evidence could be obtained by us to verify the 0.18%</p> <p>As per the auditors recalculation the value of the investment property was calculated as R13 500 000 against the R13 400 000 of the valuer which is a difference of R100 000.</p>	reflect the correct value of Investment Property			
19	<p>Incorrect disclosure of operating lease charges in the AFS.</p> <p>During our audit on operating</p>	<p>(i) Management to amend the AFS to exclude rates and taxes</p>	Completed	FM	

	leases we noted a difference in the amounts disclosed in note 20 of the financial statements and our calculations. The difference is as a result of rates and taxes and refuse included in the lease charges for operating leases, which is incorrect.	in the calculation of an operating lease			
20	Incorrect closing balance for leave days (N Magubane) According to contract of employment, accumulated leave not taken within 6 months of the following leave cycle will be forfeited. N Magubane only took 4 days of his accumulated leave (11.75 days) within 6 months of the following leave cycle. The rest of the accumulated leave days (7.75 days) were not forfeited and still taken into account with calculation of Leave provision. Leave provision for N Magubane should have been R18 502.56 instead of R34 435.32.	HCT Board to review and Management to implement Leave Management Policy.	In progress	CEO	30 March 2015
21	Non-disclosure of Accounting policy: Receivables from non-exchange transactions Each entity considers the nature of its operations and the policies that the users of its financial statements would expect to be disclosed for that type of entity. The entity did not comply with the requirements of GRAP 1 in terms of the disclosure of accounting policies significant to the entity's operations. An accounting policy for Receivables from non-exchange transaction was not disclosed in the financial statements.	Management to amend AFS to include disclosure of accounting policy for receivables from non-exchange transactions.	Completed	FM	
22	Incorrect disclosure of interest received The total amount of R 107 316.00 for interest received, is classified as	(i) Management to amend the AFS to split the interest into two classes' i.e. bank	Completed	FM	

	<p>bank interest. After inspection of the GL we noted that the R 107 316.00 consisted of the following.</p> <ul style="list-style-type: none"> *Bank interest of R 21 803.09 * Interest on debtors (Eloff) of R28 063.20 * Interest on debtors (Clarina) of R57 450.00 <p>Interest on debtors amounting to R 85 513.20 was incorrectly disclosed as Bank interest.</p>	<p>interest and debtor's interest. (ii) Open a new the GL code for Eloff debtor's interest.</p>			
23	<p>Differences: Input VAT No input tax is deductible for the following: *Development IT Solutions - R 60.71 *Montani Property Valuers - R 206.14 Total Input VAT tested: R4 089.79 Thus Extrapolation of errors: $266.85 / 4\ 089.79 \times 713\ 720 = R\ 46\ 569$ This constitutes non-compliance with VAT Act</p>	<p>Management to verify the input VAT calculations and ensure that VAT is deducted from VAT vendors</p>	Completed	FM & Bookkeeper	
24	<p>IT Controls: Antivirus software definitions extremely out -dated During inspection of the Finance Manager's computer, which contains the majority of the financial systems, it was identified that the antivirus program's definitions are extremely out-dated.</p>	<p>Cot to renew the antivirus software and update it the whole of the City including entities.</p>	Completed, antivirus had been updated	IT Official from COT	
25	<p>Non-Compliance to MFMA: Policies not approved During the audit it was found that the following policies were not signed as proof of approval: *Credit Control Policy *Overtime Policy *Management of Poor work performance policy *Fixed asset policy *HIV/AIDS Policy *Risk management strategy policy *Anti-Fraud and Corruption Policy *IT Policy</p>	<p>All these policies to be reviewed by HCT Board and implemented by Management</p>	In progress	FM & CEO	30 March 2016

26	Differences: Rental income As per testing of the revenue the differences of R4, 190.04 were found between the lease agreement and rental amount Invoiced. Extrapolation of errors $R4\ 190.05 / R\ 2\ 224\ 325.94 \times R\ 3\ 667\ 883.25$ =R6 904.34. The auditee did not levy the lessees in accordance with the lease contract	The Property Manager will verify the correctness of the lease before submitting to finance for invoicing	Completed	Property Manager & Leasing Officer	
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CHAPTER 2

CORPORATE GOVERNANCE

The Board of Directors of HCT as stipulated in the King Code III and the Code of Conduct for Directors referred to in section 93L of the Municipal Systems Act, 2000 as amended.

The Board of Directors of HCT is as stipulated in the King Code III and the Code of Conduct for Directors referred to in section 93L of the Municipal Systems Act, 2000 as amended. The company's governance structure for 2014/15 has been sound, with four (4) regular board meetings, one (1) annual general meeting, twenty-seven (27) committee meetings, one (4) joint-meetings with shareholder, scheduled and concluded successfully.

The increased number of meetings on the sub-committees has mainly been due to the recruitment process of senior staff members i.e Company Secretary and Chief Executive Officer of the entity, where the Board's human resources committee performs the short-listing and the interview process as well as other functions relating to other specific committees and as a result of company performance monitoring, including the review and approval of a number of company policies, in order to comply with Social Housing Regulatory Authority (SHRA) and other compliance requirements.

Company policies and operational procedures were duly reviewed and some established and approved for implementation by management. However, limited human resources continued to undermine the company's ability to comply with *inter alia* certain provisions of the Companies Act and the Municipal Finance Management Act (MFMA) in some areas.

Board of Directors

TABLE 1

Board Member	Capacity: Executive / Non- Executive	Race	Gender	Board Committee Membership
Mr T.S Phetla	Board Chairperson	Black	Male	None
Adv E.M Mphahlele	Board Member	Black	Male	Finance, Risk and Ethics Committee
Adv T.S Kholong	Board Member	Black	Male	Finance, Risk and Ethics
Adv A.J Singh	Board Member	Indian	Male	Projects and Development Committee
Dr W Rowland	Board Member	White	Male	Human Resources Committee
Dr M Matlou*	Board Member	Black	Male	Human Resources Committee

Board Member	Capacity: Executive / Non- Executive	Race	Gender	Board Committee Membership
Ms N Mbiza*	Board Member	Black	Female	Projects and Development Committee
Ms D. Masilela	Board Member	Black	Female	Human Resources Committee
Dr T.J Mokgoro**	Board Member	Black	Male	Finance, Risk and Ethics Committee
Ms M Lehlokoa**	Board Member	Black	Female	Projects and Development Committee

- * Appointed in April 2015
- ** Resigned during the course of the year.

Being a municipal entity, the HCT is accountable to the sole shareholder, the City of Tshwane. The board's primary role is to ensure that the company meets its mandate through its planning and operations. To this end, the board gives strategic direction to the company and plays an oversight role over the company's management. The Board is responsible for the oversight and implementation of good governance in the conduct of business as well as strategy development and implementation in line with good ethics and for maintaining relationships with all stakeholders in order to achieve the corporate objectives. These include:

- Giving strategic direction to the future of the Company;
- Monitoring and overseeing management's performance; and
- Be accountable to the stakeholders, in particular, the City of Tshwane, in terms of the SDA and the relevant statutory framework.

Housing Company Tshwane Board of Directors has the following committees:

- Risk, Finance and Social Ethics Committee
- Human Resources and Remuneration Committee
- Projects and Developments Committee

1.1. Executive Management

The Chief Executive Officer (CEO) is appointed by the Board of Directors and is accountable to them. The CEO is the accounting officer responsible for the planning, development, administration, management and monitoring of the company's assets. Provision is made in the structure for the following executive management positions:

- a. Chief Financial Officer (to be filled in third quarter of 2015/16)
- b. Chief Operations Officer (to be filled in first quarter of 2015/16)
- c. Property Manager (filled in second quarter 2014/15)

1.2. Organisational Structure

In prior years, HCT's limited social housing portfolio hindered its expansion in terms of human resources or skills/capacity to effectively carry out its mandate. In the light of new developments in terms of further development in relation to accreditation status (maintenance of Conditional Accreditation) of the company by the Social Housing Regulatory Authority (SHRA), the HCT Board of Directors approved the implementation of a human resources development plan which has thus far enabled the company's capacity to be brought up to an acceptable level to enable it to carry out social housing development and management mandate. The Chief Executive Officer position has been filled from the 1st of July 2015 and will be followed by that of the Chief Operations Officer.

During the transition to implementing an optimal and best-fit organisational structure, HCT will utilise a combination of in-sourcing (targeted expertise) and leveraging of institutional resources from the broader City of Tshwane. It will also implement a targeted recruitment strategy in parallel to these other resourcing initiatives.

1.3. Scope of corporate governance for HCT

The Board of Directors and Executives recognises and are committed to the principles of openness, integrity and accountability advocated by the King II/III Code on Corporate Governance. Through this process, shareholders and other stakeholders may derive assurance that the entity is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices. By and large, the entity has complied with the Code in all respect during the year under review.

The Board of Directors has incorporated the City of Tshwane's Corporate Governance Protocol (the Protocol) in its Board Charter, which *inter alia* regulates its relationship with the City of Tshwane as its sole member and parent municipality in the interest of good corporate governance and good ethics.

The Protocol is premised on the principles enunciated in the King Report for Corporate Governance for South Africa 2002 ("King II/III report"). The Company steadfastly consolidated its position in respect of adherence to the King II report on Corporate Governance. Housing Company Tshwane' practices are, in most material instances, in line with the principles set out in the King II/III Report. On-going steps are however taken to align practices with the Report's recommendations and the Board continually reviews our progress to ensure that we improve our Corporate Governance. During the year under review the Company did not finalize its risk management reviews as well as reporting and compliance assessments in terms of the Companies Act and the Municipal Finance Management Act (MFMA).

2. FUNCTIONING OF THE BOARD AGAINST THE WORK PLAN 2014/2015.

One of the critical areas of performance of the entity in the financial 2014/15 was the turn-around strategy of the company, which included to compliance with the requirements of the Social Housing Regulatory Authority (SHRA). The company has managed with the support and assistance of the Shareholder, the City of Tshwane and the Board of Directors to attain Condition Accreditation status, one level advance towards full accreditation. As part of the turn-around strategy of the company, the Board of Directors and Management of the entity have an approved strategic planning process which has produced a five (5) year strategic vision of the company in line with City of Tshwane's Vision 2055, the National Development Plan, and National Housing Policy.

To this end, the process has been concluded with the production of a five year (to be reviewed annually and due in the first quarter of 2015/2016) strategic direction of the company. The following phase to this is about the management of the company to take the strategy through to various operational levels of the company as it gets revised over the years.

	Finance Risk and Ethics Committee	Projects and Development Committee	Human Resources and Remunerations Committee
Mem bers	Adv T.S Kholong	Dr. A J Singh	Dr. William Rowland
	Adv E.M Mphahlele	Ms. M Lehlokoa*	Ms. Dombolo Masilela
	Dr T.J Mokgoro*	Adv. S Kholong	

Responsibilities	<ul style="list-style-type: none"> • Is to assist the Housing Company Tshwane Board of Directors in fulfilling its over-sight responsibilities for the financial reporting process, accounting practices, information systems, the systems of internal control, the audit process and the company's process for monitoring compliance with laws and regulations and the code of conduct. • The committee facilitates and promotes direct communication between the Board, management, the external auditors and 	<ul style="list-style-type: none"> • The functions of the committee is to fulfill the functions of Bid Adjudication committee, responsible for the evaluation/adjudication of procurement of bids/tenders/proposals for the procurement of goods and services in excess of R 200 000.00 in accordance with the frameworks for Supply Chain Management framework and Treasury Regulations issued in terms of Municipal Finance Management Act 56 of 2003. • Monitor the adherence to the internal control procedures, compliance plans and bid deliverables. • Perform such other functions that from time to time may be assigned to it by the Board. 	<ul style="list-style-type: none"> • Providing the Board with the assurance that management and employees are fairly rewarded for their individual contributions to Housing Company Tshwane's Performance. • Assessing the remuneration strategy of the HCT by determining the incentive remuneration structures in both the short and long term in accordance with trends in local and international markets. • Monitoring and development, alignment, satisfaction and productivity of the company's employees in order to ensure competitive excellence. • Review and make recommendation to the Board regarding the total remuneration of the CEO and other senior
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	<p>the Chief Audit Executive.</p> <ul style="list-style-type: none"> • Provide support to the Board on the Risk appetite and risk management of the entity. • It should have a role that is objective and independent, that operates as an overseer and maker of recommendations and not one that intrudes into the area of management. • Introduce such measures that may serve to enhance the credibility and objectivity of the financial statements and reports prepared with preference to the affairs of the auditee. 		
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		<ul style="list-style-type: none"> • Development and monitoring of projects approved by the Board for the purposes of ensuring that the Board fulfils its mandate and achieves its strategic goals and objectives set in its strategic plan and service level agreements with its shareholders. 	<ul style="list-style-type: none"> • Oversee the Board's plans for management succession and development. • Perform such other functions that from time to time may be assigned to it by the Board.
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5 LEGISLATIVE BACKGROUND PRESCRIBING THE FUNCTIONS OF THE ENTITY

2.1. The Constitutional Mandate

The constitution requires that all spheres of government work together to address poverty, underdevelopment, marginalization of individuals and communities and other legacies of apartheid and discrimination. Section 26 of the Constitution also states that everyone has the right to access adequate housing and the state must take reasonable legislative and other measures, within its available resources to achieve progressive realization of this right.

2.2. National and Provincial Legislation informing the work of HCT

The Constitution provides a broad mandate to HCT whilst applicable national and provincial legislation, the City of Tshwane's mandates and policies contained in the City of Tshwane draft Sustainable Human Settlements Plan gives effect to how HCT intends to craft its 5 year strategy in response to these guiding legal and policy frameworks.

2.3. National Housing Code

The national housing code addresses broad housing programmes of government. Within the context of the code, there is specific focus on Social Housing. The critical focus of social housing is captured in the following extract from the social housing chapter of the code; “the shift in emphasis from the provision of housing to the creation of sustainable human settlements. This includes the promotion of more efficient cities, towns and regions. In support of spatial restructuring, the plan highlights the need to integrate previously excluded groups into the city and the benefits it offers”.

The plan flags the need to promote densification, including housing products which provide adequate shelter to households whilst simultaneously enhancing flexibility and mobility”. Hence the focus on HCT to execute its mandate is very much to contribute to the restructuring of the City.

3. RISK MANAGEMENT AND INTERNAL CONTROLS

Effective risk management is integral to the company's objective of consistently adding value to the business. Management is continuously developing and enhancing its risk and control procedures to improve the mechanisms for identifying and monitoring risks.

Operating risk is the potential for loss to occur through a breakdown in control information, business processes and compliance systems. Key policies and procedures are in place to manage operating risk involve segregation of duties, transaction authorization, supervision, monitoring and financial and managerial reporting.

In order to meet its responsibility with respect to providing reliable financial information, the entity maintains financial and operational systems of internal controls. These controls are designed to provide reasonable assurance that transaction are concluded in accordance with management authority, that the assets are adequately protected against material loss or unauthorized acquisition, use or disposal and that transactions are properly authorized and recorded.

The system includes a documented organization structure and visions of responsibility, established policies and procedures, including a Code of Ethics to foster a strong ethical climate, which are communicated to the parent municipality. It also includes the careful selection, training and development of people.

Internal auditors monitor the operation of the internal control systems and report findings and recommendations to management and the board of directors. Corrective actions are taken to address control deficiencies and other opportunities for improving the system as they are defined.

The board, operating through the audit and performance committee of the City of Tshwane, provides supervisions of the financial reporting process and internal control systems. There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls.

The City of Tshwane appointed a single Audit and Performance Committee servicing all City of Tshwane departments and Municipal Entities during 2014/15.

The City of Tshwane's internal audit department has a specific mandate and independently appraises the adequacy and effectiveness of the company's systems, financial internal controls and accounting records, reporting its findings to local and divisional management and the auditor-general as well as the audit committee.

The internal audit coverage plan is based on risk assessment performed at each operating unit. The coverage plan is updated annually, based on the risk assessment and results of the audit work performed. This ensures that the audit coverage is focused on and identifies areas of high risk.

The City of Tshwane's internal audit department reports regularly to the Audit and Performance Committee. The Auditor General is invited to all meetings of the Audit and Performance Committee.

The internal audit department interrogates the company's performance for all the four (04) quarters of the 2014/15 financial year. The internal audit department assisted the company to finalise its risk register for 2014/15.

The role of the audit and performance committee is to assist the boards of municipal entities by performing an objective and independent review of the functioning of the organizations' finance and accounting control mechanisms. It exercises its functions through close liaison and communication with corporate management and the internal and external auditors.

The audit committee operates in accordance in with a written charter authorized by the City of Tshwane as well as the boards of municipal entities, and provides assistance to the board with regards to:

- a. Ensuring compliance with applicable legislation and the requirements of regulatory authorities;
- b. Matters relating to financial accounting, accounting policies, reporting and disclosures;
- c. Internal and external audit policy;
- d. Activities, scope, adequacy and effectiveness of the internal audit function and audit plans;
- e. Review/ approval of external audit plans, findings, problems, reports and fees;
- f. Compliance with the Code of Corporate Practices and Conduct; and
- g. Compliance with code of ethics.

The audit committee addressed its responsibilities properly in terms of the charter during the year under review. No changes to the charter were adopted during the year under review. Management has reviewed the financial statements with the audit committee and the audit committee has reviewed them without management or the external auditors being present. The quality of the accounting policies was discussed with the external auditors as well.

The audit committee considers the annual financial statements of the entity to be a fair presentation of its financial position on 30 June 2015 and of the results of its operations, changes in equity and cash flow (where applicable) for the period ended then in accordance with GRAP and the Companies Act.

4. AUDITOR-GENERAL FINDINGS

Section 1: Auditor-General's Report for the Current Year

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement must be audited annually by the Auditor-General.

Refer to the Annual Financial Statements set out in Chapter 5 and the timescale for the audit of these accounts and the audit of performance and the production of reports on these matters by the Auditor General as set out in this Chapter.

In term of the previous financial year's findings, almost all matters raised by the Auditor General in the 2013/14 audit report have continuously been attended and rectified as required by HCT management during 2014/2015 financial year, with 14 implemented, 8 in progress and 1 outstanding.

TABLE3

	2012/13	2013/14	2014/15
Audit Opinion	Unqualified	Unqualified	

Historical Audit Findings and Remedial Action

ANALYSIS OF 2013/14 AUDIT FINDINGS

	NEW IN 2013/14	REPEAT FINDING	ACTIONS TO RESOLVE
Matters affecting Audit opinion	2	0	<ul style="list-style-type: none"> Overstatement of <i>investment property</i> in the Statement of Financial Position of R 361 981 and understatement of <i>cost of sales (repairs and maintenance)</i> in the Statement of Financial Performance of the same amount. Also an understatement in <i>investment property</i> in the Statement of Financial Position of R 361 981 and overstatement of <i>fair value adjustments</i> in the Statement of Financial Performance of R 361 981. Understatement of <i>employee benefits (leave pay provision)</i> in the Statement of Financial Position of R 90 014.32 and <i>employee cost</i> in the Statement of Financial Performance of the same amount. The matters were accordingly corrected and resolved.
Important Matters			<ul style="list-style-type: none"> Understatement of <i>operating lease liability</i> in the Statement of Financial Position of R 14 120.39 and understatement of <i>operating expenditure</i> of the same amount.
Administrative Matters			<ul style="list-style-type: none"> Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

Methodology

A risk review was conducted quarterly during 2014/2015 with the management of HCT. Comments from management reports, Strategic risk monitoring reports, AG reports, previous annual reports and Internal Audit reports in the pre-identification and review were considered.

Risk Management Division facilitated a Control Self-Assessment (CSA) with the Management to identify, evaluate and analyze strategic risks impacting on the Entity's performance. Participants were requested to consider financial risks, compliance risks, also past, current and future events which also includes previous audit findings, trends of irregularities, fraud and corruption, anticipated future social, economic and political changes.

ENTITY'S SUPPLY CHAIN PROCESSES AND PROCEDURES

Entity supply chain processes followed

The Entity has within its current scope of works (managing and maintaining one building of 95 units and 159 in Clarina) been operating within Request for Quotation procurement processes for its maintenance purposes. The only one project requiring competitive bidding was for Affordable Housing Demand Survey, a project executed over a period of three (3) months. Other than this type of a project, the entity is mainly working with quotations for maintenance works on the properties under management.

Supply chain management capacity within HCT

The Entity has in second quarter of 2014/2015 finalised the appointment of Supply Chain Officer in order to take charge of the supply chain management functions. HCT has as far as in the end of this financial year ending 30 June 2015 had minimal supply chain management functions and will be implementing major procurement function in the coming 2015/16 financial year for its capital projects procurement.

Arrangements have been established also for the entity to receive necessary assistance from the parent-municipality to assist whenever necessary with the establishment of Bid Specification and Evaluation Committee for the company in line with Supply Chain Management

framework and Treasury Regulations issued in terms of MFMA. Bid Adjudication Committee resides with the Board committee for projects and development.

This has so far mainly been on quotation basis as the entity's main focus in this financial year has been maintenance of rental stock under HCT management. With the upcoming developments on Townlands and Timberlands projects, there will be detailed project planning works to take place, whereby the entity is going to be using the competitive bidding process as guided by the MFMA and as well as well its Supply Chain Management Policy and in line with that of the City of Tshwane.

The Supply chain management policy approval in line with the Municipal Finance Management Act No.56 of 2003.

The supply chain management policy is annually reviewed by the Board of Directors for approval on each financial year.

The main supply chain management related challenge faced by the entity has been the establishment of competitive bid committees for the procurement in excess of R200 000.00, which has also negatively affected the company's performance in relation to green-field projects implementation. However, this has now been addressed with the approval for the entity to utilize the Regulation 32 and procure within an approved panel of service providers held by the parent-municipality, the City of Tshwane.

Most of the times we get to have to deal with property management related emergency cases that need to be attended to promptly in terms of maintenance, however we would still ensure to observe the Supply Chain Management processes of three (3) quotations where possible, if it not emergency. Should any form of deviation occur, it is documented and reported to the Board accordingly for approval.

One of the strategies in the coming year (2015/2016) will be to implement through the approval of the Board to establish and utilize a list of service providers on a rotation basis, so that the entity can receive the service to its properties within minimum delay at any time of the day. This will also increase levels HCT Tenant satisfaction in terms of maintenance complaints management and response.

HTC's supply chain committees and functions

TABLE 4

Supply Chain Management Committees: Committee	Guidelines	Functions and purpose of the Committee	No of Meetings targeted	Actual	Reasons	Intervention/ Action Taken
Bid Specification Committee	Municipal Finance Management Act, Board Terms of Reference	Consideration and approval of the project's scope of works for upcoming tender/bid.	None	Consideration of bid specification for the Affordable Housing Demand Survey	Bid specification consideration and approval.	None
Bid Evaluation Committee	Municipal Finance Management Act, Board Terms of Reference	Bids evaluation.	None	Evaluation of bid responses for the Affordable Housing Demand Survey	Consideration of Bid submitted by the various service providers in response to the bid.	None
Bid Adjudication Committee	Municipal Finance Management Act, Board Terms of Reference	Considers the evaluation report from the evaluation committee.	None	Consideration of bid evaluation report for the Affordable Housing Demand Survey	Bid specification consideration and approval.	None

HTC'S Bid Adjudication Committee Structure and non-compliance with the requirements

Table 5

Supply Chain Management procurement threshold and delegations (Table 10) Value of Purchase	Procurement method and requirements	Delegated Authority	Oversight role	Procurement requirements defaults	Reasons	Intervention/ Action Taken
0 to R2,000	Petty cash	Supply Chain Officer	Senior Manager	None	Entity complied	None
R2 0001 to R10 000	Three quotations system	Senior Manager	Accounting Officer	None	Entity Complied	None
R10,000 to R30 000	Three quotations system	Senior Manager	Accounting Officer	None	Entity complied	None
R30 001 to R200 000	Three written quotations system.	Senior Manager	Senior Manager	None	Entity Complied	None
Tenders above R200 000 to R10 million and long term contracts	Competitive Bidding	Senior Manager	Accounting Officer	None	Entity complied	None
Tenders above R10 million	Competitive Bidding	Accounting Officer	Accounting Officer	None	Entity complied	None

Housing Company Bid Adjudication Committee Structure and non-compliance with the requirements
Table 6

Supply Chain Management procurement threshold and delegations (Table 10) Value of Purchase	Procurement method and requirements	Delegated Authority	Oversight role	Procurement requirements defaults	Reasons	Intervention/ Action Taken
0 to R2,000	Petty cash	Supply Chain Officer	Senior Manager	None	Entity complied	None
R2 0001 to R10 000	Three quotations system	Senior Manager	Accounting Officer	None	Entity complied	None
R10,000 to R30 000	Three written quotations system.	Senior Manager	Accounting Officer	None	Entity complied	None
R30 001 to R200 000	Three quotations systems	Senior Manager	Accounting Officer	None	Entity complied	None
Tenders above R200 000 to R10 million and long term contracts	Competitive Bidding	BSC, BEC and BAC	HCT Board	None	Entity complied	None
Tenders above R10 million	Competitive Bidding	BSC, BEC and BAC	HCT Board	None	Entity complied	None

CHAPTER 3

SERVICE DELIVERY PERFORMANCE

Service delivery Agreement (SDA) between the entity and the parent-municipality

- The implementation of the Service Delivery Agreement (SDA) was initiated during 2010/11, with a newly signed in November 2013 and reviewed without amendments in 2014/2015. The SDA spells out the relationship between HCT and the CoT with respect to the discharging of the social housing delivery mandate. The SDA also spells out the roles and responsibilities of both the HCT and the CoT, the land development process (including future social housing projects to be developed and managed by HCT). The SDA also governs among other things the deliverables and performance milestones expected from HCT as the City's social housing delivery agent, and also stipulate the financial and other support to be given to HCT by the City of Tshwane.
- With the finalization of the Service Level Agreements between the City and HCT in June 2014 for the management and maintenance of Clarina residential complex and other eight (8) rental properties, the entity begun implementing management processes as outlined in the SLA's for the transferred rental stock. However the actual implementation of the management of properties was halted due to the state of properties envisaged for transfer were in and in relation to HCT's capacity at the time, prior to the appointment of the new Chief Executive Officer and subsequently the Chief Operations Officer in the first quarter of 2015/2016.
- There has been other aspects of the SLA that could not be implemented (e.g. the management of newly-refurbished City of Tshwane rental units/ buildings), and this has affected the company's performance in terms of the set targets for 2014/15. The plan for 2015/16 is to gradually build the human capital capacity of the entity in order to have it adequately ready to manage some of the rental stock that would be transferred by the parent-municipality in the near future. This is in line with the newly revised and current SDA.
- The currently approved Service Delivery Agreement between the City and Housing Company Tshwane states that the entity should deliver social housing and affordable rental housing as a contribution to the housing demand in the City. The entity has not yet reached this level, but processes are currently underway for the entity to start delivering on this aspect.

Provision of services by the entity

- The entity currently offers affordable rental housing to the general market through its building Eloff Gebou. Housing Company Tshwane is also mandated with management and maintenance of Clarina Residential complex, a City of Tshwane owned residential property.

- These above mentioned properties are the rental stock under HCT's management, while there is an incremental programme to increase HCT's rental stock by transferring the city's rental stock to HCT for management as well as the plans by the entity to commence with development of its own social housing units during 2015/2016 financial year.

3.1 PERFORMANCE AGAINST SCORECARD FOR HOUSING COMPANY TSHWANE FOR 2014/15

1.1.1 Performance Overview

Performance against scorecard for Housing Company Tshwane for 2014/1

STRATEGIC OBJECTIVE	KEY PERFORMANCE AREA	KEY INDICATOR	PERFORMANCE BASELINE	2014/15 TARGET	2014/15 BUDGET	ACTUAL RESULT(s)	MEASURES TO CORRECT NON-ACHIEVEMENT OF TARGETS
Sustainable Services Infrastructure and Human Settlements	Number of new social housing units built	Number of New units built and developed (Greenfields development) - Townlands	0	Engineering services installed and procurement of main contractor.	R4,926,131	Target not achieved. Actual: No services installed and contractor not procured.	Target not achieved by the entity. An approval has been received by the entity to procure through the parent-municipality's existing contract. The appointments are to be finalized within the first quarter of 2015/2016.
		Timberlands	0	Engineering services installed.	R 3,900,000	Target not achieved. Actual: No services installed and contractor not procured	Target not achieved by the entity. An approval has been received by the entity to procure through the parent-municipality's existing contract. The appointments are to be finalized within the first quarter of 2015/2016.
	Housing Stock Management	No of City of Tshwane rental units transferred to HCT for management (Brownfields developments) (Baseline: 95 Eloff Building)	95	411	R109,389	Target not achieved. Actual: 233 units occupied.	The entity did not achieve the target after the City of Tshwane realized the nature of problem the envisaged stock for transfer would bring to the entity in terms of maintenance required as well as the current revenue collection levels.
		Property Management and Maintenance Plans approved and implemented for each housing project developed and received from CoT (aligned to number of buildings transferred in each quarter). Implementation of approved property management plans on buildings transferred	2	10	R8,109,530	Target not achieved. Actual: 2 management plans	The entity did not achieve the target which is linked to the properties envisaged for transfer after the City of Tshwane realized the nature of problem the envisaged stock for transfer would bring to the entity in terms of maintenance required as well as the current revenue collection levels.
		Number of tenant occupancy and contracts (95% occupancy)	None	724	R143,632	Target not achieved. Actual: 233 tenants.	The entity did not achieve the target which is linked to the properties envisaged for transfer after the City of Tshwane realized the nature of problem the envisaged stock for transfer would bring to the entity in terms of maintenance required as well

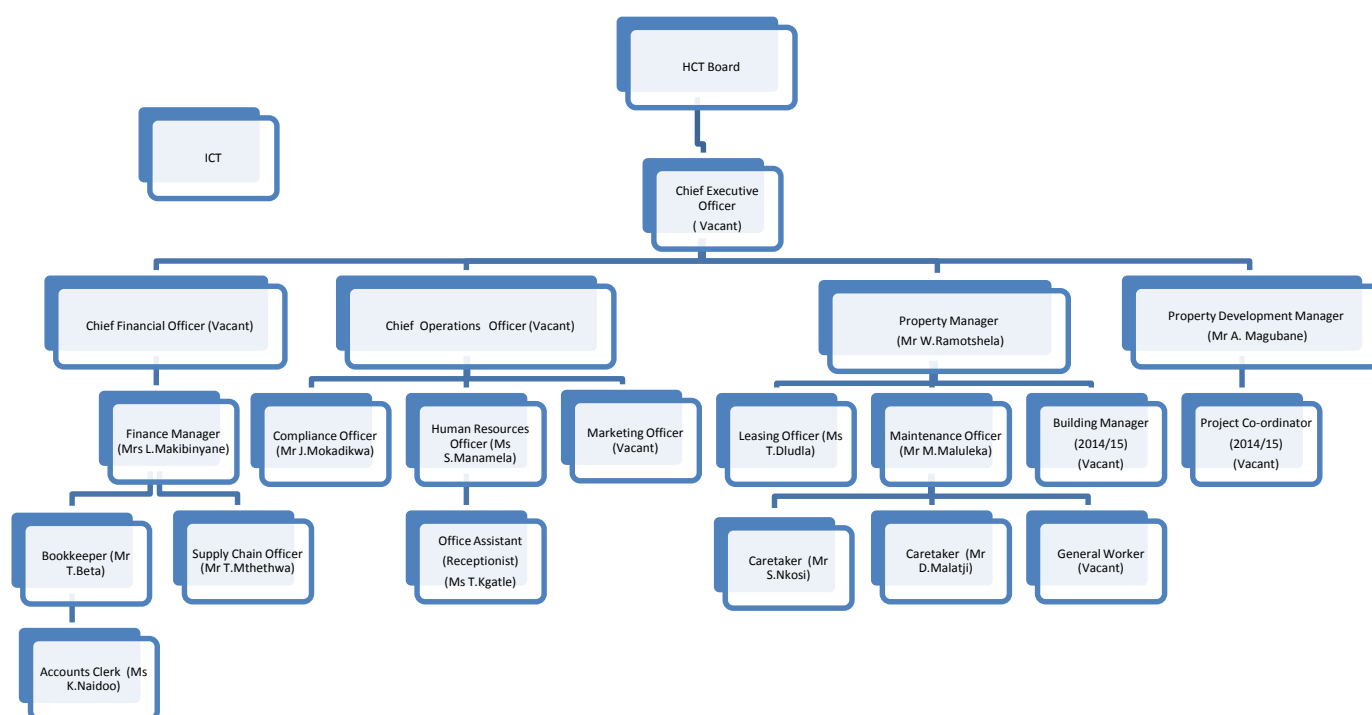
							as the current revenue collection levels.
		Percentage of complaints resolved (80%)	-	80	R124,487	Target achieved. Actual: 85.25% complaints resolved	Compliance and achievement to be sustained.
STRATEGIC OBJECTIVE	KEY PERFORMANCE AREA	KEY INDICATOR	PERFORMANCE BASELINE	2014/15 TARGET	2013/14 BUDGET	ACTUAL RESULT(s)	MEASURES TO CORRECT NON-ACHIEVEMENT OF TARGETS
	Management and Internal Controls	Approval of Management and Internal control guideline/policy	1	1		Target achieved. Actual: One	This target has been achieved.
		Review and approval of Delegations of Authority.	None	1	R204,874	Target achieved. Actual: One.	Target achieved, the entity will continue to sustain the achievement.
		% Compliance with GRAAP 17 in terms of Asset Register management.	None	100%	R36,020	Target achieved. Actual: 100%	Target achieved. Compliance to be sustained.
Improved Financial Sustainability	Effective Financial Management	% of total expenditure to spent on BBBEE and SMME procurement.	25%	25%		Target achieved. Actual: 87.5%	Compliance and achievement to be sustained.
		% Reconciliation of company balances with CoT Manage budget processes of the Department in accordance with regulatory frameworks.	100%	Quarterly budget processes managed.	R89,387	Target achieved, continuously done on quarterly basis. Actual: 100%	Compliance and achievement to be sustained.
	Rental Collections and Revenue Management	Number of units billed as per tenant listings (10% increase in rental collections) NB: exclude Clarina estate targeted for rent-free accommodation.		724	R 283,534	Target not achieved. Actual: 233 units billed.	The properties envisaged for transfer to the entity were no longer transferred by the City of Tshwane. The entity has not included this possibility as a KPI in its 2015/2016 Business Plan.

		Approval of a reviewed Performance Management policy.	100%	1	R501,380	Target achieved. Actual: Performance Management Policy.	Target achieved, the entity will continue to sustain compliance.
	Human Resources Development	% of vacant positions filled.	90	95%	R5,328,095	Target not achieved. Actual: 64% of the vacancies filled.	Target has not been achieved. The entity linked the process to fill in the positions in its structure in line with the possible property transfers and new property developments. However they could not take place during the year. The entity has reviewed its Human Resources plan and aligned it with its operational requirements.
		Skills Development Plan reviewed.	1	1	R182,217	Target achieved. Actual: Skills Development Plan	Target achieved. Compliance to be sustained.
		Frequency of conducting and submitting performance appraisals for all staff members.	4	4	R107,495	Target achieved. Actual: four quarterly appraisals.	Target achieved, the entity will continue to sustain the achievement.
	Develop and Implement Marketing and Communication Strategies	Review a marketing and communication plan.	1	1	R62,676	Target achieved. Actual: One marketing and communication plan.	Target achieved, the entity will continue to sustain and implement the policies as approved.
	Develop and Implement Internal Governance Structure and Processes	Frequency of updates on the website with Social Housing Information.	1	4	R98,318	Target achieved. Actual: four quarterly updates.	Target achieved, the entity will continue to sustain the achievement.
		Review of legal documents template.		1	R37,608	Performance achieved. Actual: Legal documents reviewed.	Target achieved, the entity will continue to sustain and implement the policy as approved
		Review of strategic plan.	1	1	R182,459	Target achieved. Actual: Strategic vision document.	Compliance to be sustained.
	Risk Management	Risk Management Plan approved and risk review conducted.	Plan Implemented.	Plan Implemented.	R77,930	Target achieved, performed quarterly. Actual: Quarterly Risk Management Reviews.	Compliance and achievement to be sustained.
		Frequency of back-ups made in a secure offsite storage (CoT network dependent)	New	12	R 36,020	Target achieved. Actual: offsite back-ups.	Compliance and achievement to be sustained.

CHAPTER 4

ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 HCT Organogram and staff component



4.2 Managing the entity's workforce

4.2.1 Totals on injuries, sicknesses, suspensions, capacity building, employee expenditure, skills development and training

No injuries occurred in the HCT work environment during the financial year 2014/15, however from time to time employees have been experiencing short term sickness.

4.2.2 Employee expenditure

Table 7

	FY 2009/2010	FY 2010/2011	FY 2011/2012	FY 2012/2013	FY 2013/2014
Total Salary Cost (inclusive of directors remuneration)	1,965,713	2,382,227	3,246,257	4,098,771	4,914,447

4.2.3 HCT'S employee totals, vacancies turnover

Table 8

Position	Status	Plan
Chief Executive Officer	Vacant	01 July 2015
Chief Operation Officer	Vacant	31 August 2015
Chief Financial Officer	Vacant	38 February 2015
Property Development Manager	Filled	Filled
Property Manager	Vacant	Filled
Finance Manager	Filled	Filled
Bookkeeper	Filled	Filled
Accounts Clerk	Filled	Filled
Supply Chain Officer	Filled	Filled
Leasing Officer	Filled	Filled
Compliance Officer	Filled	Filled
Maintenance Officer	Filled	Filled
Accounts Clerk	Filled	Filled
Building Manager	Vacant	31 December 2015
Caretaker (Clarina)	Filled	Filled
Marketing Officer	Vacant	30 September 2015
Human Resource Officer	Filled	Filled
Office Assistant (Receptionist)	Filled	Filled
Personal Assistant (CEO)	Vacant	31 October 2015
General Worker	Filled	Filled
Caretaker (Eloff)	Filled	Filled
Project Co-ordinator	Vacant	31 October 2015

4.2.4 EEA report on (Female positions, people with disabilities)

Table 9

Employment Equity figures					
	African	Coloured	Indian	White	Total
Male	9	0	0	0	9
Female	4	0	1	0	5
Total	13		1		14
Actual %	68.4.%	0%	100%	0%	63.64%
Target %	100%	100%	100%	100%	100%
Gap	6	1	0	1	8
Target Total	19	1	1	1	22
Change Totals					
Staff Levels:					
Senior Management	3	0	0	0	3
Administration	11				11

4.2.5 No of approved positions, filled and vacancies

Table 10

Filled positions	Vacancies
14	8

4.2.6 Highlights, challenges and interventions

Table 11

Highlights		Narrative
1.	Maintenance of Conditional Accreditation by the Social Housing Regulatory Authority (SHRA).	The company has achieved a progressively maintained the level of Conditional Accreditation by the Social Housing Regulatory Authority (SHRA) since the end of June 2014. With this level, the company has registered in the Social Housing Investment Programme during the year under review.
2.	Sustained revenue collection based on a targeted 95% collection rate (target exceeded: current accounts and arrear amounts; see table below)	Eloff building continues to perform well in terms of revenue collection. This is attributed to the installation of Biometric access control installed and general tenant and property management processes by the company. Furthermore, the company has installed electricity pre-

		paid metering system for the property so that Tenants can be in control and be able to manage their consumption.
3.	Reviewed Business Plan and alignment of targets with SDBIP (specifically the Housing & Human Settlement departmental scorecard)	The company's Business Plan and Service Delivery Agreement with the City of Tshwane were reviewed and approved. This has led to a new business focus in keeping with the company's mandate and shareholder performance expectations.
4	Five (5) year Strategic Plan	2014/2015 has been Housing Company Tshwane's first year of implementing its five (5) year strategic vision, which also focuses on turning around the company in terms of human capital, projects implementation and alignment with Shareholder, the City of Tshwane.

4.3 HCT's turn-around strategy on recruitment

In accordance with the approved company's turn-around strategy and given the service delivery targets for the next few years starting with 2014/15, the company had adjusted its capacitation plans to be able to meet its social housing development and management mandate. There are several areas that were targeted for capacitation in order to meet the service delivery requirements as stipulated in this business plan. The management team is expected to be strengthened by the inclusion of the following position(s) in the short-to-medium term:

- a. Chief Operations Officer
- b. Chief Finance Officer

Any other positions will be factored into the structure as and when circumstances change.

The recruitment, selection and appointment processes for some of the following positions, while other positions will be filled in line with the entity's growth (based on the existing and planned organizational structure) would be finalised in the last Quarter of 2014/2015 and will be concluded during 2015/26 financial year:

Position	Expected filling of vacancy	Deficiency addressed
Chief Executive Officer	01 July 2015	Strategic leadership, stakeholder management, business sourcing, performance alignment and risk management
Chief Operations Officer	01 September 2015	General management, strategic business planning and risk management within the organization.
Chief Financial Officer	01 September 2015	High-level investment and funding resource, as well as financial management oversight at a higher level
Property Manager	Filled	Appropriate property management skills for the current and future social housing stock.
Supply Chain Officer	Filled	Adherence to approved and legislated supply chain management processes and procurement practices
Finance Manager	Filled	Financial management (including the monitoring of the control environment across the organization)
Bookkeeper	Filled	Financial management
Accounts Clerk	Filled	Financial management
Human Resources Officer	Filled	Corporate support services and human resources development
Caretaker 1	Filled	Property management (operational)
Caretaker 2	Filled	Property management (operational)
General worker	01 September 2016	General office assistance
Compliance Officer	Filled	Compliance with legislative frameworks and the fostering of good governance across the organization
Property Development Manager	Filled	Project management and property development skills
Information and Communications Technology (ICT) specialist	City of Tshwane resources to be used continuously. The company is not large enough to justify the appointment of a full-time employee to perform ICT functions	Information and Communications Technology (ICT) governance

4.4 Disclosures

4.1.1 Disclosures concerning HCT

Table 12

Designation	Remuneration paid for FY 2014/2015
CEO	N/A (There was only an acting CEO during this period)
Finance Manager	551,156
Property Development Manager (Acting CEO)	508,892

4.5 REMUNERATION AND ETHICS COMMITTEE

The committee advises the board on remuneration policies, remuneration packages and other terms of employment for directors and senior executives and to the company. Its specific terms of reference also include recommendations to the board on matters relating *inter alia*, general staff policy, remuneration, bonuses, director's remuneration and fees.

Achievements

During the period under review, the committee managed to conclude the recruitment process of Company Secretary as well as that of the Chief Executive Officer and at quarter four commenced with recruitment process for the Chief Operations Officer as part of the recruitment process in turning around the company.

4.6 DIRECTOR'S REMUNERATION

4.6.1 Housing Company Tshwane Board of Directors

Table: HCT Board of Directors

Table 13

Board Member	Capacity: Executive / Non Executive	Race	Gender	Board Committee Membership
Mr T.S Phetla	Non-Executive (Chairperson)	Black	Male	Board Chairperson
Ms D Masilela	Non-Executive	Black	Female	Human Resource and Remunerations
Adv M.E Mphahlele	Non-Executive	Black	Male	Risk, Ethics & Finance
Ms M Lehlokoa*	Non-Executive	Black	Female	Projects and Developments
Dr W Rowland	Non-Executive	White	Male	Human Resource and Remunerations
Dr T. J Mokgoro*	Non-Executive	Black	Male	Risk, Ethics & Finance
Dr A.J Singh	Non-Executive	Indian	Male	Projects and Developments
Adv S Kholong	Non-Executive	Black	Male	Risk, Ethics & Finance and
Ms N. Mbhiza**	Non-Executive	Black	Female	Projects and Developments
Dr M Matlou**	Non-Executive	Black	Male	Human Resource and Remunerations

*Resigned during the financial year.

** Appointed during the financial year.

4.7 HTC Board Committee Meetings 2014/15 Financial Year

Table: HCT Board Committee Meetings

Table 14

Name of Board Member	Board meetings, Retainer (80% attendance) & meetings with Shareholder	Total	Challenges	Comments
Mr T.S Phetla	R159,496	R159,496	None	None
Ms D Masilela	R158,287	R158,287	None	None
Adv M.E Mphahlele	R245,187	R245,187	None	None
Ms M Lehlokoa	R92,505	R92,505	None	None
Dr W Rowland	R165,246	R165,246	None	None
Dr T.J Mokgoro	R10,490	R10,490	None	None
Dr A.J Singh	R132,217	R132,217	None	None
Adv S Kholong	R165,217	R165,217	None	None

Human Resources Head Count per UNIT

Table 15

Units	Units	Nr of posts	Nr of filled posts	Nr of vacancies	Vacancies %
Chief Executive Officer		3	0	3	100%
Finance Department		5	4	1	20%
Property Management		7	6	1	14%
Property Development		2	1	1	50%
Operations		5	3	2	40%
TOTAL		22	12	8	45%

4.8 TRAINING AND DEVELOPMENT

Table 16

Management	Type of training	2013/14						2014/15						Remark
		Gender	Employees in post as 30 June 2012/13	Learnerships	Skills Programmes & Other Short Courses	Other Forms Of Training	Total	Gender	Employees in Post As 30 June 2014/15	Learnerships	Skills Programmes & Other Short Courses	Other Forms of Training	Total	
	Case-ware	Female	Yes	0	0	0	R3,169		Yes	0	0	0		
	Municipal Financial Management Programme			0	0	0	Paid for by CoT	2 Females	Yes	0	0	0		

	GRAAP Standards			0	0	0	Paid for by CoT	2 Females	Yes	0	0	0		
	Contract Management			0	0	0	0	Male	Yes	0	0	0	R8,749	
	Social Housing Legislation & Regulations training			0	0	0	0	2 Males	Yes	0	0	0	R6,500	
	Property Leasing			0	0	0	0	3 Males & 1 female	Female resigned	0	0	0	R33,098	

Table 17

Institution	Degree or diploma	Male				Female				Total
		A	C	I	W	A	C	I	W	
University of Pretoria – Municipal Financial Management Programme		0	0	0	0	1	0	1	0	Paid for by City of Tshwane
National Treasury – GRAAP Standards		0	0	0	0	1	0	1	0	Paid for by City of Tshwane
Gamelihle Business Consulting – Contract Management	Certificate	1	0	0	0	0	0	0	0	R8,749

Institution	Degree or diploma	Male				Female				Total
National Association of Social Housing (NASHO) – Social Housing Legislation and Regulations Training	Certificate	2	0	0	0	0	0	0	0	R6,500
Gamelihle Business Consulting – Property Leasing	Certificate	3	0	0	0	1	0	0	0	R33,098

4.9 MANAGEMENT OF LEAVE

Leave Records

Table 19

Types of leave	2014/15			Days
	Description	Total Sick Leave	On special and sick leave (medical certificate provided, death certificate and study leave info)	
Sick	Employees could not submit doctor's note as they were sick for 1 day	33	20	33
Vacation		220		220
Study		11	11	11
Special		42		42
Family responsibility		6	4	6

4.10 HUMAN RESOURCES

HCT staff movements

Table 20

Staff movements	African		Coloured		Indian		Whites	
	Male	Female	Male	Female	Male	Female	Male	Female
Appointments	6	1	0	0	0	1	0	0
Resignations	1	1	0	0	0	0	0	0
Suspension	1	0	0	0	0	0	0	0
Sick leave	21	23	0	0	0	2	0	0

HCT employee totals, vacancies and turnover

MINIMUM COMPETENCY REGULATIONS REPORT

Table 21

INDICATOR	2014/15
Total number of financial officials employed.	4
Total number of financials whose competency levels assessments have been completed.	0
Total number of supply chain officials employed.	1
Total number of supply chain management officials whose competency assessments have been completed.	0
Total number of financial officials and supply chain management officials that meet the prescribed competency levels.	0

The total number of financial officials and supply chain management officials whose performance agreements comply with regulation 16.	0
Total number of Senior managers employed	3
Total number of Senior managers who meet the prescribed minimum competency levels	0

CHAPTER 5

FINANCIAL PERFORMANCE

See Annexure : Audited HCT AFS June 2015

National Treasury Circular 63: Appendices

The entity is required to complete the circular 63 Appendices below:

Appendix I Municipal Entity/Service Provider Performance Schedule

Please provide Top 4 priority indicators as articulated in the IDP

Name of Entity & Purpose (i)	(a)Service Indicators	2012/13			2013/14	2014/15	
	(b) Service Targets (ii)	Target		Actual (vii)	Target		
		*Previous Year	*Current Year		*Current Year	Current Year	Following Year
		(v)	(vi)		(viii)	(ix)	(x)

Glossary and Acronyms: An explanation of all acronyms and abbreviations used must be provided



TSHWANE ECONOMIC DEVELOPMENT AGENCY ANNUAL REPORT 2014/15

Abbreviations and Acronyms:

AIDC	Auto Industry Development Corporation
APC	Audit and Performance Committee
CAPEX	Capital Expenditure Budget
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CM	City Manager
CoT	City of Tshwane
CSS	Corporate and Shared Services
DCM	Deputy City Manager
DED	City's Department of Economic Development
EM	Executive Mayor
FINRISK	Finance and Risk Committee
GDS	Growth Development Strategy
ICC	International Convention Centre
IDP	Integrated Development Plan
IT	Information Technology
KPA	Key Performance Area
KPI	Key Performance Indicator
MAYCO	Mayoral Committee
MFMA	Municipal Finance Management Act
MMC	Member of the Mayoral Committee
MSA	Municipal Systems Act
MTREF	Medium Term Revenue and Expenditure Framework
OPCA	Operation Clean Audit
OPEX	Operating Expenditure Budget
REMCO	Remuneration and Ethics Committee
SCM	Supply Chain Management
SDBIP	Service Delivery Budget Implementation Programme
SDA	Service Delivery Agreement
SED	Strategic Executive Director
SLA	Service Level Agreement
TEDA	Tshwane Economic Development Agency
TITIIC	Tshwane International Trade Investment and Infrastructure Conference
ToR	Terms of Reference

Country of incorporation and domicile	South Africa
Legal form of entity	Private Company
Company registration number	2006/019396/07
Nature of business and principal activities	Facilitate economic development in the Tshwane areas
Controlling entity	City of Tshwane Metro Municipality
Board of Directors	Prof. L D Mosoma (Chairperson) Ms RS Bahula- Ermias Mr H Gouvelis Ms LD Haskins (retired 13th Aug 2014) Mr J Matsho (retired 3rd March 2015) Ms Z G Mpungose Mr CR Mpyane Ms S P Msizi Ms NM Ntsinde (retired 13th Aug 2014) Mr FK Sibanda Ms N Singh Mr JL Thubakgale Mr L Vutula Mr MW Yates
Accounting Officer	Mr S Mogaladi (CEO)
Chief Financial Officer	Ms MC Sebogodi
Physical Address	349 Witch- Hazel Avenue Eco-origin Building, Block F Highveld Ext. 70, Centurion 0057
Postal Address	P. O. Box 11751 Zwartkops 0051
Auditors	Auditor-General of South Africa
Bankers	Standard Bank

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CHAPTER 1

1.1 FOREWORD OF THE CHAIRPERSON

In the period under review the Board experienced retirement of 3 (three) Non Executive Board members and in replacement for these, 2 (two) Board members and a chairperson of the Board were appointed. The Board reconfigured its composition of the Board committees to include the new appointments. A new Board chairperson was appointed and the former chairperson assumed the role of an ordinary Board member.

The Board held a strategic planning exercise during the mid-term period to make an analysis on TEDA's ability to respond to its mandate. Emerging from the strategic planning session was the call for TEDA to refocus and build an entity that is self sustainable and clarity in understanding the role of the shareholder in its achievement of the mandate. The growth of TEDA and the need to emphasize its relevance within City of Tshwane relies on its ability to be self sustainability and gradually reducing dependence on the CoT to fund all its operations and meeting its shareholder expectations.

The TEDA Business Plan 2015/16 has been developed in a manner in which it responds to the above mentioned challenges. The Board ensured that for 2015/16 the areas of performance included in the performance score card are funded and therefore the issue of unfunded key performance areas will not occur as it was the case in 2014/15 which led to none performance in certain areas.

1.2 FOREWORD OF THE CHIEF EXECUTIVE OFFICER

a. Vision

TEDA has attained an acceptable level of being stable and shows capabilities of moving to the next level of maturity. The Annual General meeting held in the fourth quarter between TEDA and the Shareholder representatives set the tone for the future of this organisation. The envisaged role that TEDA has to play is to be instrumental in managing implementation of projects with capacity to change the economic landscape of the City. At the front of self-sustainability, TEDA is currently working toward ensuring gradual reduction in total reliance on the City of Tshwane refunding.

The City of Tshwane in recognition and appreciation of the current state of the entity, has shown an appetite for assigning big projects that TEDA will manage on behalf of the City departments. This in turn demands that TEDA should build its own capacity to deliver without necessarily having to expand its structure but explore creative ways of acquiring this capacity.

TEDA has forged strategic partnerships as a form of leverage and has established partnerships with organisations such as Royal Fields Finance and Ifa Lethu to gain access into their SMME development programmes. TEDA has also been active in implementing agreements that the City has with its stakeholders such as the Tshwane Youth Business Council.

b. Key strategic objectives

Below is a table that depicts the alignment between the TEDA key strategic objectives (derived from the mandate as contained in the Service Delivery Agreement with City), Tshwane Vision 2055 and the City's strategic Objectives.

Tshwane Vision 2055	City of Tshwane SDBIP	TEDA's Strategic Objectives
Outcome 2: A growing economy that is inclusive, diversified and competitive	SO 2 Promote shared economic growth and job creation	To promote, facilitate and coordinate investment in strategic infrastructure to create value for the CoT
		To establish and maintain an economic Infrastructure Investment Vehicle
		To identify, design, develop and manage projects with strategic economic and / or social benefits for the greater Tshwane community
		To develop and maintain strategic immovable and property asset portfolio for maximum return on investment
		To facilitate the implementation of agreements signed between CoT and key stakeholders
		To promote Tshwane as a viable investment destination through the implementation of an integrated Marketing and Communication programme
Outcome 5 An African Capital City that promotes excellence and innovative governance	SO 4 Promote good governance and active citizenry	To establish and build TEDA as a strong and effective organization in the context of good governance best practices

c. Key Policy Developments:

The above strategic objectives of TEDA are guided by the City's Integrated Development Plan (IDP) and Growth and Development Strategy (GDS) 2055 outcomes. TEDA's response to the strategic focus of the City was through identification of projects that will derive economic value for the City in the long run. These projects which are mostly at the initial stages of their project life cycle, will be implemented in 2016/17 and beyond.

TEDA has reprioritised its limited financial resources to provide capacity for its core business and identified key positions within the organisation that will be filled to support its strategic focus.

d. Key Service Delivery Improvements:

Highlights

- TEDA has completed a pre-feasibility study for the Tshwane Agro-processing Hub Project. The establishment of the Tshwane Agro-processing Hub Project is envisaged to yield over 300 jobs and Gross Value Add of R 1.7 billion over a five year period.
- A number of investment leads were generated from potential foreign investors who are currently still doing due diligence studies of their own, and if these leads materialize into projects approximately R1 billion worth of investment will be realized.
- The entity developed and has begun with the implementation of the Financial Sustainability Model underpinned amongst other by: own revenue generation, prudent use of available resources and income diversification.
- TEDA hosted the multi-sectoral Tshwane Inaugural Exporters Awards.
- TEDA went through an organisational development process with the aim of bringing into alignment the current skills set and those needed to respond to its mandate and place TEDA globally among the best economic development agencies.
- TEDA hosted the SMME Fair which has grown since its inception as a Funding Fair to become one of TEDA's flagship events targeting Tshwane based SMME's and entrepreneurs. The event enjoyed coverage on various platforms including the CNBCSA as a clear brand. There was growth in attendance as well as tangible assistance to SMMEs. Five SMMEs will undergo a programme with the following benefits:
 - Business Assessment
 - Wits University Entrepreneurship Course
 - High Growth Strategy Development
 - Mentoring and Coaching
 - Networking and strategic linkages
 - Financial Planning and Management
 - Assistance with legal and Regulatory Compliance
 - Funding
- A Youth Entrepreneur Drive, which seeks to respond to ways and means of curbing unemployment and encouraging a culture of entrepreneurship was hosted. A pledge signing ceremony was held in June where stakeholders committed to be part of the

drive. The stakeholders that have already committed to being part of this process include:

- The Innovation Hub
- University Of Pretoria- Business Enterprise
- GEP (Gauteng Enterprise Propeller)
- SEFA (Small Enterprise Finance Agency)
- SEDA (Small Enterprise Development Agency)
- NYDA (National Youth Development Agency)
- TYBC (Tshwane Youth Business Council)
- SAYC (South African Youth Council)
- Khitsane Investment
- EgoIiBio

Challenges and mitigation controls

Table 1: Challenges and Mitigation Controls

CHALLENGES	MITIGATION CONTROLS
Organisational Systems Maturity	Development of Standard Operating Procedures as a start towards QMS.
Lack of research capacity	Outsourcing research functions and/or leveraging research outputs generated by partners.
Unavailability of trade and investment intelligence due to lack of financial resources	Tapping into City, national and provincial governments subscribed databases
Lack of financial resources to undertake trade and investment missions	Leveraging mainly on inward bound missions

e. The performance trends for 2013/14 and 2014/15

TEDA experienced an improvement in performance against the set key performance indicators between 2013/14 and 2014/15. The contribution by TEDA towards the City's SDBIP targets was a success with regard to SMME support. This was made possible by the collaborative efforts between TEDA and some of its key stakeholder like Department of Trade and Industry and its entities. Notwithstanding the acknowledgement there were no committed investment projects that were implemented through Investment attraction facilitation.

There were however some investment enquiries by potential investors that were attended to by TEDA where all the necessary information and support was provided. The relatively unsuccessful investment facilitation resulted in TEDA not doing well with regard to its contribution to job creation in the year under review. TEDA in the mid-term re-aligned its key performance indicators and targets to the available budget. The realignment was done mainly to avoid carrying unfunded mandates in the business plan with its consequence of non-achievement of key performance targets. The overall recorded performance on the key performance indicators for 2014/15 is 95.5% achievement. However, 6 targets out of 28 were not achievement due to unforeseen challenges.

1.3 EXECUTIVE SUMMARY

TEDA is a state owned company that was established in November 2006 and solely owned by the City of Tshwane. TEDA is largely governed by the Companies Act (Act 71 of 2008), Municipal Systems Act (MSA) (Act 32 of 2000), as amended and the Local Government: Municipal Finance Management Act (MFMA) (Act 53 of 2003) as amended and its regulations.

The Service Delivery Agreement entered into by TEDA and the City sets the mandate. TEDA has just concluded an organizational development exercise. This was undertaken to provide guidance on the organizational structure and skills set that are appropriate for the entity to deliver on its mandate, encapsulated into the following:

Core business components

- Projects Portfolio Management;
- Property and Asset Management; and
- Investment Promotion and Funding

Support functions

- Strategy and Performance Monitoring;
- Financial Services;
- Office of the Company secretary; and
- Corporate Services

The entity was allocated a budget of R47, 5 million over the medium term including the next financial year. TEDA went through a reprioritization exercise to ensure sufficient allocation of resources in its core business components. In the next financial year, this reprioritization will be maintained to provide an acceptable balance between the budget allocation for non-core functions and that of core functions. In order to ensure future that TEDA is self-sustainable in the future years, a financial sustainability model has been developed and is being implemented. The model indicates the projected revenue that the entity can generate should it employ the income initiatives spelt out in the model.

The entity identified projects in the 2014/15 financial year which are anticipated to run through the medium term as well as managing some of the projects that will be handed over to TEDA by City departments. This is in light of TEDA's primary mandate of being an implementation vehicle for the City as stipulated in the SDA.

During the 2014-15 financial TEDA developed the Trade and Investment Strategy which serves as an overarching framework for its trade and investment interventions. Flowing from the strategy an automotive sub-sector investment opportunity identification study was conducted and its outcomes will sharpen and focus TEDA's investment promotion efforts in the sector going forward. A study to identify Tshwane export potential was also undertaken. Its outcomes include identified Tshwane exportable products and services, the exporting Tshwane based companies and potential export markets.

TEDA led an outward mission to DRC whose primary aim was to expose companies which took part in the Tshwane Inaugural Exporters Awards to international markets. TEDA will ensure that

these companies are provided with after care support to ensure they maintain their share in the export market.

The entity has implemented a performance management system which resulted in the development of individual score cards for all executive managers and their staff. Performance assessments of the individuals are carried out on a quarterly basis and aligned to the overall organizational performance.

CHAPTER 2

2.1 CORPORATE GOVERNANCE

The Board of Directors of TEDA is committed to ethical leadership and a performance excellence culture within the company as required by King III. The Board is devoted to ensuring the highest standards of corporate governance compliance, risk management and prudent financial management.

The Board is responsible to the company's shareholder, the City of Tshwane, for the implementation of the shareholder compact and long term business strategy through oversight on the management of the company's operations in line with the company's vision of being a leading African economic development agency. The Board of Directors confirms that the company has, during the year under review, complied with the King Code on Corporate Governance (King III).

Composition of the Board of Directors

Table2: Board of Directors

Board Member	Capacity: Executive / Non-Executive	Race	Gender	Board Committee Membership
Prof. DL Mosoma (Chairperson)	Non-Executive	African	Male	<ul style="list-style-type: none"> Social and Ethics
Bahula-Ermias, RS	Non-Executive	African	Female	<ul style="list-style-type: none"> Social and Ethics Remunerations
Gouvelis, H	Non-Executive	White	Male	<ul style="list-style-type: none"> Trade and Investments Finance, Risk and Governance
Haskins, LD*	Non-Executive	Coloured	Female	<ul style="list-style-type: none"> Trade and Investments Finance, Risk and Governance
Matsho, J*	Non-Executive	African	Male	<ul style="list-style-type: none"> Projects Finance, Risk and Governance
Mpungose, ZG	Non-Executive	African	Female	<ul style="list-style-type: none"> Trade and Investments Remunerations
Mpyane, CR	Non-Executive	African	Male	<ul style="list-style-type: none"> Projects Committee Remunerations
Mzizi, SP	Non-Executive	African	Female	<ul style="list-style-type: none"> Projects Finance, Risk and Governance
Ntsinde, NM*	Non-Executive	African	Female	<ul style="list-style-type: none"> Projects Finance, Risk and Governance
Sibanda, FK	Non-Executive	African	Male	<ul style="list-style-type: none"> Trade and Investments Projects
Singh, N	Non-Executive	Indian	Female	<ul style="list-style-type: none"> Finance, Risk and Governance Social and Ethics
Thubakgale, JL	Non-Executive	African	Male	<ul style="list-style-type: none"> Social and Ethics Remunerations
Vutula, L	Non-Executive	African	Male	<ul style="list-style-type: none"> Remunerations
Yates, M	Non-Executive	White	Male	<ul style="list-style-type: none"> Projects Trade and Investments

*The non-executive director resigned during the financial year under review.

2.2 LEGISLATIVE FRAMEWORK PRESCRIBING THE FUNCTIONS OF THE ENTITY

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 i.e. the Companies Act, Municipal Finance Management Act, Municipal Systems Act, Broad Based Black Economic Empowerment Amendment Act, National Environmental Management Act, Occupational Health and Safety Act, Labour Relations Act, Basic Conditions of Employment Act, Employment Equity Act, Promotion of Access to Information Act, the Skills Development Act and the regulations thereof.

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, 2009 (King III). 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.

TEDA also adopted a Delegations of Authority Framework and Supply Chain Management Policy which allocates powers and functions to the Board, management committees, CEO and individual Executive Managers.

2.3 FUNCTIONING OF THE BOARD AGAINST THE WORK PLAN 2014/15

The Board approved an Annual Work Plan at the beginning of the financial year. This plan has guided the work of the Board and its committees.

2.4 BOARD COMMITTEES

The Board established the following committees to strengthen its oversight role:

2.4.1 Projects Committee

The mandate of the committee is to advise the Board on the implementation of the projects portfolio of TEDA. The committee uses the Projects Management Framework adopted by the Board in order to perform its functions.

2.4.2 Trade and Investment Committee

The mandate of the committee is to advise the Board on CoT economic development initiatives which include, but are not restricted to:

- Trade and Investment Promotion, Facilitation and Aftercare
- Implementing the CoT's investment pipeline
- Promotion of Export-Ready Companies
- Development Facilitation which includes packaging and promoting investment projects and nodal development e.g. the Implementation of the Inner City Revitalisation Programmes.

2.4.3 Remuneration Committee

The mandate of the committee is to advise the Board on the development and implementation of the remuneration and recruitment policies of TEDA as well as other human capital policies.

The REMCO spearheaded the Organisational Design (OD) intervention towards ensuring that TEDA has the right structure with appropriate competencies amongst its staff to deliver on TEDA's strategic objectives.

2.4.4 Finance, Risk and Governance Committee

The terms of reference of this committee include:

- Ensuring the development of corporate governance, financial and organisational performance policies of TEDA.
- Monitoring TEDA's compliance with laws and regulations and reporting to the Board any incidents of non-compliance.
- Ensure that TEDA's fraud prevention policies are in place and implemented.
- Ensure the development and management of a Risk Management Policy and plans.

2.4.5 Social and Ethics Committee

This statutory committee was established in terms of the Companies Regulations, 2011. Its terms of reference include, amongst other things, 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 United Nations 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.

2.4.6 Audit and Performance Committee of the CoT and its Municipal Entities

The risk based audit function of TEDA is dependent on the shared resource provided by the CoT through the Group Audit Committee and the Group Internal Audit Unit.

Board Committee Meetings 2014/15 Financial Year

Table 3: Board Committee Meetings

Meetings	Board	REMCO	Projects	Trade & Investment	Fin, Risk & Governance	Social & Ethics	APC	TITIIC	Nomination Committee	Workshop	AGM	Total	Comments
Board Members	12	7	3	3	4	1	5	3	6	2	1		
Mosoma LD (chairperson)	2	-	-	-	-	-	-	-	-	1	1	4	Newly appointed
Bahula-Ermias RS	9	5	-	-	-	1	-	-	6	2	1	24	
Gouvelis H	12	-	-	2	4	-	-	-	5	2	1	26	
Haskins L D	1	-	-	1	-	-	-	-	-	-	-	2	Retired
Matsho J	6	-	1	1	2	-	-	-	-	1	-	11	Retired
Mpungose ZG	2	1	-	-	-	-	-	1	-	1	1	6	Newly appointed
Mpyane CR	11	7	3	-	-	-	-	1	4	2	1	29	
Mzizi SP	2	-	-	-	-	-	-	-	-	1	1	4	Newly appointed
Ntsinde NM	1	-	-	-	-	-	-	-	-	-	-	1	Retired
Sibanda FK	7	-	2	3	-	-	-	-	-	2	1	15	
Singh N	7	-	-	-	3	1	5	-	-	1	1	19	
Thubakgale JL	12	6	-	-	-	1	-	-	-	2	1	22	
Vutula L	11	2	-	-	-	-	-	-	6	2	1	18	
Yates MW	11	3	3	2	-	-	-	2	-	2	1	24	

Directors Remuneration

Table 4: Total of Non-Executive Directors Remuneration for the financial year ending 2014/15

No	Surname	Initials	Year to date
1	Mosoma	LD	R 41 136.00
2	Bahula- Ermias	RS	R 211 086.00
3	Gouvelis	H	R 173 378.00
4	Matsho	J	R 94 270.00
5	Mpungose	ZG	R 37 708.00
6	Mpyane	C	R 233 368.00
7	Mzizi	SP	R 30 852.00
8	Ntsinde	NM	R 11 998.00
9	Sibanda	FK	R 116 552.00
10	Singh	N	R 118 266.00
11	Thubakgale	JL	R 187 090.00
12	Vutula	L	R 225 062.00
13	Yates	MW	R 207 640.00
Total			<u>R 1 725 670.00</u>

Table 5: Executive Remuneration for 2014/15

Name	Designation	Total Cost to Company	Total Cost to Company: Monthly Before ALL Deductions	Total Cost to Company: Monthly Before ALL Deductions from January - March 2015	Total Cost to Company: Monthly Before ALL Deductions from April - June 2015	Total Cost to Company: Monthly Before ALL Deductions from 2014/15 financial year
Boledi Seopela	Executive Corporate Services	R ,409,628.00	R 17,469.00	R 352,407.00	R 352,407.00	R1,409,628.00
Solly Mogaladi	Chief Executive Officer	R1 709,808.00	R142,484.00	R 142,484.00	R 427,452.00	R 569,936.00
Khanya Mahlare	Executive Marketing & Communications	R1,409,628.00	R117,469.00	R 352,407.00	R 352,407.00	R1,409,628.00
Lebogang Mahaye	Company Secretary	R1,174,690.00	R 97,890.83	R 293,672.50	R 293,672.50	R1,174,690.00
Mmatlou Sebogodi	Chief Financial Officer	R1,409,628.00	R117,469.00	R 352,407.00	R 352,407.00	R1,409,628.00
Tshifhiwa Mafela	Executive Trade & Investment	R1,409,628.00	R117,469.00	R 352,407.00	R 352,407.00	R1,409,628.00
Total		R8,523,010.00	R710,250.83	R1,845,784.50	R2,130,752.50	R7,383,138.00

2.5 RISK MANAGEMENT AND INTERNAL CONTROLS

2.5.1 TEDA's risk management strategy

TEDA has adopted Enterprise Risk Management (ERM) Strategy and Policy of the City of Tshwane. The Strategy lays out guiding principles for the management of risk enterprise wide.

2.5.2 Provision of TEDAs risk management plan

TEDA strategic risk plan was developed through a consultative process involving all the unit heads. Strategic risk were identified and submitted to the Board for approval and subsequently approved by City Risk Committee and the Council.

Table 6: TEDA's strategic risk register

Strategic Risk	Root Cause	IR	RR	Management Action Plan	Action Owner	Time Frame
Strategic Objective – 7 To establish and build TEDA as a strong and effective organisation in the context of good governance best practices						
1. Lack of financial sustainability model	1. Failure to raise enough capital for business sustainability 2. Lack of revenue generating model 3. Inadequate budget allocations from CoT 4. Limited working capital 5. Inadequate engagement with other spheres of government	High	High	1. Develop and implement financial sustainability plan with clear definition of revenue streams	CFO	31-Dec-14
2. Lack of critical skills	1. Lack of understanding of TEDA mandate. 2. Inadequate business processes.	High	High	1. To conduct skills audit 2. To develop organisational development processes	Executive Corporate Services	31-Dec-14
3. Failure to attract investors	1. Lack of resources 2. Change in government policies 3. Lack of operating model to respond to mandate 4. Unfavourable Global Economic climate	High	High	1. Investment assessment framework to be developed 2. Develop investment promotion strategy 3. To package investment incentives 4. Employ additional capacity	Executive Trade and Investment Executive Corporate Services	31-Dec-14
4. Failure to retain investors and provide aftercare investors	1. Inadequate resources (Budget, Human capacity) 2. Duplications of functions with CoT 3. Not taking advantage of available marketing platforms 4. Lack of knowledge of government programmes and incentive schemes	High	High	1. Conduct market research on investor environment through 2. Continuous development investor after-care programme	Executive Trade and Investment	30 June 15
5. Inadequate stakeholder engagement	1. Lack of communication amongst key stakeholders 2. Unclear communication channels with the main shareholder	Medium	Medium	1. Develop and implement a stakeholder engagement strategy	Executive Manager: Marketing Executive Trade and Investment	31-Dec-14

Strategic Risk	Root Cause	IR	RR	Management Action Plan	Action Owner	Time Frame
6. Incorrect assessment of projects	1. Lack of knowledge to operate Model 2. Inflexibility/inappropriateness of model 3. Insufficient resources to apply the model	High	High	1. Develop procedure manual 2. Conduct training on appropriate model 3. Review the assessment model to introduce flexibility and appropriateness	Executive PPM	30 June 15
7. Poor implementation of governance processes	1. Lack of own-defined standard operating procedures 2. Lack of knowledge of governance frameworks and processes 3. Lack of accountability	Medium	Low	1. Revise and finalise organisational design process 2. Ensure policies and procedures are in place for key business processes	EM: Corporate Services and All Executives	31-Dec-14

2.5.3 Risk management assessment processes followed

TEDA adopted the Public Sector Risk Management Framework from National Treasury and the King III report on Corporate Governance to ensure that risk management processes within TEDA are streamlined to best practices as indicated on the Enterprise Risk Management policy for CoT and its Entities.

An annual assessment, review and identification of risks within TEDA are done. The aim of the review and identification is to minimize as much as possible the risks faced by the entity and fulfill the expectations of the shareholder and other stakeholders.

To ensure TEDA's future sustainability, management looked at risks facing the Entity across its major risk categories, these being Strategic risk, Financial risk, Operational risk, Governance risk and Information Technology risk.

TEDA management owns the responsibility to ensure that risk management strategy and policy is implemented. They do this by taking active responsibility in the risk management process and owning up to the action plans as approved by the Board.

In the year under review, TEDA went through a risk maturity assessment which placed its maturity level at 2 and the entity has made a commitment to get to at least level 3 in the 2015/16 financial year.

2.5.4 TEDA's risk management, internal audit and the Audit Committee functioning

The Board has delegated the responsibility of risk management to the City's Risk Committee and for reviewing the effectiveness of the internal controls to the Audit and Performance Committee. These Committees use information drawn from a number of different sources to carry out this review. The Board has representation on both the two committees and information flows from the risk committee to the Board for final ratification and approval.

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. Further objective assurance is provided by the external auditors and other external specialists.

Internal Audit capacity that serves the entity resides within the City in keeping with the quest to reduce costs where possible through use of shared services arrangement between the City and its entities. The internal audit unit provides objective assurance to the management, the Board and the Audit and Performance Committee. The annual work plan of internal audit is developed in conjunction with management of TEDA and focuses on key risks and key internal controls. Where Internal Audit provides recommendations, management has the obligation to develop and implement corrective action plans and address the root causes. These are tracked on a regular basis by the Internal Audit at City of Tshwane and the results reported to executive management, Audit and Performance Committee and the Board.

2.6 ENTITY'S SUPPLY CHAIN PROCESSES AND PROCEDURES

Supply Chain Management is an integral part of financial management and its role is to render support service in terms of goods and professional services to Tshwane Economic Development Agency. Goods and services are procured in a system that is fair, equitable, transparent, competitive and cost effective. It is always ascertained that the procurement system operates within a framework that promotes and affirms (HDI's) Historically Disadvantaged Individuals and also provides categories of BEE preference in allocating contracts.

Supply Chain Management is divided into 5 elements (phases) which are summarised below:

Demand Management: Demand Management deals with the identification of need for goods and services, ensuring that requirements are linked to budget, conducting stakeholder analysis, drafting of specifications or terms of reference, determining Preferential Procurement Strategies, determining the evaluation criteria, determining the lead and delivery times, estimate the cost of goods and services, obtain necessary approvals for the acquisition of goods and services. In this phase, the end user plays the biggest role with the assistance of the Procurement unit. A Specification Committee is appointed, comprised of the end user and SCM members and any other role player to facilitate this process.

Acquisition Management: This is the second phase of SCM. At this phase, a decision on how to approach the market is made. The total cost of ownership is determined. Bid documents are compiled. Bids are invited, evaluated and contracts are signed. This phase is executed by the Procurement unit with some assistance from the end user and other role players. A Bid Evaluation Committee is appointed, comprised of the end user and SCM members and any other role player to facilitate this process. A Tender Committee known as Bid Adjudication Committee is also appointed to evaluate the adjudicated contracts.

Logistics Management: This is the third phase that elaborates on the requisitioning of goods from store (Inventory Management). It deals with items which are kept from store for issuing to end users on request. Such items are kept in store due to the repetitive or frequent requirement which makes it impractical to invite price quotations for each request. Orders are placed from suppliers that are registered onto the Supplier Data Base System in order to solicit the above goods unless a contract has been entered into. The process of placing orders, receiving and dispatching falls within this ambit.

Disposal Management: This is a phase where unserviceable, redundant or obsolete movable items are dealt away with. A Disposal committee is appointed to recommend the proper disposal strategy.

All the above elements are conducted in accordance with the delegated powers/ authority.

Supply Chain Performance: This is the final phase. This is where projects are monitored at their completion. The SCM process is monitored whether the desired objectives and goals are achieved.

Asset Management: SCM is also responsible for 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 must be physically assessed annually so as to determine their useful live. This is accomplished through inspecting the physical condition of the assets.

2.6.1 Supply chain management capacity within TEDA

Currently, SCM is comprised of the following three (3) permanent staff members.

DESIGNATION	RESPONSIBILITY
Senior Manager: SCM	Supply Chain Performance and Policy Development
Manager: SCM	Tender Administration
Supply Chain Practitioner	Price Quotation

2.6.2 TEDA procurement in line with the provisions of the MFMA

- Identification and prioritization of need by end user
- Confirm availability of funds (Budget)
- Analyze the market to be utilized and research specifications
- Determine whether to go out on tender or Price quotation.
- Draft Terms of Reference (**Specification committee minutes, Code of Conduct, Attendance Register, Minutes or Memo**)
- Special conditions (if applicable)
- Prepare bid documents
- Publication on relevant media.
- Briefing session (if relevant)
- Issue and receipt register
- Short listing of bidders on minimum requirements of the bid
- Memorandum to the end-user and comments from the end user.
- Presentations (if necessary) (**Evaluation committee minutes, Code of Conduct, Attendance Register, Minutes or Memo**)
- Evaluation (Price) 80/20 below 1 million and 90/10 above 1million
- Functionality and BEE evaluation
- Vetting of service providers (National Treasury, SARS and CIPRO and various entities)
- Recommendations (BAC) (**Bid Adjudication committee minutes, Code of Conduct, Attendance Register, Minutes or Memo**)
- Approval and award (Accounting officer)
- Probity check whenever necessary

- Confirmation letter to SARS and Cipro if above 10 million (NIPP)
- Advertise results on website
- Conduct due diligence

2.6.3 The Supply chain management policy approval in line with the Municipal Finance Management Act No. 56 of 2003.

All SCM policies are approved by the relevant Board, through REMCO. Before approval is granted or the policy is adopted, it is ensured that the policy is aligned to all relevant legislative frameworks like the SCM Directive for Municipal Accounting officers, Municipal Acts, Municipal Supply Chain Model etc.

The following deviations were motivated accordingly and approved:

Table 7: Deviations

DEVIATION NO	SERVICE PROVIDER	AMOUNT	REASON FOR DEVIATION
1	Global Africa Network	R60 000,00	Sole Provider
2	BBM Media	R73 119,60	Sole Provider
3	Hogan Lovells Incorporation	R71 700,74	Single Source
4	CQS (Caseware)	R298 888,19	Contract exceeds 12 months duration
5	Exhibition Management Services	R277 136,27	Sole Provider
6	Outsurance	R5110,36 pm	Contract exceeds 12 months duration

Table 8: TEDA's supply chain committees and functions

SUPPLY CHAIN MANAGEMENT COMMITTEES: COMMITTEE	GUIDELINES	FUNCTIONS AND PURPOSE OF THE COMMITTEE	NO OF MEETINGS PLANNED	ACTUAL	REASONS FOR DEVIATION	INTERVENTION/ ACTION TAKEN
Bid Specification Committee	Regulation 27 of the Municipal SCM Act	Compile Specification and Terms of Reference	3	3		
Bid Evaluation Committee	Regulation 28 of the Municipal SCM Act	Evaluation of bidder's ability to execute the contract in accordance with set standards and criteria	3	3		
Bid Adjudication Committee	Regulation 29 of the Municipal SCM Act	Considers the report of the evaluation committee, depending on delegated powers, either approve or recommend to the Accounting officer.	3	3		

Table 9: TEDA Bid Adjudication Committee Structure and non-compliance with the requirements

SUPPLY CHAIN MANAGEMENT PROCUREMENT THRESHOLD AND DELEGATIONS (TABLE 10) 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	CFO	N/A	N/A	N/A
R2 0001 to R10 000	3 (three) Quotations	CEO	CEO	N/A	N/A	N/A
R10,000 to R30 000	3 (three) formal Written price quotation	CEO	CEO	N/A	N/A	N/A
R30 001 to R200 000	3 (three) formal written quotations	CEO	CEO	Non-advertisement on website	Website in development stage	Website developed and functional
Unlimited	In terms of Regulation 36(2) of SCM Regulations 276363 of 30 May 2005 the Accounting officer must record the reasons for any deviation in terms of sub-regulations (1) (a) (b) and report them to the next meeting of the Council or Board of Directors in the case of a Municipal entity, include as a note to the Annual Financial Statements. The procurement of a long term contract (more than 12 months Regulation 12(d) (i) (ii) Regulation 11(2)	CEO	Board	Global Africa Network	Sole Provider	Deviation motivated and approved
		CEO	Board	BBM Media	Sole Provider	Deviation motivated and approved
		CEO	Board	Hogan Lovells Incorporation	Single Source	Deviation motivated and approved
		CEO	Board	CQS (Caseware)	Contract exceeds 12 months duration	Deviation motivated and approved
		CEO	Board	Exhibition Management Services	Sole Provider	Deviation motivated and approved

SUPPLY CHAIN MANAGEMENT PROCUREMENT THRESHOLD AND DELEGATIONS (TABLE 10) VALUE OF PURCHASE	PROCUREMENT METHOD AND REQUIREMENTS	DELEGATED AUTHORITY	OVERSIGHT ROLE	PROCUREMENT REQUIREMENTS DEVIATIONS	REASONS	INTERVENTION/ ACTION TAKEN
		CEO	Board	Outsurance	Contract exceeds 12 months duration	Deviation motivated and approved

CHAPTER 3

3.1 SERVICE DELIVERY PERFORMANCE

The entity entered into an SDA with the City and the document is up for review in the 2015/16 financial year. TEDA is contributing to the SDBIP targets mainly contributing to City's strategic objective 2 – Promote shared economic growth and job creation. The two KPI's that have been built into TEDA's score card are;

- No. of new income earning opportunities facilitated by TEDA
- No. of SMME's and entrepreneurs supported by TEDA.

TEDA performed above the set target under SMME support for the year under review however there was a challenge with meeting the first KPI due to unsuccessful investment facilitation.

3.2 PERFORMANCE OVERVIEW

The entity has achieved an overall total of 95, 5% performance on its score card as indicated in the QPR system for 2014/15 financial year. The overall performance has seen improvement from the previous financial year. The audit of quarter 4 performance information by internal audit has confirmed the marked improvement on performance by the entity for the year 2014/15. Below is the performance of TEDA for the year and as subsequently audited by Internal Audit post the submission of quarter 4 performance report.

3.2.1. Strategic Objective 1

To develop, facilitate and promote viable foreign and local investments into City of Tshwane
CoT Strategic Objective 2: Promote shared economic growth and job creation

No	Output	Performance Indicator	Annual Target	Annual Performance Achieved	Achieved or Not Achieved	Comments / Reason for deviation / Corrective measure
1.1	Trade investment intelligence acquired	Number of trade and investment reports / studies produced	1	3	Achieved	-
		Number of export market briefs produced	2	3	Achieved	-
1.2	New and existing investments attracted and / or expanded	Number of investment leads generated, followed up and facilitated	20	45	Achieved	-
1.3	Export development and promotion services provided	Number of capacity building initiatives held for SMME export readiness	2	6	Achieved	-
		Number of outward and inward trade and investment missions undertaken, hosted and/or participated	2	7	Achieved	-

3.2.2 Strategic Objective 2

To establish and maintain an economic Infrastructure Investment Vehicle.
CoT Strategic Objective 5: Improve financial sustainability

No.	Output	Performance Indicator	Annual Performance Target	Annual Performance Achieved	Achieved or Not Achieved	Comments/Reasons for deviation / corrective measures
2.1	TEDA's Financial sustainability model	Development and implementation of the funding model with multiple revenue streams	Financial sustainability model	Phase 1 of the implementation plan is in progress	Achieved	-
2.2	Facilitate economic growth that is labour absorptive	Nr of new income earning opportunities facilitated by TEDA	250	0	Not Achieved	The 2015/16 Business Plan includes a refurbishment project,

No.	Output	Performance Indicator	Annual Performance Target	Annual Performance Achieved	Achieved or Not Achieved	Comments/Reasons for deviation / corrective measures
						TEDA will also jerk up its investment attraction effort
		Provide SMME and entrepreneurs supported by TEDA	460	549	Achieved	-

3.2.3 Strategic Objective 3

To identify, design, develop and manage projects with strategic economic and social benefits for the greater Tshwane community

CoT Strategic Objective 2: Promote shared economic growth and job creation

No.	Output	Performance Indicator	Annual Performance Target	Annual Performance Achieved	Achieved or Not Achieved	Comments/Reasons for deviation / corrective measures
3.1	Development of Cullinan Area	Needs and demand assessment (desk top study) conducted	1	1	Achieved	-
		Project Charter produced	1	1	Achieved	-
		Feasibility study	1	0	Not Achieved	The feasibility study could not commence due to budgetary constraints
3.2	Advance Bio manufacturing	Project Charter produced	1	1	Achieved	-
		Facilitate funding application	1	1	Achieved	-
		Facilitate the Feasibility Study development	1	0	Not Achieved	The project was removed from business plan as per Mayco report of January 2015
3.3	Tshwane Agro-processing Hub	Project Charter produced	1	1	Achieved	-
		Funding Application	1	1	Achieved	-
3.4	Region 1 youth greening project	Partnership Agreements entered into	1	1	Achieved	-

No.	Output	Performance Indicator	Annual Performance Target	Annual Performance Achieved	Achieved or Not Achieved	Comments/Reasons for deviation / corrective measures
		No. of participants trained according to the agreement	50	0	Not Achieved	The rollover of funding for training of cooperatives has been requested and will take place in 2015/16 after approval
3.5	TITIIC	Planning and execution of TITIIC	Launch of TITIIC Conference	0	Not Achieved	Problems were experience with the 100% funding model by external sources of revenue TEDA is seeking Council approval on postponement of TITIIC to March 2016 and review of funding model.

3.2.4 Strategic Objective 4

To develop and maintain a strategic immovable and property asset portfolio for maximum return on investment

CoT Strategic Objective 2: Promote shared economic growth and job creation

No.	Output	Performance Indicator	Annual Performance Target	Annual Performance Achieved	Achieved or Not Achieved	Comments/Reasons for deviation / corrective measures
4.1	Manage, develop and facilitate strategic land and building portfolio	Number of land parcels identified for development	1	0	Not Achieved	Asset and Property Management function has not yet being established in TEDA
		No. of buildings identified for revitalisation	1	1	Achieved	-

3.2.5 Strategic Objective 5

To facilitate the implementation of agreements signed between CoT and key stakeholders.

CoT Strategic Objective 2: Promote shared economic growth and job creation

No.	Output	Performance Indicator	Annual Performance Target	Annual Performance Achieved	Achieved or Not Achieved	Comments/Reasons for deviation / corrective measures
5.1	Facilitation of the implementation of agreements entered into by City	No. of initiatives implemented to support the signed agreement	1	1	Achieved	-

3.2.6 Strategic Objective 6

To promote Tshwane as a viable investment destination through the implementation of an integrated Marketing and Communication programme
CoT Strategic Objective 2: Promote shared economic growth and job creation

No.	Output	Performance Indicator	Annual Performance Target	Annual Performance Achieved	Achieved or Not Achieved	Comments/Reasons for deviation / corrective measures
6.1	City's increased competitiveness	Number of marketing events hosted to promote City's competitiveness	1	2	Achieved	-
6.2	TEDA positioned and profiled as brand	Number of internal and external platforms used to profile and position TEDA	12	33	Achieved	-

3.2.7 Strategic Objective 7

To establish and build TEDA as a strong and effective organization in the context of good governance best practice
CoT Strategic Objective 4: Promote Good governance and active citizenry

No.	Output	Performance Indicator	Annual Performance Target	Annual Performance Achieved	Achieved or Not Achieved	Comments/Reasons for deviation / corrective measures
7.1	Corporate governance compliance	Unqualified audit without repeated findings	100%	0%	Not Achieved	TEDA achieved an unqualified audit with repeated findings. Repeated findings will be addressed.
7.2	A well-resourced and performance managed workforce supported by ICT strategy	Establishment and implement of good human resource practices;	Implementation of selected HR good practices	0	Not Achieved	Phase 2 of SAP implementation of project will commence in September 2015
7.3	Risk Management strategy implemented	No. of strategic risk monitoring reports compiled and submitted to the Board	4	4	Achieved	-

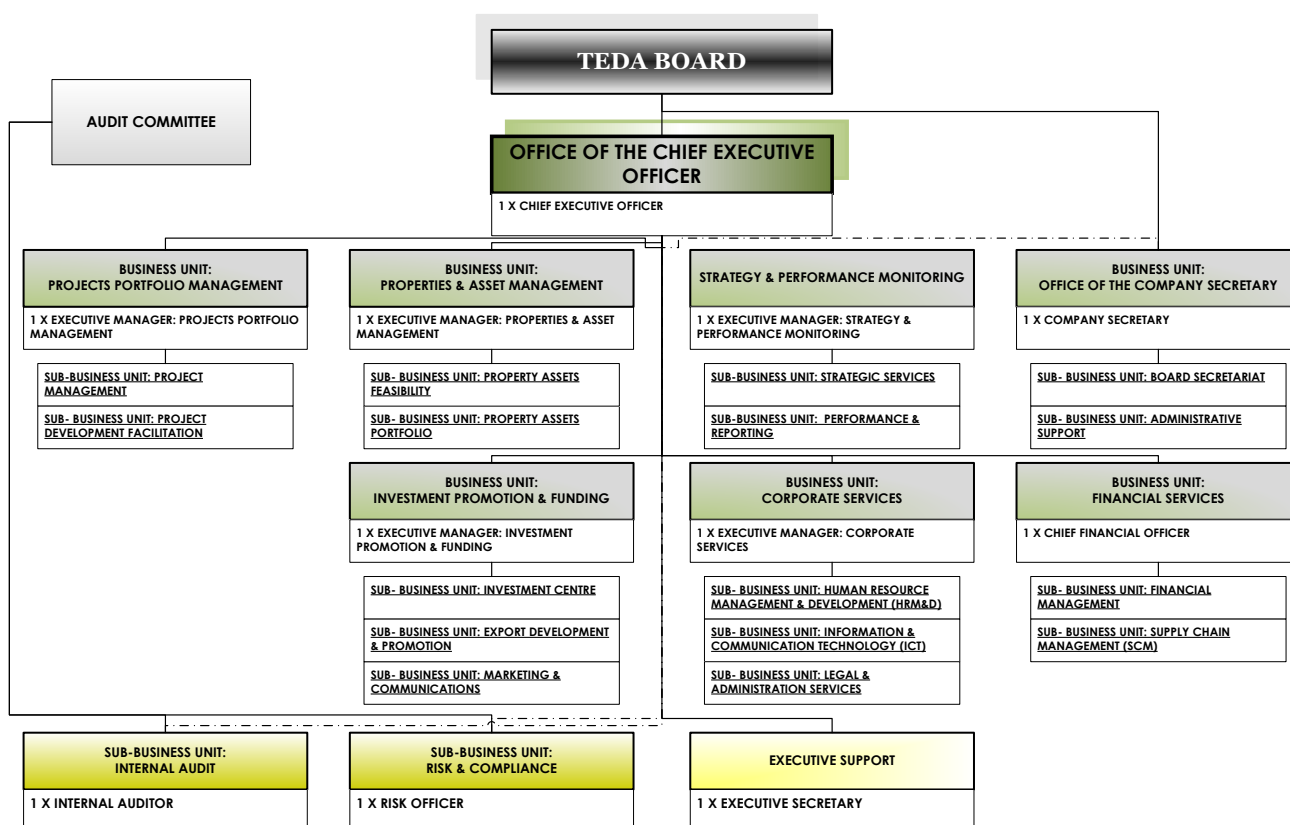
No.	Output	Performance Indicator	Annual Performance Target	Annual Performance Achieved	Achieved or Not Achieved	Comments/Reasons for deviation / corrective measures
7.4	Systems and Processes improvement	Introduction of systems and processes guidelines towards improved TEDA operations	Standard operating procedures developed	Standard operating procedures documented and developed	Achieved	-

CHAPTER 4

4.1 HUMAN CAPITAL MANAGEMENT

TEDA Organogram and staff component

The organogram below is an outcome of the Organisational Development process that TEDA undertook in the review period.



As part of the OD project, the new structure was developed and approved. The Organogram consists of sixty one (61) positions with thirty five (35) filled posts. The Organogram depicts the following business units:

Office of the CEO, Strategy & Performance Monitoring (Sub unit in the Office of the CEO), Office of the Company Secretary, Projects Portfolio Management, Properties & Asset Management, Investment Promotion & Funding, Corporate Services, Financial Services, internal Audit (Reporting to Audit Committee CoT) and Risk & Compliance (Reporting to Audit Committee CoT).

Table 10: EEA report on (Female positions, people with disabilities)

JOB LEVELS	BLACK (A/C/I)		WHITE		FOREIGN NATIONALS		GENDER		GRAND
	M	F	M	F	M	F	M	F	Total
Executives	2	4	0	0	0	0	2	4	6
Senior Management	6	2	0	0	0	0	6	2	8
Middle Management	2	5	0	0	0	0	2	5	7
Operational	1	4	0	0	0	0	1	4	5
Support	4	5	0	0	0	0	4	5	9
Total Permanent	15	20	0	0	0	0	15	20	35
Temps & Interns	0	1	0	0	0	0	0	1	0
Grand Total	15	21	0	0	0	0	15	21	35

Females with disabilities are not represented in the TEDA population on all levels.

Table 11: No of approved positions filled and vacant

BUSINESS UNITS	2014/15 APPROVED POSTS AS PER THE STRUCTURE	NO. OF FILLED POSTS	VACANT POSTS
Office of the CEO	7	4	3
Company Secretary	3	2	1
CFO	8	8	0
Corporate Services	13	9	4
Asset Management	6	0	6
Investment Promotion & Funding	10	7	3
Internal Audit	2	0	2
Risk and Compliance	1	0	1
Projects Portfolio	10	3	7
Total	60	33	27

4.2 HUMAN CAPITAL POLICIES

Priority for this financial year was the development of human resources policies to ensure an effective management of human capital. Fourteen (14) policies have been approved in the reporting period in order to ensure compliance with basic legal requirements within human resources. Processes and Systems have been developed to ensure consistent implementation of activities within corporate services.

4.3 DISCLOSURES

Human Resources Disclosures concerning TEDA

Table 12: Human Resources Head Count per unit

2013/14					2014/15					CHALLENGES	INTERVENTION/ACTION TO BE TAKEN
UNITS	NO. OF POSTS	NO. OF FILLED POSTS	NO. OF VACANCIES	VACANCIES %	UNITS	NO. OF POSTS	NO. OF FILLED POSTS	NO. OF VACANCIES	VACANCIES %		
Chief Executive Officer	6	4	2	33%	Chief Executive Officer	7	4	3	42.8%	None	n/a
Chief Financial Officer	11	8	3	27%	Chief Financial Officer	8	8	0	0	None	n/a
Corporate Affairs	13	9	4	30.7%	Corporate Affairs	13	9	4	30.7%	None	n/a
Strategic Partnerships	4	0	4	100%	Strategic Partnerships	3	0	3	100%	None	n/a
Asset Management	6	0	6	100%	Asset Management	6	0	6	100%	None	n/a
Projects Officer	7	2	5	71%	Projects Officer	10	3	7	70%	None	n/a
Trade and Investment	5	3	2	40%	Investment Promotion & Funding	10	9	3	30%	None	n/a
Marketing & Communication	7	6	1	14.3%	Tourism and Marketing	n/a	n/a	n/a	n/a	n/a	n/a
Legal services	3	3	0	0	Legal services	3	2	1	33%	none	
TOTAL	62	35	27			60	35	25			

There were sixty two (62) positions on the previous organogram and currently there are sixty (60) positions on the approved organogram. There are thirty five (35) filled positions in TEDA. Trade & Investment; and Marketing & Communications business units were merged in the new approved organogram as Investment Promotion & Funding. There is a significant number of Africans in TEDA. 97% of the total staff head count represents African employees of which 60% are females, 34% are African males and 3% represents Indian males.

4.3.1 Training and development

Table 13: Training

Managem	Type of	2013/14	2014/15
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ent	training	M / F	Employee es in post as at 30 June 13	Learnersh ip	Skills programm es and other short courses	Other forms of trainin g	tot al	M / F	Employee es in post as at 30 June 13	Learnersh ip	Skills programmes and other short courses	Other forms of trainin g	tot al	Remarks
1	Smart Screen Applicati on	F	34	0	Smart Screen Applicatio n	1	1	F	35	0	Company Secretary training/ Logistics Management/Chart ered Secretaries Board Exam/ Microsoft Excel/Telephone Etiquette/Smart Screen Application	0	6	Training was put on hold due to the implementati on of OD project

4.3.2 Management of leave

Table 14: Leave Records

TYPES OF LEAVE	2013/14			2014/15			DAYS
	TOTAL DAYS	ON SPECIAL AND SICK LEAVE (MEDICAL CERTIFICATE PROVIDED, DEATH CERTIFICATE AND STUDY LEAVE INFO)	DAYS	DESCRIPTION	TOTAL DAYS	ON SPECIAL AND SICK LEAVE (MEDICAL CERTIFICATE PROVIDED, DEATH CERTIFICATE AND STUDY LEAVE INFO)	
Annual leave	300		300	N/A	664		N/A
Special (study) Leave	47	Required proof provided	47	N/A	70	Required proof provided	N/A
Sick leave	175	Required proof provided	175	N/A	155	Required proof provided	N/A

In 2013/14 only 300 annual, 47 Study and 175 Sick leave days were utilized as opposed to 664 annual, 70 Study and 155 Sick leaves utilized in 2014/2015. There was an active utilization of leave in 2014/15 more than in 2013/2014. This is due to the increased head count in 2015.

Table 15: Human Resources Gender and Race

INDICATOR	BASELINE	2013/14 TARGET	2013/14 ACTUAL	2014/15 TARGET	2014/15 ACTUAL	CHALLENGES	COMMENTS
African staff % of total staff	n/a	n/a	94%	n/a	97%	No identified	Not all vacancies were filled due to budget constraints

INDICATOR	BASELINE	2013/14 TARGET	2013/14 ACTUAL	2014/15 TARGET	2014/15 ACTUAL	CHALLENGES	COMMENTS
Female staff as % of total staff	n/a	n/a	60%	n/a	60%	No identified	Not all vacancies were filled due to budget constraints
African Female managers % of senior management	n/a	n/a	27.95%	n/a	27.95%	No identified	Not all vacancies were filled due to budget constraints

4.4 COMPETENCY LEVELS OF FINANCE AND SUPPLY CHAIN OFFICIALS

Table 16: Progress report on financial competency development

Financial Competency Development: Progress report				
Description	A. Total number of officials employed by 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	Awaiting results of MFMA training	1	
Chief financial officer	1	Competency assessments not completed	1	Skills audit process to determine competency level as facilitated by CoT is not yet finalised
Finance Senior Manager	1	Competency assessments not completed	1	Skills audit process to determine competency level as facilitated by CoT is not yet finalised
Any other financial officers	2	Competency assessments not completed	2	Skills audit process to determine competency level as facilitated by CoT is not yet finalised
Supply Chain Management officials				
Head of Supply Chain Management unit	n/a		n/a	Skills audit process to determine competency level as facilitated by CoT is not yet finalised
Supply Chain Management senior manager	1	Competency assessments not completed	1	Skills audit process to determine competency level as facilitated by CoT is not yet finalised
Any other Supply Chain Management officials	2	Competency assessment not completed	2	Skills audit process to determine competency level as facilitated by CoT is not yet finalised
TOTAL	8		8	

CHAPTER 5**FINANCIAL PERFORMANCE**

Information to be submitted after the financials have been completed

CHAPTER 6

AUDITOR – GENERAL AUDIT FINDINGS

6.1 REPORT OF THE AUDITOR GENERAL

The table below depicts the action plan based on the audit outcome on 2014/15 audit report. The action plans were crafted to address the root cause as highlighted by the auditors.

Table 17: Action Plan based on Auditor General's report of 2014/15

No.	Finding	Action plan	Responsible person	Due date	Comments
ANNEXURE A: MATTERS AFFECTING THE AUDITOR'S REPORT					
1	No disclosure of receivable future minimum payments for subleases.	Adjust AFS and develop GRAP checklist. ERP system	Chief Financial officer	Immediately (AFS adjustment). February 2016 (check list)	Reported in the prior year (material amendments)
2	Fruitless and wasteful expenditure incurred	The entity to source funds in its budget to pay for future income tax obligations	Chief Financial officer	Dec-15	Not Reported in the prior year
3	AOPO: Indicators/Targets that are not specific and measurable	Management will continue to ensure that all performance indicators meet the SMART principle.	Senior Manager: Strategy	Business plan 2016/17	Reported in the prior year
4	VAT: Non-compliance with Section 28 of Value Added Tax Act	Develop a VAT Act compliance checklist for both revenue and expenditure.	Chief Financial officer	February 2016	Not reported in prior year

No.	Finding	Action plan	Responsible person	Due date	Comments
5	Possible penalties and interest from SARs regarding non-compliance with Section 28 of VAT Act not recognised.	Engage SARS on Voluntary Disclosure Programme	Chief Financial officer	January 2016	Not reported in prior year
6	Interest and penalties recorded under accrual account instead of normal taxation account.	Reclassification of interest and penalties into a correct GL account. Ensure that correct classification of revenue and expenditure by nature is achieved.	Chief Financial officer	On-going	Reported

No.	Finding	Action plan	Responsible person	Due date	Comments
ANNEXURE B: OTHER IMPORTANT MATTERS					
7	Contracts awarded to companies which have individuals employed by the state.	Management will investigate the interest of the persons identified above and report those individuals to the heads of the state entities they work for and then submit to the auditors the evidence of the investigations and communications and reports submitted to the heads of the entities from which the individuals identified above are employed.	Chief Financial Officer	Jun-16	Reported in the prior year
8	SCM policy does not include SCM regulation requirements.	The SCM policy has been reviewed and the omitted regulation updated accordingly. The policy will serve in the next board meeting for approval.	Chief Financial Officer	Dec-15	Reported in the prior year
9	Incorrect preference points awarded for pricing.	Management will ensure that calculations are properly reviewed before recommending a service provider.	Chief Financial Officer	On-going	Reported in the prior year
10	Related party relationships not completely disclosed.	Disclose complete related party transactions and ensure that they are confirmed by the related parties	Chief Financial Officer	Oct-15 for AFS. Develop a communication plan with the related parties to ensure timeous	Not reported in prior year

No.	Finding	Action plan	Responsible person	Due date	Comments
				confirmation of all transactions (March 2016)	
11	Rental revenue not straight-lined.	Adjust AFS and develop GRAP disclosure checklist	Chief Financial Officer	Immediately (AFS adjustment). February 2016 (check list)	Not reported in prior year
12	Operating lease liability understated	The implementation of SAP to ensure timeous review of the AFS and develop GRAP disclosure checklist	Chief Financial Officer		Not reported in prior year
13	Incomplete disclosure of contingent liabilities	Develop GRAP disclosure checklist to ensure completeness and accuracy on reported figures.	Chief Financial Officer	February 2016	Not reported in prior year
14	Change in Estimate not disclosed accurately	Develop GRAP disclosure checklist to ensure completeness and accuracy on reported figures.	Chief Financial Officer	February 2016 (check list)	Not reported in prior year
15	Accounting Policy For Prepayments and VAT not disclosed.	Include accounting policies for: 1. VAT receivable 2. Prepayment	Chief Financial Officer	Done	Not reported in prior year
16	Assets with no bar codes	Management will ensure that items of Property, Plant & Equipment regardless of value are bar-coded and capitalized in the fixed asset register and accounted for in terms of GRAP 17 including sub-components of the Server machine. The R2000, 00 threshold will	Chief Financial Officer	December 2015	Not reported in prior year

No.	Finding	Action plan	Responsible person	Due date	Comments
		be amended to R7000, 00.			
17	Assets with duplicate bar-codes on the FAR.	Re-barcode assets	Chief Financial Officer	Oct-15	Not reported in prior year
18	Expenditure paid through prepayment account not appropriately authorized	Develop an advance payment and receipts policy and processes	Chief Financial Officer	Immediately	Not reported in prior year
19	Employee Tax not paid over to SARS within 7 days after month end.	Process payment to SARS and ensure that all payments are made according to applicable prescripts and regulations.	Chief Financial Officer	January 2016 and on-going	Not reported in prior year
20	Share Capital: Non-compliance with Section 70 (6) of the Companies Act 71 of 2008.	Form COR 30 has been lodged.	Company Secretary	Oct-15	Not reported in prior year
21	Amounts per VAT 201 do not reconcile to the GL.	Adjust Income and VAT output on the financial statement. Perform monthly VAT 201 and GL reconciliations	Chief Financial Officer	Monthly	Not reported in prior year
22	Income Tax: Income tax understated	Follow up will be made with SARS to confirm the correctness of the treatment by management.	Chief Financial Officer	January 2016	Not reported in prior year
23	No evidence to confirm that service level agreements with service providers were monitored by IT management	Draft memorandum and send to CoT.	Executive: Corporate Services	June 2016	Not reported in prior year
24	There is no documented approved IT security	Policy to be sent for approval	Executive: Corporate Services	June 2016	Not reported in prior year

No.	Finding	Action plan	Responsible person	Due date	Comments
	policy to ensure data confidentiality, integrity and availability				
25	Lack of processes in place guiding user access	User access processes to be documented	Chief Financial Officer	March 2016	Not reported in prior year
26	There are no documented processes in place for independent reviews of the activities of the person responsible for granting users access to financial systems	TEDA is using SAP. Processes for access control activities are documented and approved by management.	Executive: Corporate Services	Jan-16	Not reported in prior year
27	There is no backup and retention strategy implemented	Backup and retention strategy	Executive: Corporate Services	Immediately	Not reported in prior year
28	There are no formally documented and approved processes in place to manage upgrades/ updates made to all financial systems	Documented policies to be developed	Executive: Corporate Services	Jan-16	Not reported in prior year
29	Minimum competence assessment not done.	All relevant employees to attend the course at University of Pretoria as part of City of Tshwane (Leadership Academy) programme.	Executive: Corporate Services	Dec-16	Reported in the prior year

No.	Finding	Action plan	Responsible person	Due date	Comments
ANNEXURE C: OTHER IMPORTANT MATTERS					
30	Commitments not disclosed appropriately.	Management will customise the Caseware system to ensure that all GRAP disclosures are relevant to the entity.	Chief Financial Officer	January 2016	Not reported in prior year
31	Reconciliation not performed correctly	Perform correct creditors reconciliations	Chief Financial Officer	On-going	Not reported in prior year
32	Lack of evidence that entries in the register and bid results were published on TEDA website.	The website will be often reviewed to ensure that all contents of the register are published.	Chief Financial Officer	Oct-15	Not reported in prior year
33	SCM : Duplicate supplier information on the supplier database	Management will ensure that Supplier database information is reviewed constantly	Chief Financial Officer	Dec-15	Not reported in prior year
34	SCM - VAT vendor suppliers listed as non-VAT vendors	Management will ensure that Supplier database information is reviewed constantly	Chief Financial Officer	Dec-15	Not reported in prior year
35	Lack of sufficient evidence to confirm timeous approval of a deviation.	Management will ensure that a supporting memorandum is prepared explaining the event whenever there is	Chief Financial Officer	Immediately	Not reported in prior year

No.	Finding	Action plan	Responsible person	Due date	Comments
		a deviation.			
36	Company Secretary Certification of the financial statements	Review of the company secretary's declaration	Company Secretary	On-going	Not reported in prior year
37	Assets are not adequately insured.	Management will continue to make assessments on a regular basis to inform its decisions on insurance in future	Chief Financial Officer	Feb-2016	Not reported in prior year



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for the period ended 30 June 2015

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General Information

Country of incorporation and domicile	South Africa
Legal form of entity	City of Tshwane Metropolitan Entity
Nature of business and principal activities	Economic Development within the Tshwane Region
Chief Financial Officer (CFO)	Ms MC Sebogodi
Chief Executive Officer (CEO)	Mr SD Mogaladi
Board of Directors	Mr LD Mosoma (Chairperson Appointed 12 May 2015) Mr L Vutula (Chairperson until 12 May 2015) Ms RS Bahula- Ermias Mr H Gouvelis Ms ZG Mpungose (Appointed 12 May 2015) Mr CR Mpyane Ms SP Mzizi (Appointed 12 May 2015) Mr FK Sibanda Ms N Singh Mr JL Thubakgale Mr MW Yates Mr SD Mogaladi
Business address	349 Witch-Hazel Avenue Eco-origin Building, Block F Highveld Ext.70 Centurion 0057
Postal address	P O Box 11751 Zwartkop 0051
Bankers	Standard Bank
Auditors	Auditor General
Secretary	Ms LV Mahaye
Company registration number	2006/019396/30
Tax reference number	9053619178

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Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003) (MFMA) and the Companies Act No.71 of 2008, as amended, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipal entity as at the end of the financial year and the results of its operations and cash flows for the year ended 30 June 2015. The external auditors were engaged to express an independent opinion on the annual financial statements and they were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipal 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 control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipal entity and all employees are required to maintain the highest ethical standards in ensuring the municipal entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipal entity is on identifying, assessing, managing and monitoring all known forms of risk across the municipal entity. While operating risks cannot be fully eliminated, the municipal entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipal entity's cash flow forecast for the year ended 30 June 2015 and, in the light of this review and the current financial position and is satisfied that the entity has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipal entity's annual financial statements.

The annual financial statements have not been audited by the municipal entity's external auditors in accordance with the Companies Act, 2008 (Act No 71 of 2008).

The annual financial statements set out on pages _____ to _____ which have been prepared on the going concern basis, were approved by the board of directors and accounting officer on _____ and signed by:

Mr SD Mogaladi
Accounting Officer

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Director's Report

The directors submit their report for the period ended 30 June 2015.

1. Incorporation

The company was incorporated in South Africa on 23 June 2006 and obtained its certificate to commence business on the same day.

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Director's Report

2. Review of activities

Main business and operations

TEDA being a state owned entity that was established by the City of Tshwane as a sole owner, the operations of TEDA are governed by the Companies Act (Act 71 of 2008), Municipal systems Act (Act 32 of 2000), as amended and the Local Government : Municipal Finance Management Act (MFMA) (Act 53 of 2003) as amended and its regulations. The mandate of TEDA has been outlined in the Service Delivery Agreement (SDA) between the entity and the CoT. The operations of TEDA have been classified as follows post the recent organisational development exercise:

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Annual Financial Statements for the year ended 30 June 2015

Director's Report

a) Core business

- Projects Portfolio Management
- Property and Asset management
- Investment Promotion and Funding

b) Support functions

- Strategy and Performance Monitoring
- Financial Services
- Office of the Company Secretary
- Corporate Services

TEDA was wholly dependent on the funds allocation from the City in the year under review. However, there were measures employed to ensure that a model for financial sustainability is developed to guide in income generating initiatives in the future. This will assist the entity in reducing its dependence on the City funding.

A reprioritisation exercise was undertaken to ensure funding of the core business. The entity ensured that the core business needs are addressed in the new financial year through the reprioritisation exercise.

The entity has come up with projects in 2014/15 and mostly these are at a feasibility study and will reach implementation stage at different times in the medium term. The challenge that needs to be overcome is the solicitation of funds from external sources where internal funding is not available to fund these projects.

2.1 Important policy decisions and strategic issues facing the entity

- There is some desire shown by the City to assign major projects to TEDA to manage on its behalf. This demonstrates confidence on the perceived capabilities by the City on the entity. This in turn demands that TEDA should be able to demonstrate the capacity to find other innovative ways of delivering on these without increasing employee costs.
- The strategic partnerships formed with funding institutions such as IFA Lethu and Royal Fields that operate within the SMME sector is a wise move by the entity in its endeavour to expose SMMEs to development programmes aimed at building their capacity and ability to increase their market share.
- The need to continuously provide capacity to the core business of TEDA will be a challenge in the short to medium term; however, as mentioned above, other ways will be employed to ensure that the entity meets its obligations in terms of the SDA with the CoT. TEDA is expected to also contribute to income earning opportunities which has been a challenge in the 2014/15 financial year. The response to this will be to enter into the short term projects area and implement local economic development projects that will yield income earning opportunities much sooner.

2.2 Comment on significant events that have taken place during the year

- TEDA led an outward mission to the DRC in order to expose companies which participated in the Tshwane Inaugural Exportes Awards to international markets. There will be continuous support given to these companies in order to maintain their relevance in the export market.
- TEDA hosted a multi-sectoral Tshwane Inaugural Exporters Awards to acknowledge and recognise the role of the Tshwane Exporting business community in growing the regional economy and creating employment opportunities.
- The Tshwane SMME fair was hosted by the entity with the aim of providing exposure to the SMME's in the City on the programmes available to build their capacity to contribute to the economy of the City.
- TEDA underwent an organisational development process to match the skills set of the employees with those needed by the entity.

2.3 Comment on major projects undertaken or completed during the year

- A pre-feasibility study on the Tshwane Agro processing hub project has been completed. This is one of the major projects to be undertaken by the entity and is expected to create more than 300 jobs with a gross value add of R1,7billion over a five year period.

2.4 Information on predetermined objectives

- The strategic objectives were developed with related key performance areas and indicators using SMART principles. Performance on the set targets was measured on a monthly, quarterly, mid-term and the overall annual performance.
- The performance on the set indicators and targets has experienced an improvement in comparison to the previous year. In the first half of the year, some of the indicators were not funded hence the request to Council and subsequent approval to revise the targets and include funded targets and indicators.

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Director's Report

- By the end of the year TEDA had achieved 24 Key Performance Indicators (KPI) out of a total of 28 KPI. In terms of its contribution to the SDBIP targets, TEDA did not perform well on "income earning opportunities facilitated by TEDA" and has put measures in place to ensure that in 2015/16 this key target is addressed through implementation of small scale projects and maximise its efforts on investment attraction.

2.5 Policies Approved by the Board

- A total of 10 institutional policies were approved in the year under review. Additional policies are being developed to ensure that TEDA subscribes fully to imperatives such as "triple bottom line" reporting in terms of Corporate Governance frameworks.

2.6 Staffing

- The organisation currently has 35 permanent employees. There are five (5) executives, four (4) females and one (1) male. The appointment of the CEO on a five (5) year fixed term has been finalised with effect from 01 March 2015.
- The organisation has all legislated Human Resources policies in place to ensure fair and transparent employment practices in the workplace. All employees have signed performance agreements aligned to the Business Plan to ensure performance is monitored and create a high performance culture.

3. Going concern

At the time of preparation of the annual financial statements for the period under review, the board members believed the entity will be a going concern in the foreseeable future. For this reason they continue to adopt a going concern basis in the preparation of these annual financial statements. Refer to note 39 for details.

We draw attention to the fact that as at 30 June 2015, the entity had accumulated surplus of (R9,013,706: R7,641,513) 2015 and 2014 respectively.

4. Subsequent events

Events after reporting date are presented in Note 40 of the annual financial statements.

5. Directors' interest in contracts

The Directors have declared that they do not have any personal interests in the contracts entered into by the entity.

6. Board

The Annual General Meeting of 12 May 2015 appointed three new non-executive directors i.e. Prof. DL Mosoma (as new Board Chairperson, Ms S Mzizi and Ms Z Mpungose).

The directors of the entity during the year and to the date of this report are as follows:

Name	Nationality	Changes
Mr LD Mosoma (Chairperson Appointed 12 May 2015)	South African	Appointed 12 May 2015
Mr L Vutula (Chairperson until 12 May 2015)	South African	
Ms RS Bahula- Ermias	South African	
Mr H Gouvelis	South African	
Ms LD Haskins	South African	Resigned 15 August 2014
Mr J Matsho	South African	Resigned 05 March 2015
Ms ZG Mpungose (Appointed 12 May 2015)	South African	Appointed 12 May 2015
Mr CR Mpyane	South African	
Ms SP Mzizi (Appointed 12 May 2015)	South African	Appointed 12 May 2015
Ms NM Ntsinde	South African	Resigned 15 August 2014
Mr FK Sibanda	South African	
Ms N Singh	South African	
Mr JL Thubakgale	South African	
Mr MW Yates	South African	
Mr SD Mogaladi	South African	Appointed 01 March 2015

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Director's Report

7. Corporate governance

General

The board is committed to business integrity, transparency and professionalism in all its activities. As part of this commitments, the board subscribes to the highest standards of corporate governance and the ongoing development of best practice.

The entity confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa (2010).

The salient features of the entity's adoption of the Code is outlined below:

Board of Directors

The board:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to the strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising of: non-executive directors, all of whom are independent directors as defined in the Code;
- has established a Board directorship continuity programme.

Director Development

The entity has during the year under review provided corporate governance training to its Directors.

Board Committees

The Board has delegated certain functions to the following well-structured committees. All independent non-executive directors serve on the committees except for the Chairperson of the Board.

Finance, Risk and Governance Committee

The committee comprises five non-executive directors and exercises oversight on the entity's finance, corporate governance compliance and risk related matters.

Projects Committee

The committee comprises five non-executive directors and exercises oversight on the planning, implementation and management of projects in terms of the entity's approved business plan.

Remuneration Committee

This committee comprises four non-executive directors and exercises oversight role on the entity's human capital and remuneration matters.

Social and Ethics Committee

The committee was established in terms of section 43 of the Companies Act Regulations 2011, and has five members, one being a prescribed officer. This committee exercises its responsibilities as outlined in subsection (5) of the Regulations.

Trade and Investment Committee

The committee comprises four non-executive directors and exercises oversight on trade, investment promotion and marketing within Tshwane.

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Director's Report

Chairperson and Chief Executive Officer

The Chairperson is a non-executive and independent director (as defined by the Code).

The Chief Executive Officer is a executive director (as defined by the Code).

The roles of Chairperson and Chief Executive are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Remuneration

The upper limits of the remuneration of the Chief Executive Officer, and Executive managers, are determined by the Parent entity, and the board will determine the remuneration within the above mentioned limits.

Audit and risk committee

- **Audit Committee**

The audit committee function is performed by the group audit and performance committee established by the City of Tshwane for all its municipal entities.

- **Risk Management Committee**

The risk committee function is performed by the Group Risk Committee of the CoT and the Finance, Risk and Governance Committee of TEDA.

Internal audit

The entity utilises the shared service provided by the City of Tshwane's group internal audit unit to perform internal audit functions.

8. Share Capital and Equity

There were no changes in the authorised or issued share capital of the entity during the year under review.

9. Dividends

No dividends were declared or paid to shareholder during the year.

10. Secretary

The Company Secretary was appointed with effect from 01 August 2013 and performs the functions as required in terms of section 88 of the Companies Act, 2008.

11. Controlling entity

The entity is wholly owned by the City of Tshwane Metropolitan Municipality.

12. Auditors

The Auditor-General of South Africa will continue in office in accordance with section 90 of the Companies Act 71 of 2008, as amended and section 92 of the Municipal Finance Management Act.

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Company Secretary's Certification

Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the company has lodged with the Commissioner most of such returns as are required of a public company in terms of the Companies Act and that such returns are true, correct and up to date. And also do confirm that the entity did not comply with Section 70(6) of the Companies Act 71 of 2008 which states that every company must file a notice (CoR 39) within 10 business days after a person becomes or ceases to be a director of the company, which has since been corrected.

Ms LV Mahaye
Company Secretary
Place of Signature

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Statement of Financial Position as at 30 June 2015

Figures in Rand	Note(s)	2015	2014 Restated*
Assets			
Current Assets			
Operating lease asset	11	181,025	57,995
Receivables from exchange transactions	4	32,422	799,325
VAT receivable	5	1,571,375	-
Prepayments	6	1,589,575	2,229,732
Cash and cash equivalents	7	9,902,392	5,152,789
		13,276,789	8,239,841
Non-Current Assets			
Property, Plant and Equipment	8	7,190,910	9,747,837
Intangible assets	9	253,812	18,964
Deferred tax	17	440,350	-
		7,885,072	9,766,801
Non-Current Assets		7,885,072	9,766,801
Current Assets		13,276,789	8,239,841
Total Assets		21,161,861	18,006,642
Liabilities			
Current Liabilities			
Normal Taxation	10	1,096,292	3,277,985
Operating lease liability	11	431,642	-
Payables from exchange transactions	13	3,221,873	3,629,070
Unspent Grant	15	5,886,270	2,041,632
Provisions for employee benefits	14	1,296,068	948,626
		11,932,145	9,897,313
Non-Current Liabilities			
Operating lease liability	11	215,010	455,751
Deferred tax	17	-	8,853
		215,010	464,604
Non-Current Liabilities		215,010	464,604
Current Liabilities		11,932,145	9,897,313
Total Liabilities		12,147,155	10,361,917
Assets		21,161,861	18,006,642
Liabilities		(12,147,155)	(10,361,917)
Net Assets		9,014,706	7,644,725
Share Capital and Equity	18	1,000	1,000
Accumulated surplus		9,013,706	7,643,725
Total Net Assets		9,014,706	7,644,725

* See Note 30

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Statement of Financial Performance

Figures in Rand	Note(s)	2015	2014 Restated*
Revenue			
Revenue from exchange transactions			
Sale of tender documents	19	29,518	4,250
Rental Income	19	3,137,770	601,970
Interest earned	19	404,759	176,095
Total revenue from exchange transactions		3,572,047	782,315
Revenue from non-exchange transactions			
Transfer revenue and other revenue			
Grant revenue recognised	20	46,727,237	59,495,206
Sponsorship Income	20	131,579	-
Total revenue from non-exchange transactions		46,858,816	59,495,206
Expenditure			
Employee related costs	21	(27,016,764)	(19,971,339)
Remuneration of Board Members	22	(1,725,670)	(3,397,149)
Depreciation and amortisation	23	(3,216,742)	(1,873,960)
Marketing, Trade and Investment Projects	25	(1,910,006)	(2,646,887)
	24	(1,943,103)	(13,425,376)
Loss on disposal of assets	27	(9,616)	(71,660)
General Expenses	26	(12,749,712)	(12,029,234)
Total expenditure		(48,571,613)	(53,415,605)
		-	-
Total revenue		50,430,863	60,277,521
Total expenditure		(48,571,613)	(53,415,605)
Operating surplus		1,859,250	6,861,916
Taxation	28	(489,269)	(1,972,685)
Surplus for the year		1,369,981	4,889,231

* See Note 30

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Statement of Changes in Net Assets

Figures in Rand	Share and Equity	CapitalAccumulated surplus	Total assets	net
Balance at 01 July 2013 as restated	1,000	2,754,493	2,755,493	
Changes in net assets				
Surplus for the year as previously reported	-	5,008,929	5,008,929	
Correction of prior year errors	-	(119,697)	(119,697)	
Total changes	-	4,889,231	4,889,231	
Balance at 01 July 2014 as restated	1,000	7,643,725	7,644,725	
Changes in net assets				
Surplus for the year	-	1,369,981	1,369,981	
Total changes	-	1,369,981	1,369,981	
Balance at 30 June 2015	1,000	9,013,706	9,014,706	

* See Note 30

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Cash Flow Statement

Figures in Rand	Note(s)	2015	2014 Restated*
Cash flows from operating activities			
Receipts			
Transfers and Subsidies		50,571,875	47,500,000
Interest income		416,292	157,181
Rental income		3,619,433	-
Sale of tender documents		29,518	4,250
Sponsorship income		131,579	-
		54,768,697	47,661,431
Payments			
Compensation of Employees and Board fees		(28,719,537)	(22,411,471)
Goods and Services		(15,784,412)	(25,489,153)
Taxes on surpluses	10	(3,267,534)	-
VAT paid		(1,347,137)	-
		(49,118,620)	(47,900,624)
Total receipts		54,768,697	47,661,431
Total payments		(49,118,620)	(47,900,624)
Net cash flows from operating activities	29	5,650,077	(239,193)
Cash flows from investing activities			
Purchase of Office Equipment	8	(276,028)	(576,800)
Purchase of Computer Equipment	8	(86,450)	(1,304,086)
Purchase of Office Furniture and Fixtures	8	(44,967)	(1,796,148)
Purchase of Intangible Assets	9	(259,351)	(7,302)
Purchase of Leasehold Improvements	8	(222,190)	(6,172,570)
Purchase of Library material	8	(11,488)	-
Net cash flows from investing activities		(900,474)	(9,856,906)
Cash flows from financing activities			
Repayment of shareholders loan		-	(588,482)
Net increase/(decrease) in cash and cash equivalents		4,749,603	(10,684,581)
Cash and cash equivalents at the beginning of the year		5,152,789	15,837,370
Cash and cash equivalents at the end of the year	7	9,902,392	5,152,789

* See Note 30

Tshwane Economic Development Agency SOC Ltd

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Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between budget and actual	Reference final and
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of tender documents	-	-	-	29,518	29,518	Note 18
Rental income	4,056,936	-	4,056,936	3,075,458	(981,478)	Note 18
Interest income - current accounts	-	219,367	219,367	397,378	178,011	Note 18
Total revenue from exchange transactions	4,056,936	219,367	4,276,303	3,502,354	(773,949)	
Revenue from non-exchange transactions						
Transfer revenue						
City of Tshwane - Transfers and Adjustments	49,961,277	3,071,875	53,033,152	50,571,875	(2,461,277)	Note 19
Sponsorship income	-	150,000	150,000	131,579	(18,421)	
Total revenue from non-exchange transactions	49,961,277	3,221,875	53,183,152	50,703,454	(2,479,698)	
'Total revenue from exchange transactions'	4,056,936	219,367	4,276,303	3,502,354	(773,949)	
'Total revenue from non-exchange transactions'	49,961,277	3,221,875	53,183,152	50,703,454	(2,479,698)	
Total revenue	54,018,213	3,441,242	57,459,455	54,205,808	(3,253,647)	
Expenditure						
Employee remuneration	(29,252,594)	2,185,489	(27,067,105)	(25,720,519)	1,346,586	Note 32
Remuneration of Board Members	(2,190,522)	409,704	(1,780,818)	(1,559,819)	220,999	Note 32
Marketing, Trade and Investment Projects Expenditure	(1,899,242)	(679,950)	(2,579,192)	(993,824)	1,585,368	Note 32
General Expenses	(2,000,000)	(4,880,062)	(6,880,062)	(1,070,712)	5,809,350	Note 32
Capital Expenditure	(17,428,055)	(491,898)	(17,919,953)	(11,826,444)	6,093,509	Note 32
	(1,247,800)	15,475	(1,232,325)	(853,469)	378,856	Note 32
Total expenditure	(54,018,213)	(3,441,242)	(57,459,455)	(42,024,787)	15,434,668	
	-	-	-	12,181,021	12,181,021	
Surplus before taxation	-	-	-	12,181,021	12,181,021	
Deficit before taxation	-	-	-	12,181,021	12,181,021	
Taxation	-	-	-	-	-	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	12,181,021	12,181,021	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Reconciliation						
Basis difference						
Taxation				(489,269)		
Depreciation and Amortisation Expense				(3,216,742)		
Operating lease liability				(67,871)		
Losses on asset disposal				(9,616)		
Movement in provision				(347,442)		
Adjust for current year trade and other payables from exchange transaction				(2,920,490)		
Movement in Unspent Grant				(3,844,638)		
Purchases of property, plant and equipment				853,469		
Movement in prepayments				(567,977)		
Accrued income				13,465		
Other non-cash adjustment on expenses				(213,929)		
Actual Amount in the Statement of Financial Performance				1,369,981		

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Operating lease asset	-	-	-	181,025	181,025	
Increase in Receivables from exchange transactions	560,000	(306,201)	253,799	32,422	(221,377)	
VAT receivable	-	-	-	1,571,375	1,571,375	
Prepayments	-	-	-	1,589,575	1,589,575	
Cash and cash equivalents	3,788,368	-	3,788,368	9,902,392	6,114,024	
	4,348,368	(306,201)	4,042,167	13,276,789	9,234,622	
Non-Current Assets						
Property, Plant and Equipment	9,500,000	(3,558,994)	5,941,006	7,190,910	1,249,904	
Intangible assets	2,900,000	(2,325,503)	574,497	253,812	(320,685)	
Deferred tax	-	-	-	440,350	440,350	
	12,400,000	(5,884,497)	6,515,503	7,885,072	1,369,569	
Non-Current Assets	4,348,368	(306,201)	4,042,167	13,276,789	9,234,622	
Current Assets	12,400,000	(5,884,497)	6,515,503	7,885,072	1,369,569	
Total Assets	16,748,368	(6,190,698)	10,557,670	21,161,861	10,604,191	
Liabilities						
Current Liabilities						
Current tax payable	-	200,000	200,000	1,096,292	896,292	
Operating lease liability	-	200,000	200,000	431,642	231,642	
Payables from exchange transactions	2,050,000	-	2,050,000	3,221,873	1,171,873	
Unspent Grant	4,200,000	(3,000,000)	1,200,000	5,886,270	4,686,270	
Provisions	-	600,000	600,000	1,296,068	696,068	
	6,250,000	(2,000,000)	4,250,000	11,932,145	7,682,145	
Non-Current Liabilities						
Operating lease liability	1,250,000	-	1,250,000	215,010	(1,034,990)	
	6,250,000	(2,000,000)	4,250,000	11,932,145	7,682,145	
	1,250,000	-	1,250,000	215,010	(1,034,990)	
	-	-	-	-	-	
Total Liabilities	7,500,000	(2,000,000)	5,500,000	12,147,155	6,647,155	
Assets	16,748,368	(6,190,698)	10,557,670	21,161,861	10,604,191	
Liabilities	(7,500,000)	2,000,000	(5,500,000)	(12,147,155)	(6,647,155)	
Net Assets	9,248,368	(4,190,698)	5,057,670	9,014,706	3,957,036	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Share Capital and Equity	7,500,000	(4,190,698)	3,309,302	1,000	(3,308,302)	
Reserves						
Accumulated surplus	1,748,368	-	1,748,368	9,013,706	7,265,338	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Total Net Assets	9,248,368	(4,190,698)	5,057,670	9,014,706	3,957,036	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

Transfers and Subsidies	47,500,000	5,533,152	53,033,152	50,571,875	(2,461,277)	
Rental income	-	3,983,136	3,983,136	3,619,433	(363,703)	
Sale of tender documents	-	-	-	29,518	29,518	
Interest income	74,000	-	74,000	416,292	342,292	
Sponsorship income	-	-	-	131,579	131,579	
	47,574,000	9,516,288	57,090,288	54,768,697	(2,321,591)	

Payments

Compensation of employees and Board fees	(36,475,000)	5,032,000	(31,443,000)	(28,719,591)	2,723,409	
Goods and services	(20,604,617)	(9,098,413)	(29,703,030)	(15,980,017)	13,723,013	
Taxes on surpluses	-	(3,071,875)	(3,071,875)	(3,071,875)	-	
VAT paid	-	(1,500,000)	(1,500,000)	(1,347,137)	152,863	
	(57,079,617)	(8,638,288)	(65,717,905)	(49,118,620)	16,599,285	

Total receipts	47,574,000	9,516,288	57,090,288	54,768,697	(2,321,591)	
Total payments	(57,079,617)	(8,638,288)	(65,717,905)	(49,118,620)	16,599,285	
Net cash flows from operating activities	(9,505,617)	878,000	(8,627,617)	5,650,077	14,277,694	

Cash flows from investing activities

Purchase of property, plant and equipment	(150,000)	(518,000)	(668,000)	(641,123)	26,877	
Purchase of intangible assets	(200,000)	(360,000)	(560,000)	(259,351)	300,649	
Net cash flows from investing activities	(350,000)	(878,000)	(1,228,000)	(900,474)	327,526	

Net increase/(decrease) in cash and cash equivalents	(9,855,617)	-	(9,855,617)	4,749,603	14,605,220	
Cash and cash equivalents at the beginning of the year	13,644,185	-	13,644,185	5,152,789	(8,491,396)	
Cash and cash equivalents at the end of the year	3,788,568	-	3,788,568	9,902,392	6,113,824	

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Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the Annual financial statements and related disclosures. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed below.

Trade receivables / Held to maturity investments and/or loans and receivables

The entity assesses its trade receivables and loans and receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of financial performance, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The entity assesses its trade receivables 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, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. Each receivable is reviewed individually at year end.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments. The carrying amount of cash and cash equivalents, trade and other receivables and trade and other payables approximated their fair values due to the short-term maturities of these assets and liabilities.

Impairment testing

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If the recoverable amount is less than the carrying amount, an impairment loss should be recognised in the statement of financial performance.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosures of these estimates of provisions are included in note 14 - Provisions.

Tshwane Economic Development Agency SOC Ltd

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Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The entity recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The entity recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the entity to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the entity to realise the net deferred tax assets recorded at the statement of financial position date could be impacted.

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. The entity establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile. As the Company assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable surplus will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable surplus together with future tax planning strategies.

Effective interest rate

The entity used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Property, plant and equipment

The entity's management determines the estimated useful lives and residual values of property, plant and equipment. These assessments are made on an Annual basis and use historical evidence and current economic factors to estimate the values. Administrative computer equipment, office furniture and equipment, exhibits and motor vehicles are not componentised. These assets do not have significant parts that are considered to have an estimated useful life different to the estimated useful life of the asset as a whole.

1.4 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 entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment were initially measured at cost.

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Accounting Policies

1.4 Property, Plant and Equipment (continued)

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 at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

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.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

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

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

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	3 -16 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 -8 years
Computer equipment	Straight line	3 years
Leasehold improvements	Straight line	3 years
Library material	Straight line	5 years

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.

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

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

Items of entity 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 de-recognition 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 de-recognition 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. Gains shall not be classified as revenue.

Assets which the agency 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. These assets are not accounted for as non current assets held 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 entity.

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Accounting Policies

1.5 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from TEDA or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the TEDA; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non exchange transaction, the cost shall be its fair value as at the date of acquisition.

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

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

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

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

Item	Useful life
Computer software	3 years

Intangible assets are derecognised: when no future economic benefits or service potential are expected from its use or disposal. The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.6 Key management personnel

The key management of TEDA refers to the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Executive Managers.

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Accounting Policies

1.7 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 uncollectibles.

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 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.

Financial instruments at fair value comprise financial assets or financial liabilities that are 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.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

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.

Classification

The entity 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

Cash and cash equivalent
Receivable from exchange transactions

Category

Financial asset measured at amortised cost
Financial asset measured at amortised cost

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

Class

Payables from Exchange transaction

Category

Financial liability measured at amortised cost

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Accounting Policies

1.7 Financial instruments (continued)

Initial recognition

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

Transaction costs are recognised as part of the cost of the instrument. Subsequent to initial recognition these instruments are measured as set out above.

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at amortised cost.

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

Reclassification

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

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

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity 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

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

Impairment and uncollectibility of financial assets

The entity assess 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 directly or 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 directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

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Accounting Policies

1.7 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises a financial asset only when:

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

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

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

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

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

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

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

Financial liabilities

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

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

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1.7 Financial instruments (continued)

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).

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1.7 Financial instruments (continued)

Financial risk management

Overview

The entity has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Interest rate risk.

This note presents information about the entity's exposure to each of the above risks, the entity's objectives, policies and processes for measuring and managing risk, and the entity's management of capital. Further quantitative disclosures are included throughout these financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the entity's risk management framework. The entity's risk management policies are established to identify and analyse the risks faced by the entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the entity's activities. The entity aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the TEDA if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the TEDA's receivables from customers.

Potential concentrations of credit risk consist mainly of cash and cash equivalents.

Deposits

TEDA limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high quality credit standing as approved by the National Treasury.

The credit qualities of counterparties are also reviewed on a continuous basis by the National Treasury.

Liquidity risk

Liquidity risk is the risk that TEDA will not be able to meet its financial obligations as they fall due.

The entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the entity's reputation.

The entity receives government grants every year based on budget requirements.

Interest rate risk

TEDA has adopted a policy of ensuring that the entity's income and operating cash flows are substantially independent of changes in market interest rates, due to the underlying nature of the business. TEDA has no interest bearing assets or liabilities. Accordingly the entity's income and expenses are substantially independent of changes in markets rates of interest. As a result, changes in the market rate of interest have a negligible impact on the financial performance of the entity.

Capital management

TEDA has developed systems and internal controls that are sufficient and effective in maintaining efficient levels of both components of working capital, current assets and current liabilities. The working capital management ensures that TEDA has sufficient cash flow in order to meet its short-term debt obligations and operating expenses.

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1.8 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 to the extent that it is probable that future taxable surplus will be available against which the unused tax can be utilised.

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting surplus nor taxable surplus or deficit
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable surplus will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable surplus will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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1.8 Tax (continued)

Tax expenses and VAT

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 of VAT included.

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

1.9 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.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

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

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

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

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

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

Operating leases - lessee

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

All leases that TEDA enters into as a lessee, and where the lessor retains substantially all the risks and rewards of ownership of the underlying asset, are classified as operating leases. Payments made under operating leases are charged against revenue on a straight-line basis over the term of the lease.

1.10 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.

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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1.10 Inventories (continued)

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.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

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

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

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

As at 30 June 2015 the entity does not have inventories.

1.11 Prepayments

In the case of comprehensive and/or medium and long-term contracts, advance payments are negotiated with customers and suppliers of the entity. These funds are paid by the entity to secure the right of use of the goods and/or services as agreed in the contract. Advance payments received are recognised as a current liability for an amount that is estimated to be settled within one year from reporting date and as a non-current liability for the amount to be settled after one year from reporting date. Advance payments made are recognised as a current assets for an amount (of an expected benefit) that is estimated to be realised within one year from reporting date and as a non-current assets for the amount (of an expected benefit) to be realised after one year from reporting date.

Subsequently advance payments are expensed upon receipt of an agreed goods and/ or service, and in the case of advance receipts are recognised as revenue when the entity has delivered as agreed in the annual statement of financial performance.

1.12 Impairment of cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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

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

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

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

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

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

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

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1.12 Impairment of cash-generating assets (continued)

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

Criteria developed by the entity to distinguish cash-generating assets from non-cash-generating assets are as follow:

1.13 Share Capital and Equity

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

1.14 Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment benefits : Defined benefit plans

These post-employment benefit plans other than defined contribution plans.

Defined benefit plans may be unfunded, or they may be wholly or partly funded by contributions by an entity, and sometimes its employees, into an entity, or fund, that is legally separate from the reporting entity and from which the employee benefits are paid. The payment of funded benefits when they fall due depends not only on the financial position and the investment performance of the fund but also on an entity's ability (and willingness) to make good any shortfall in the fund's assets. Therefore, the entity is, in substance, underwriting the actuarial and investment risks associated with the plan.

TEDA does not participate in any defined benefit plan as at 30 June 2015.

Medical benefits

The entity provides medical benefits for its employees through defined contribution plans. The entity has no further payment once contributions have been paid. The contributions are recognised as employee benefit expenses in profit or loss in the periods during which the services are rendered by the employees.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

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

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

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

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1.14 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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1.14 Employee benefits (continued)

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

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity does not participate in any defined benefits plan as at 30 June 2015.

Bonus plans

The entity recognises a provision for performance bonuses where contractually obliged or where there is a past practice that has created a constructive obligation as a result of services received from the employee and the obligation can be measured reliably.

The entity also recognises a provision for bonuses (13th Cheque) for employees who have structured their salaries as such.

Leave entitlement

Employee entitlements to Annual leave are recognised when they accrue. An accrual is raised for the estimated liability for Annual leave as a result of services rendered by employees up to the reporting date. The related expense is recognised as employee benefit expenses in profit or loss.

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

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1.15 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where 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.

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 44.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the TEDA.

A contingent liability is:

- * a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality;
- * a present obligation that arises from past events but is not recognised because:-
 - it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;
 - the amount of the obligation cannot be measured with sufficient reliability.

1.16 Commitments

Commitments are legal obligations to undertake in a given way, at a given time in the future. Usually commitments refer to the requirement for parties to a futures contract to make or receive delivery of the underlying commodities on the expiration date of the contract or through a valid purchase order.

1.17 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

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1.17 Revenue from exchange transactions (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity 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 entity; 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:

- 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 entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by total services to be performed.

1.18 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

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. As the entity 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.

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1.18 Revenue from non-exchange transactions (continued)

Measurement

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

When, as a result of a non-exchange transaction, the entity 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.

The transfer from City of Tshwane Metropolitan Municipality is recognised when it is probable that future economic benefits will flow to TEDA and when the amount can be measured reliably. A transfer is recognised as revenue to the extent that there is no further obligation arising from the receipt of transfer payment.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Sponsorships, gifts and donations, including goods in-kind

Sponsorships, gifts 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 entity and the fair value of the assets can be measured reliably.

1.19 Investment income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in the Statement of Financial Performance, using the effective interest method.

1.20 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use of sale.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.21 Comparative figures

Prior year comparatives.

When the presentation or classification of items in the Annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP.

The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable 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 is practicable and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is not consistent with prior periods, for a detail disclosure refer to the comparative of figures note.

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Accounting Policies

1.22 Offset

Where a legally enforceable right of offset exists for recognised financial assets and financial liabilities, and there is, an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

1.23 Unauthorised, Irregular, Fruitless and wasteful expenditure

Unauthorised expenditure means:

- Overspending of a vote or a main division within a vote; and
- Expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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.

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or not in accordance with a requirement of any applicable legislation, including the Municipal Finance Management Act, the State Tender Board Act, or any regulations made in terms of this act, or any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure is treated as expenditure in the Statement of financial performance after approval per the departmental delegations.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure must be recovered from the responsible official (a debtor account should be raised), or the vote if the responsible official cannot be determined. It is treated as current assets in the statement of financial position until such expenditure is recovered from the responsible official or funded from future revenue.

1.24 Budget information

TEDA is typically subject to budgetary limits in the form of transfers from the City of Tshwane, which is given effect through authorising legislation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2014/07/01 to 2015/06/30.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements. Refer to note 33 & 34.

Comparative information is not required.

1.25 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

TEDA consider the parent municipality (CoT) and its entities as related parties.

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Accounting Policies

1.25 Related parties (continued)

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, management in their dealings with the entity.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.26 Prior year errors

Prior year errors are omissions from, and misstatements in, an entity's financial statements for one or more prior periods arising from failure to use or the misuse of reliable information that was available when the financial statements for that period were issued, and could have been reasonably expected to be taken into account in those financial statements.

All prior year errors are corrected retrospectively to the earliest period practicable. Comparative amounts for prior years in which the error occurred are restated.

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2. New standards and interpretations

2.1 Standards and Interpretations early adopted

The entity has chosen to early adopt the following standards and interpretations:

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's 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 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

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;

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2. New standards and interpretations (continued)

- Related party transactions; and
- Remuneration of management

The effective date of the standard is for years beginning on or after 01 April 2016.

The entity has early adopted the standard and its disclosure requirements.

The impact of the standard is not material.

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2015 or later periods:

GRAP108: 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 not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister set the effective date for the standard.

The impact of this standard is currently being assessed.

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2015 or later periods but are not relevant to its operations:

GRAP32: 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 entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

The impact of this standard is currently being assessed.

IGRAP17: 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.

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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 standard is not yet set by the Minister of Finance.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

The impact of this standard is currently being assessed.

DIRECTIVE 11: Changes in measurement bases following the initial adoption of Standards of GRAP

The objective of this Directive is to permit an entity to change its measurement bases following the initial adoption of Standards of GRAP. The change is based on the principles in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors. This Directive should therefore be read in conjunction with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

In applying paragraph 13(b) of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors, this Directive allows an entity, that has initially adopted the fair value model for investment property or the revaluation model for property, plant and equipment, intangible assets or heritage assets, to change its accounting policy on a once-off basis to the cost model when the entity elects to change its accounting policy following the initial adoption of these Standards of GRAP. The once-off change will be allowed when the entity made an inappropriate accounting policy choice on the initial adoption of the Standards of GRAP.

Subsequent to the application of this Directive, an entity will be allowed to change its accounting policy in future periods subject to it meeting the requirements in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The effective date of the standard is for years beginning on or after 01 April 2016.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

The impact of this standard is currently being assessed.

3. Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: credit risk and liquidity risk.

Information about TEDA's exposure to risks, its objectives, policies and processes for measuring and managing such risks are disclosed in the Accounting policies. The quantitative disclosure is provided in this note.

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3. Risk management (continued)

Credit risk

Exposure to credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2015	2014
Trade and Other Receivables	32,422	799,325
Cash and cash Equivalents	9,902,392	5,152,789

At 30 June 2015, there is no significant concentration of credit risk that had not been adequately provided for.

No security is held against Cash and Cash Equivalents.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the entity maintains flexibility in funding by maintaining availability under committed credit lines.

Cash flow forecasts are prepared and adequately monitored.

The table below analyses the entity's non-derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amount disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
• From exchange transactions	3,221,873	-	-	-
At 30 June 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
• From exchange transactions	3,629,072	-	-	-

No financial guarantee contracts were issued by the entity and derivative financial liabilities as at the reporting date.

4. Receivables from exchange transactions

Board Members	18,104	34,094
Employees	-	273
Interest Income Accrued	7,382	18,914
Rental Income	6,936	543,975
SARS (PAYE credit)	-	202,069
	32,422	799,325

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5. VAT receivable

VAT Receivable/Credit	1,571,375	-
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VAT receivable is calculated at the standard rate of 14% on all qualifying goods and services delivered to/by TEDA.

VAT is calculated on all qualifying goods and services delivered to/by TEDA on an invoice basis and on a 2 month(s) tax period in odd months.

6. Prepayments

Prepayments	1,589,575	2,229,732
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Prepaid expenses relates to funds paid in advance to CSIR to secure a venue for hosting Tshwane International Trade and Infrastructure Investment Conference (TITIIC) planned to be held in May 2015 amongst others . The conference has since been postponed to early 2016.

7. Cash and cash equivalents

Cash and cash equivalents consist of the following:

Cash on hand	2,318	436
Bank balances*	201,758	5,152,353
Short-term deposits	9,698,316	-
	9,902,392	5,152,789

*The entity has a current and salaries bank accounts with Standard Bank which is used to meet the entities obligations. The entity has a short-term deposit account with Investec Bank.

The total amount of undrawn facilities available for future operating activities and commitments	9,902,392	5,152,789
	9,902,392	5,152,789

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2015	30 June 2014	30 June 2013	30 June 2015	30 June 2014	30 June 2013
Standard Bank - Cheque Account - Primary Account - 410791830	195,808	3,426,693	15,834,405	195,808	3,426,693	15,837,370
Standard Bank - Cheque Account - Salaries Account - 011057491	5,950	1,725,660	-	5,950	1,725,660	-
Investec Bank- Investment Account-50009061311	9,698,316	-	-	9,698,316	-	-
Total	9,900,074	5,152,353	15,834,405	9,900,074	5,152,353	15,837,370

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8. Property, Plant and Equipment

	2015			2014		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	1,843,912	(236,727)	1,607,185	1,798,945	(55,551)	1,743,394
Motor vehicles	1,067,708	(430,918)	636,790	1,067,708	(217,377)	850,331
Office equipment	1,209,890	(205,736)	1,004,154	933,863	(75,995)	857,868
Computer Equipment	1,713,531	(851,916)	861,615	1,637,148	(307,265)	1,329,883
Leasehold improvements	6,394,759	(3,324,596)	3,070,163	6,172,569	(1,206,208)	4,966,361
Library material	11,488	(485)	11,003	-	-	-
Total	12,241,288	(5,050,378)	7,190,910	11,610,233	(1,862,396)	9,747,837

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and Fixtures	1,743,394	44,967	-	(181,176)	1,607,185
Motor Vehicles	850,332	-	-	(213,542)	636,790
Office Equipment	857,868	276,028	-	(129,741)	1,004,155
Computer Equipment	1,329,883	98,779	(9,616)	(557,431)	861,615
Leasehold improvements	4,966,361	222,190	-	(2,118,388)	3,070,163
Library Material	-	11,488	-	(485)	11,003
	9,747,838	653,452	(9,616)	(3,200,763)	7,190,911

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and Fixtures	2,769	1,796,149	-	(55,524)	1,743,394
Motor Vehicles	1,063,873	-	-	(213,541)	850,332
Office Equipment	354,365	576,799	-	(73,296)	857,868
Computer Equipment	413,467	1,304,090	(71,660)	(316,014)	1,329,883
Leasehold improvements	-	6,172,569	-	(1,206,208)	4,966,361
	1,834,474	9,849,607	(71,660)	(1,864,583)	9,747,838

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 entity.

9. Intangible assets

	2015			2014		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	279,264	(25,452)	253,812	28,437	(9,473)	18,964

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9. Intangible assets (continued)

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Amortisation	Total
Computer Software	18,964	250,827	(15,979)	253,812

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Computer Software	21,039	7,301	(9,376)	18,964

Impairment test

*Impairment test was performed by management on all of its assets including intangible assets using the following impairment indicators;

- Inspection of any physical damage,
- Disposal plans,
- Performance of the assets and
- Changes in technological environment.

As a result of the impairment test TEDA management could not find any asset/s that warrant(s) being impaired and no damage was discovered during the asset verification process and also no significant technological changes were identified which have an adverse effect on computer equipment and other assets sensitive to technological changes.

10. Taxation Movement

Balance at beginning of the year	3,277,985	1,136,191
Current tax for the year recognised in surplus or deficit	938,472	2,141,794
Interest on under provision	147,369	-
Normal income tax paid	(3,267,534)	-
	1,096,292	3,277,985

11. Operating lease asset (liability)

Current assets	181,025	57,995
Non-current liabilities	(207,514)	(455,751)
Current liabilities	(409,155)	-
	(435,644)	(397,756)

Operating lease liability is from the rental of offices used by TEDA situated at: 349 Witch-Hazel Avenue; Eco-origin Building; Block F; Highveld Extension 70; Centurion for the period of three years starting from 1st of November 2013. It is caused by the escalation on rental payable at every anniversary date.

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12. Change in estimate

Operating Lease

When TEDA signed the lease agreement for its current office it was not registered for VAT, however as at 1st July 2014 the entity was registered for VAT prospectively.

The effect of the VAT registration resulted into a change on the straight lined amount, the prior year's amortisation schedule was VAT inclusive and the current year schedule excludes VAT. The estimated straight-lined amount was adjusted to align to the amortisation schedule as follows:

Decrease in operating lease expense-Current Year of R 950,207.21 and Decrease in operating lease expense-Future Periods of R 1,266,942.94 with the total being R 2,217,150.15.

13. Payables from exchange transactions

Trade creditors*	2,271,775	2,097,104
Board of Directors Accrued Expenses	109,829	227,534
Employees Contributions Accrual	123,376	680,430
Payable: SARS	716,893	624,002
	3,221,873	3,629,070

Trade and other payables from exchange transaction in 2013/14 included an amount of R948,626 for provision for employee benefits, the amount has since been reclassified and disclosed separately in Note 13 since it constitute a major component of expenditure.

14. Employee Benefits Provisions

Reconciliation of provisions - 2015

	Opening Balance	Additions	Utilised during the year	Total
Employee benefit - Leave pay entitlement	948,626	2,227,297	(1,879,855)	1,296,068

Reconciliation of provisions - 2014

	Opening Balance	Additions	Utilised during the year	Total
Employee benefit - Leave pay entitlement	116,667	1,612,386	(780,427)	948,626

Employee benefit cost provision

The provision is for leave entitlement not utilised by employees as at 30 June 2015 and it is only payable in cash upon resignation.

15. Unspent Grant

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Transfers from City of Tshwane	5,886,270	2,041,632
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15. Unspent Grant (continued)		
Movement during the year		
Balance at the beginning of the year	2,041,632	14,036,837
Additions during the year	50,571,875	47,500,000
Income recognition during the year	(46,727,237)	(59,495,205)
	5,886,270	2,041,632
The Unspent Grant is a transfer from the CoT to enable the entity to achieve its strategic objectives as per the Service Delivery Agreement and business plan.		
16. Loans from shareholders		
Opening Balance	-	588,482
Loan repayment	-	(588,482)
Terms and conditions	-	-
	-	-
17. Deferred tax		
Deferred tax asset \ (liability)		
Property, plant and equipment and intangible assets	(51,121)	(385,840)
Provision	362,899	265,615
Unspent grant	1,648,156	571,657
Section 24C Allowance	(1,648,156)	(571,657)
Straight lining of operation lease	130,376	111,372
Prepayment	(1,804)	-
Total deferred tax	440,350	(8,853)
Reconciliation of deferred tax asset \ (liability)		
At beginning of year	(8,853)	17,696
Movement on Property,equipment and intangible fixed assets	334,719	(370,870)
Movement in provision for leave pay	97,284	232,949
Movement on Unspent Grant	1,076,499	(3,358,657)
Section 24C Allowance	(1,076,499)	3,358,657
Operating Lease straight lining	19,004	111,372
Prepayment	(1,804)	-
	440,350	(8,853)
18. Share Capital and Equity		
Authorised		
1000 Ordinary shares of R1 each	1,000	1,000
Reconciliation of number of shares issued:		
Reported as at 01 July 2014	1,000	1,000
Issued		
Ordinary	1,000	1,000

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19. Revenue

Sale of tender documents	29,518	4,250
Rental Income	3,137,770	601,970
Interest earned - Bank; Current Account	404,759	176,095
Grant revenue recognised	46,727,237	59,495,206
Sponsorship Income	131,579	-
	50,430,863	60,277,521

The amount included in revenue arising from exchanges of goods or services are as follows:

Sale of tender documents	29,518	4,250
Rental Income	3,137,770	601,970
Interest earned- Bank Current Account	404,759	176,095
	3,572,047	782,315

The amount included in revenue arising from non-exchange transactions is as follows:

Transfer revenue and other revenue

Grant Revenue Recognised	46,727,237	59,495,206
Sponsorship Income	131,579	-
	46,858,816	59,495,206

20. Government grants and other revenue

Operating grants

Grant Income Recognised	46,727,237	59,495,206
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Other revenue

Sponsorship revenue	131,579	-
	46,858,816	-

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21. Employee related costs		
Basic	24,616,427	18,249,476
Medical aid - contributions	875,035	559,539
Movement in Bonus and Leave Provision	347,442	831,959
Defined contribution plans	1,177,860	330,365
	27,016,764	19,971,339
Remuneration of Chief Executive Officer (appointed March 2015)		
Basic Salary	552,539	1,720,367
Car Allowance	-	-
Medical aid - contributions	23,572	169,160
Cellphone Allowance	12,000	-
	588,111	1,889,527
Remuneration of Chief Financial Officer		
Basic Salary	1,265,505	1,305,552
Car Allowance	84,000	-
Medical aid - contributions	-	-
Defined contributions plans	72,603	36,018
Cellphone Allowance	24,000	6,000
	1,446,108	1,347,570
Remuneration of Executive Managers		
Basic Salary	5,526,916	4,690,739
Car Allowance	571,041	-
Medical aid - contributions	282,557	234,311
Defined contributions plans	165,691	-
Cellphone Allowance	110,400	25,200
Acting Allowance	126,584	-
	6,783,189	4,950,250
22. Remuneration of Board Members		
LD Mosoma (Appointed May 2015 as chairperson)	41,136	-
L Vutula (Chairperson until April 2015)	225,062	288,504
RS Bahula-Ermias	211,086	278,569
H Gouvelis	173,378	290,024
LD Haskins (Retired August 2014)	37,264	183,954
CBB Mahlati (Retired March 2014)	-	215,581
J Matsho (Retired March 2015)	94,270	385,853
ZG Mpungose (Appointed May 2015)	37,708	-
CR Mpyane	233,368	287,298
SP Mzizi (Appointed May 2015)	30,852	-
NM Ntsinde (Retired August 2014)	11,998	323,447
FK Sibanda	116,552	252,790
N Singh	118,266	240,406
JL Thubakgale	187,090	340,204
MW Yates	207,640	310,519
	1,725,670	3,397,149

Tshwane Economic Development Agency SOC Ltd

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Figures in Rand	2015	2014
23. Depreciation and amortisation		
Computer Equipment	557,431	316,014
Furniture and Fixtures	181,176	55,524
Intangible Assets	15,979	9,376
Office Equipment	129,741	73,296
Leasehold Improvements	2,118,388	1,206,208
Library material	485	-
Motor Vehicles	213,542	213,542
	3,216,742	1,873,960
24. Projects		
AIDC Project	-	2,600,000
Agro Processing HUB Project	982,489	-
National Tooling Project	-	1,326,672
Special Projects	-	4,117,928
Stalls Project	-	4,700,000
TITIIC	960,614	680,776
	1,943,103	13,425,376
25. Marketing, Trade and Investment		
Branding	335,291	-
Events	417,379	-
Export Development and Promotion	15,000	-
Local and International Exhibitions	-	127,638
Marketing Production*	5,250	640,919
Public Relations	265,207	45,363
Research & Development - Marketing	-	955,762
Trade Conferences and Missions	246,159	877,205
Trade & Investments Intelligence	625,720	-
	1,910,006	2,646,887

*During 2013/14 financial year the entity incurred expenses amounting to R525,758 that was reported under consulting expenses and it has since been reclassified under marketing production item.

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Figures in Rand	2015	2014
26. General expenses		
Admin Fees (Pension and Group Risk)	157,987	41,869
Advertising	350,047	765,318
Auditors Fees	435,303	175,813
Bank charges	34,616	31,232
IT Expense	149,938	859,558
Consulting Fees (Including legal expenses)	2,616,046	2,894,852
Catering and Office Refreshments	92,051	132,415
Fines and penalties	147,370	246,174
Rental of Office Space and Storage	7,108,036	5,086,739
Insurance	101,346	78,700
Printing and stationery	382,618	384,379
Staff welfare	830	12,365
Subscriptions and membership fees	28,490	11,811
Communication Expenses	33,866	119,493
Training and Development	82,102	60,811
Travel and Subsistence	130,790	272,368
Electricity	397,481	217,909
Conferences and Delegation	56,560	186,935
Planning and Staff Recruitment	202,282	45,960
Repairs and Maintenance	25,753	-
Compensation for Occupational Injuries and Diseases	111,130	237,470
Occupational Health and Safety	10,750	-
Venues and Facilities Expenses	69,102	-
Other expenses	25,218	167,063
	12,749,712	12,029,234
27. Loss on assets written off		
Carrying amount of assets written off	9,616	71,660

Tshwane Economic Development Agency SOC Ltd

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Annual Financial Statements for the year ended 30 June 2015

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Figures in Rand	2015	2014
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28. Taxation

Major components of the tax expense

Normal Tax

Current Year	948,923	1,946,135
Over provision - current year	(10,451)	-
	938,472	1,946,135

Deferred tax

Current year	(449,203)	27,891
Arising from prior period adjustments	-	(1,341)
	(449,203)	26,550

Current	938,472	1,946,135
Deferred	(449,203)	26,550
	489,269	1,972,685

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Tax effect on permanent differences	28.00 %	28.00 %
Tax effect on non-deductible expenses	2.52 %	1.01 %
Overprovision - current tax	(0.64)%	- %
	29.88 %	29.01 %

A provision has been accrued for 2015 of R697,824 to be paid in July 2015.

29. Net cash flow generated from (used in) operations

Surplus (Deficit) for the year	1,369,981	4,889,231
Adjustments for:		
Depreciation and amortisation	3,216,742	1,873,960
Loss on sale of assets and liabilities	9,616	71,660
Movements in Operating Lease	67,871	397,756
Movements in provisions	347,442	831,959
Changes in working capital:		
Movement in Receivables from exchange transactions	766,903	(799,326)
Prepayments	640,157	-
Payables from exchange transactions	(411,002)	2,322,429
VAT	(1,571,375)	-
Taxes	(2,630,896)	2,168,343
Unspent Grant	3,844,638	(11,995,205)
	5,650,077	(239,193)

30. Prior period errors

Adjustments amounting to R 119,697 were processed against Opening Retained Earnings in 2014/15. These adjustments are due to the following;

Tshwane Economic Development Agency SOC Ltd

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30. Prior period errors (continued)

- Co-operating rental agreement between TEDA and CoT was signed in July 2014 for the CoT to share the office space being rented by TEDA at an equitable fee based on floor space. Occupation took place in May 2014 and the rental fees was not reported at the end of 2013/14 financial year thus revenue was understated.
- Previously capitalised website development cost, but the development of the website does not meet the recognition criteria of an intangible asset. The website is developed to provide basic information about TEDA, products and services offered, not charging a fee for accessing such information.
- Reversal of amortisation charged on previously capitalised intangible asset and adjustment on depreciation on lost computer equipment previously not reported.
- Recognition of lost computer equipment.
- Adjustment of taxation expense and interest and penalties levied on provisional tax.

The correction of the error(s) results in adjustments as follows:

Statement of financial position

Increase in trade and other receivables from exchange transactions	-	601,970
Decrease in PPE	-	(8,785)
Decrease in intangible assets	-	(159,305)
Decrease in deferred tax liability	-	847
Increase in normal taxation liability	-	(206,110)
Decrease in unspent grant	-	419,645
Increase in trade and other payables from exchange transactions	-	(767,959)
Net effect (Decrease) in accumulated surplus	-	(119,697)

Statement of Financial Performance

Increase in revenue from exchange transactions	-	601,970
Increase in general expense	-	(625,227)
Decrease in depreciation	-	21,492
Increase in loss on disposal of assets	-	(9,005)
Increase in taxation expense	-	(9,606)
Increase in revenue from non-exchange transactions	-	419,646
Increase in employee cost	-	(518,967)
Net decrease on surplus for the period	-	(119,697)

Cash flow statement

Cash flow from operating activities

Increase in goods and services payment	-	(180,576)
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Cash flow from investing activities

Decrease in purchases of intangible assets	-	180,576
--	---	---------

31. Comparative figures

The following Items are reclassified in to order achieve fair presentation of balances. The reclassified items are listed below as follows;

Statement of financial position

Account	Before change as previously reported	After change
Trade and other payables*	3,809,736	2,861,110
Provision for employee benefits^	-	948,626

*The reclassification of provision for employee benefits from trade and other payables from exchange transactions is in line with GRAP 1 paragraph 79.

^The reclassification of provision for employee benefits is aimed at separating line items that are different in nature and function in order to fairly present the entity's financial position.

Tshwane Economic Development Agency SOC Ltd

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31. Comparative figures (continued)

Statement of Financial Performance

General expenses		
Communication expense+	131,304	119,493
Membership fees and Subscriptions+	-	11,811
Other expenses~	367,059	167,062
Admin Fees (Pension and Group Risk)~	-	41,869
Fines and Penalties~	-	132,415
Staff Welfare~	-	12,365
Training and development~	-	60,811
Planning and Staff Recruitment~	-	45,960
Employee related costs*		
Basic*	17,672,289	18,249,476
Medical Aid contributions*	948,124	559,539
Defined contribution plans*	-	330,365

+The reclassification is for membership fees and subscription that were disclosed under communication expense.

~The following items; Admin Fees (Pension and Group Risk), Fines and Penalties, Staff Welfare, Training and development and Planning and Staff Recruitment were reclassified from other expenses item in order to fairly present expenses incurred by the entity according to their nature and function as per GRAP 1.

*The medical aid contribution item included amounts which related to UIF,SDL and contributions to defined contribution plans, the item has been reclassified in order to provide a fair presentation of expenses incurred by the entity in terms of nature and function.

Cash Flow Statement

Cash flow from investing activities

Purchase of Office Furniture and Fixtures*	7,968,718	1,796,148
Purchase of Leasehold improvements^	-	6,172,570

*The reclassification is in line with GRAP 1, where purchases of office furniture and fixtures is separated from leasehold improvements purchases in order to achieve fair presentation of cash flow activities of the entity.

^The reclassification of leasehold purchases is aimed at providing a fair presentation on all cash flow activities from different classes of property, plant and equipment as disclosed on the cash flow statement.

32. Financial instruments disclosure

Categories of financial instruments

2015

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	32,422	32,422
Cash and cash equivalents	9,902,392	9,902,392
	9,934,814	9,934,814

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	3,221,873	3,221,873

2014

Tshwane Economic Development Agency SOC Ltd

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Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
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Financial instruments disclosure (continued)

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	799,325	799,325
Cash and cash equivalents	5,152,789	5,152,789
	5,952,114	5,952,114

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	3,629,070	3,629,070

33. Budget Information

Material differences between budget and actual amounts

The entity has been allocated a budget of R 47.5 million and retained the surplus amounting to R 2.4 million and a further R3 million to cover income tax liability which was effected during the adjustment budget period. The approved budget covers the period from 01 July 2014 to 30 June 2015. The budget and accounting bases differ. The financial statements are prepared on the accrual basis using a classification on the nature of expenses in the statement of financial performance. The financial statements differ from the budget, which is approved on cash basis.

A reconciliation between the actual amounts on the comparable basis as presented in the statement of comparison of budget and actual amounts and the actual amounts in the cash flow statement for the period ended 30 June 2015 is presented below. The financial statements and budget documents are prepared for the same period. There is a basis difference: the budget is prepared on a cash basis and the financial statements on the accrual basis.

Tshwane Economic Development Agency SOC Ltd

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Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

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33. Budget Information (continued)

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

Compensation of Employees

Expenditure for Employee cost is informed by the current staff complement and for the period under review expenditure is at 95% which in par with projected expenditure at this time of the year.

Remuneration to Board of Directors

Expenditure is at 88% and is as expected after the initial work plan was revised due to resignation of some board members.

Goods and Services

Expenditure is below the norm at 66% however it is in accordance with the procurement plan i.e Funding Model and Organisational design (OD) as well as Agro processing HUB project have been implemented. The expenditure excludes accrued expenses of R928,030 which increases expenditure percentage to 71%.

Capital Expenditure

The expenditure for capital goods is at 69% mainly attributable to computer, office equipment and the procurement of intangible assets. Expenditure is below expectation attributed by the management decision to halt the processes of procuring Integrated Financial Management System rather explore the possibility of participating into the City of Tshwane's SAP system which is currently being implemented with the expected go live date of 1st September 2015.

Marketing, Trade and Investment

Marketing, trade and investment expenditure is at 39% excluding accruals of R925,845 with a total expenditure percentage of 74%.

Projects

Expenditure is at 16% excluding accruals of R294,747 which increases to 20%. Expenditure is below budget due to the postponement of TITTIC to early 2016.

Changes from the approved budget to the adjusted budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters.

34. Reconciliation between budget and cash flow statement

Operating activities

Actual amount as presented in the budget statement	12,181,021	5,008,929
Basis differences	(6,530,944)	(5,067,546)
Net cash flows from operating activities	5,650,077	(58,617)

Investing activities

Actual amount as presented in the budget statement	(853,469)	(10,037,481)
Basis differences	(47,005)	-
Net cash flows from investing activities	(900,474)	(10,037,481)

Financing activities

Basis differences	-	(588,483)
Operating activities	5,650,077	(58,617)
Investing activities	(900,474)	(10,037,481)
Financing activities	-	(588,483)
Net cash generated from operating, investing and financing activities	4,749,603	(10,684,581)

Tshwane Economic Development Agency SOC Ltd

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Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
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35. Commitments

Authorised operational expenditure

Already contracted and authorised

• Commitments less than one year	8,331,873	596,642
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Total operational commitments

Commitments less than one year	8,331,873	596,642
--------------------------------	-----------	---------

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	7,539,678	7,817,094
- in second to fifth year inclusive	2,584,355	11,441,226
	10,124,033	19,258,320

Operating lease commitment is the rental of offices used by TEDA situated at: 349 Witch-Hazel Avenue; Eco-origin Building; Block F; Highveld Extension 70; Centurion for the period of three years starting from 1st of November 2013. No contingent rent is payable.

Operating leases - Rental Income

Minimum lease payments due

- within one year	3,086,381	2,831,542
- in second to fifth year inclusive	787,858	3,874,239
	3,874,239	6,705,781

TEDA has entered into a sub-letting agreement with the CoT which allows the CoT 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 1st of May 2014. There are no contingent rents receivable.

Tshwane Economic Development Agency SOC Ltd

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36. Related parties

Relationships

Controlling entity:	City of Tshwane Metropolitan Municipality
Municipal entity under the same control:	Housing Company Tshwane
Municipal entity under the same control:	Sandspruit Water Works Association
Compensation to board members and key management	Refer to note 20 and 21

Related party balances

Amounts included in Trade receivable regarding related party

City of Tshwane Metropolitan Municipality	6,936	543,975
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Related party transactions

Transfers received from related party

City of Tshwane Metropolitan Municipality	57,651,938	47,500,000
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Payment to related party

CoT (Loan from shareholder)	-	588,482
CoT (Printing services)	1,208	-

Rental received from related party

City of Tshwane Metropolitan Municipality	4,050,000	-
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Expenses paid by the related party on behalf of TEDA

CoT (Salary of Acting CEO, seconded by CoT)	1,057,278	-
SAP implementation of MM and FI/CO	505,296	-

TEDA benefited from the use of the following services provided by the related party at no cost to TEDA:

Use of internal audit resources from CoT,
Use of Audit Committee resources from CoT and
Use of Network provided by CoT.

37. Fruitless and wasteful expenditure

Opening Balance	246,174	-
Fruitless and Wasteful expenditure - current year	662,939	246,174
Written off	(38,990)	-
	870,123	246,174

Included under other expenses for 2015 is interest and penalties incurred amounting to R662,939 detailed as follows (2015: Is R147,051.51 from SARS for 2015 provisional tax under provision and R 515,569 charged by CSRI for TITIIC postponement) (2014: R11,525 penalty charged for late payment of COID and R234,649.30 from SARS for 2014 provisional tax under provision and late submission of PAYE,SDL and UIF, which was due to the delay in registering for PAYE,SDL and UIF.

38. Irregular expenditure

Opening balance	-	1,188,088
Less: Amounts written off	-	(1,188,088)
	-	-

Tshwane Economic Development Agency SOC Ltd

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38. Irregular expenditure (continued)

Details of irregular expenditure condoned

	Written off by (Board of Directors)	
Non-compliance with the SCM regulations.	None	1,188,088
Procurement made by CoT in relation to the acquisition of recruitment services to recruit TEDA CEO, CFO, Company Secretary and Office Manager.		

39. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the 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. In assessing the going concern, the accounting authority considers financial position, potential sources of funding and political factors.

We draw attention to the fact that at 30 June 2015, the entity had accumulated surplus of R 9,013,706 and that the entity's total assets exceed its liabilities by R 9,014,706.

40. Events after the reporting date

The entity experienced the following events after the reporting date:

•Non-Adjusting Events

The organisation is in the process of finalizing the Organisational Design (OD) process which is aimed at positioning itself to its external environment, there was a need to identify capacity needs and skills requirements aligned to business model that will allow TEDA to be a larger entity. The OD process identified a new organisational structure which was approved with 60 positions. Based on the new structure, competency assessments were conducted for all employees to ascertain competency levels and their suitability in terms of competencies required as informed by the new structure. The cost implication of the process is yet to be established.

On the 10th and 24th July 2015 two laptops were reported stolen with a combined book value of R14,527.00 and were reported to the South African Police Service with the following case numbers: 223/07/2015 and 356/07/2015 respectively.

On the 7th and 20th of July 2015 a deviation in terms of section 36(1) of the Supply Chain Management Regulations for Multichoice and Greenboard was approved and noted to the amount of R13,501.76 and R227,179.20 respectively.

41. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Current year fee	435,303	175,813
Amount paid - current year	(152,746)	(175,813)
	282,557	-

PAYE and UIF

Opening balance	585,013	1,035,739
Current year payroll deductions	7,424,787	6,183,852
Amount paid - current year	(6,757,268)	(5,647,570)
Amount paid - previous years	(535,639)	(987,008)
	716,893	585,013

Tshwane Economic Development Agency SOC Ltd

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Notes to the Annual Financial Statements

Figures in Rand	2015	2014
41. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Pension and Medical Aid Deductions		
Opening balance	160,726	-
Current year raised	2,052,894	889,904
Amount paid - current year	(2,052,894)	(729,178)
Amount paid - previous years	(160,726)	-
	-	160,726

The entity has a pension fund defined contribution plan with Momentum where employees pay a fixed amount and the employer pays for the administration fees. Additional text

The entity has a group risk plan with Discovery Life where employees pay a fixed amount and the employer pays for the administration fees.

Medical Aid contributions are with Discovery Medical Aid Scheme and Bonitas Medical Aid Scheme.

VAT

VAT receivable	1,571,375	-
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VAT output payables and VAT input receivables are shown in note .

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

VAT is calculated on all qualifying goods and services delivered to/by TEDA on an invoice basis and on a 2 month(s) tax period in odd months.

42. Deviation from supply chain management regulations

Paragraph 12(1)(a)-(d) 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:

- Written or verbal quotation for values up to R2,000 up to R10,000 (VAT included),
- Formal written quotations for values over R10,000 up to R200,000 (VAT included), and
- Competitive bidding process for values above R200,000 (VAT Included).

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 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
- in any other exceptional case where it is impractical or impossible to follow the official procurement processes.

TEDA deviated from the official procurement processes during the financial year due to services available from:-

- Services available from a sole provider (R 350,255.87)
- Single source (R131,700.74)
- Impracticality (R 512,651.69)

Tshwane Economic Development Agency SOC Ltd

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43. Regulation 45

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 following awarded bidders declared that:

Izak Zirk Joubert, Agnes Muller and Frederick Adriaan Henning declared that their spouse works for the Department of Higher Education as Chief Director, Social Development Department as Director and Pilot Mango SOC Ltd respectively the award of the contract to the value of R7,980.00 followed normal procurement process and no competing bidders were disadvantaged in the process. The declaration of the bidder does not have negative impact on TEDA.

Transnem Tayb Carrim declared that his spouse works for GCSI as Chief Director, the award of the contract to the value of R4,104.00 followed normal procurement process and no competing bidders were disadvantaged in the process. The declaration of the bidder does not have negative impact on TEDA.

44. Contingencies

The entity had a contingent liability of approximately R 2,991,937.50 as at 30 June 2015, pertaining to the following:

- Possible penalties and interest of R980,812.10 from SARSs regarding non-compliance with Section 28 of VAT Act.
- The former CEO has lodged an appeal against his dismissal as a result the entity might pay R1,138,000 for both settlement and litigation costs.
- Claim in respect to the TITIIC 2015 (postponed conference) amounting to R873,125.40 and litigation is underway.

45. Other revenue

Sale of Tender Documents	29,518	4,250
Rental Income	3,137,770	601,970
	3,167,288	606,220

46. Investment revenue

Interest revenue

Bank- Current Account	404,759	176,095
	-	-
	404,759	176,095

The amount included in Investment (short-term investment accounts) revenue arising from exchange transactions amounted to R404,759.

SANDSPRUIT WORKS ASSOCIATION

ANNUAL REPORT

2014/15

Sign Off:

Acting CEO SWA:

Ms ZIMASA SOCKIWA

Signature of Acting CEO:

.....

Chairperson of SWA BOARD:

Ms ZANDI KABINI

Signature of Chairperson:

.....

Deputy City Manager:

Mr L MANGCU

Signature of DCM:

.....

Country of Incorporation and domicile	South Africa
Legal form of entity	Private Company
Company registration number	1999/019160/08
Nature of business and principal activities	Provision of Water and Sanitation Services
Controlling Shareholder	City of Tshwane Metropolitan Municipality
Board of Directors	Adv K-D Garlip (Non Executive) CV Maboka (Non Executive) KA Eales (Non Executive)(Resigned November 2014) LN Bokaba (Non Executive) TL Moromane (Non Executive) MJ Taetsane (Executive Director) ZM Kabini (Non Executive: Chairperson) Adv BM Malatji (Non Executive) AZ Ndlala (Non Executive)
Accounting Officer	Mrs. Z Sockiwa (Acting)
Chief Finance Officer (CFO)	Mr. IS Mogototoane
Physical Address	Molefe Makinta Highway Opposite Morula Sun Next to NTI Mabopane 0208
Postal address	Private Bag X1124 Ga-Rankuwa 0221
Bankers	Standard Bank of South Africa ABSA Bank of South Africa
Auditors	Auditor General of South Africa

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CHAPTER 1: FOREWARD

1.1 CHAIRPERSONS FOREWORD

I have pleasure in presenting this foreword, the first since taking up the role of the Chairperson of the Board of Sandspruit Works Association in June 2015. The Company is proud to once again present an annual report with an unqualified audit report.

The Company has delivered on its mandate to provide retail water and sanitation services to the communities within its area of supply – Mabopane, Winterveldt, and Garankuwa (MAWIGA). In driving the strategy to ensure achievement of both the financial and service delivery objectives of the Company, the Board together with the Executive Committee embarked on a two-day Lekgotla that resulted to a Turnaround Strategy for 2015/16. The Board has prioritised two KPIs with established performance targets and measures to improve performance and ensure operational and financial sustainability:

- Reduce unaccounted for water by 0,5% annually
- Increase revenue collection by 2% annually

Furthermore, the Board has been strengthened by appointment of additional Directors and establishment of the Board Committees. The Board prioritised the development of policies, processes and systems by which the Company is directed, controlled and held to account. As the Board, we will continue to commit ourselves to the maximum standards of corporate governance. This is continuously done as part of our decision-making process. The Board is doing its utmost to serve in the best interest and protect the wellbeing of the Company

Lastly I would like to take this opportunity to express my gratitude to the Acting Chief Executive Officer and all staff members at Sandspruit Works Association who have contributed to the realisation of the strategic objectives of the Company. It has not been a smooth sailing, but we all pushed forward and we can now count some successes. I also wish to thank the Shareholder, the MMC responsible for Service Infrastructure (Water and Sanitation) and the Board for the leadership provided and unfailing support.



The Board look forward to working with the staff in the coming financial year to ensure both operational and financial sustainability of the Company.

Ms. Zandile Kabini

CHAIRPERSON OF THE BOARD

1.2 CHIEF EXECUTIVE OFFICERS' FOREWORD

The vision of SWA is to become the preferred water service provider that innovatively meets the water services provision challenges and needs of all its customers in a financially sustainable manner. I am pleased to report that tremendous work has been done in the provision of basic water and sanitation service and also in increasing revenue in the 2014/15 financial year.

While in the 2014-15 financial year there was an increase in the water demand by 11%, SWA managed to cope with the water demand through bulk supply network. The increase was mainly contributed by the increase in informal settlement households by approximately 14000, increase conventional households by 687 (mainly RDP development) and increase in water demand by the neighboring municipalities by 4%.

In responding to the IDP priorities, we have successfully participated in the Kuka Maoto project by attending and repairing 14 406 meter related queries/leaks and 3010 distribution and networks.

We have also developed the turnaround strategy for the entity thus awaiting finalisation. In the interim a short term action plan was developed and has yielded an increase in revenue from R 7.2 million in May 2015 to R 9.8 million in June 2015. Furthermore, a medium term action plan for the 2015/16 financial year was also developed to ensure that SWA achieves the required financial sustainability in order to reduce increased dependency on the City of Tshwane.

Vacant positions of the Company Secretary, ICT Manager and the SCM manager were advertised and appointments of the candidates were finalized in June 2015. The appointed individuals will assume the positions effective 1st July 2015.

During the financial year, SWA has gone into a robust review of the policies for the whole organisation to ensure that there is a high degree of understanding, cooperation, efficiency and unity among employees of SWA and to improve the operational efficiency.

None of this would be possible without the hard work and motivation of our team, as well as our valued partnerships with CMMT and stakeholders. I would like to thank you all for your individual contribution to realizing our strategy.

Ms Zimasa Socikwa

CHIEF EXECUTIVE OFFICER

1.3 CHIEF FINANCIAL OFFICERS FOREWORD

The 2014/15 was indeed a challenging year for the entity and the country as whole. The number of unemployment continued to rise due to the declining economy. The GDP figure for 2014/15 was between 1.3 and 2.1. Rising interest rates and inflation rates also meant that citizens had to tighten their belts and began to reprioritize their spending. When all these factors start impacting on the disposable income of the citizens, they begin to start defaulting on debts, mostly municipal services.

The factors also cascaded down to the operations of Sandspruit Works Association (SWA) which continue to operate in an environment plagued by serious socio economic conditions including high levels of unemployment. As at 30 June 2015, SWA had 18 771 registered indigents from a total consumer database of 52 600. From these total, at least 900 are registered as commercials and government consumers. Now these high indigent consumer levels continue to have a negative impact on the financial sustainability levels. Some of the pertinent challenges facing the entity are the continuing decline in collection levels giving rise to high debtor book levels, increasing a bulk water purchase which is not translating adequately into sales thereby giving rise to an increase in non-revenue water. These key challenges meant that the continued operations of SWA depended heavily on the Operational Grant transfers from the City of Tshwane Metropolitan Municipality (CTMM).

In the 2014/15 financial year, the grants receipts from CTMM constituted at least 55% of Revenue generated from exchange transaction. This paints a very worrying picture as to the continued going concern assumption. The Annual Financial Statement has been prepared on the going concern assumption which is dependent on a number of factors. The most significant of these is that CTMM will subordinate its debt owed by SWA to CTMM in favor of other creditors and that the entity continues to be supported financially by the parent municipality.

Mr Israel Mogototoane

CHIEF FINANCIAL OFFICER

1.4 EXECUTIVE SUMMARY

Sandspruit Works Association is a registered Non Profit Company (Section 21) which is recognized as a municipal entity of the City of Tshwane Metropolitan Municipality. Sandspruit Works Association (SWA) currently undertakes the provision of water and sanitation services function in the northern region of the City of Tshwane Metropolitan Municipality (CTMM) and thus have the function of a Water Services Provider (WSP) in terms of the Water Services Act (Act 108 of 1997). The supply area of Sandspruit Works Association includes Ga-Rankuwa; Mabopane and Winterveldt. The principal activity of the company is to install, provide and maintain water and sanitation services and related services to these designated areas. It also fulfils the complete Operations, Financial, Marketing, Risk, Information and Communication Technology, Human resources and Legal functions.

SWA operates as an area-based water service provider, undertaking multi-functional initiatives, involving role-players like councillors and basing its effort on a number of constructive efforts, such as provision of portable water and sanitation, Waste Water Treatment Plant, collection of revenue, and building relationships through social responsibility with the community and other stakeholders.

The services and projects implemented by Sandspruit Works Association are therefore complementary and in line with the Business plan, Service delivery Agreement and City of Tshwane Integrated Development Plan (IDP). Sandspruit Works Association is managed by the Chief Executive Officer heading the following functional sections:

- Operations and Maintenance
- Finance
- Information and Communication Technology
- Marketing and Communications
- Human Resource
- Legal Services
- Risk management
- Supply Chain Management

SWA management and the Board developed a turnaround strategy for the entity, which is in draft and thus awaiting finalisation. In the interim a short term action plan was developed and has yielded an increase in revenue from R 7.2 million in May 2015 to R 9.8 million in June 2015. Furthermore, a medium term action plan for the 2015/16 financial year was also developed to ensure that SWA achieves the required financial sustainability in order to reduce increased dependency on the City of Tshwane.

Vacant positions of the Company Secretary, ICT Manager and the SCM manager were advertised and appointment of the candidates were finalised in June 2015. The appointed individuals will assume the positions effective 1st July 2015.

CHAPTER 2: GOVERNANCE

2.1 CORPORATE GOVERNANCE STATEMENT

The board provides effective leadership based on a principled foundation and the entity subscribes to high ethical standards. Responsible leadership, characterized by the values of responsibility, accountability, fairness and transparency, has been a defining characteristic of the entity since the company's establishment in 1999.

The fundamental objective has always been to do business ethically while building a sustainable company that recognizes the short- and long-term impact of its activities on the economy, society and the environment. In its deliberations, decisions and actions, the board is sensitive to the legitimate interests and expectations of the company's stakeholders.

The entity applies the governance principles contained in King Report for Corporate Governance for South Africa 2009 (King III) and continues to further entrench and strengthen recommended practices in our governance structures, systems, processes and procedures. The Board of Directors and Executives recognise and are committed to the principles of openness, integrity and accountability advocated by the King III. Through this process, shareholders and other stakeholders may derive assurance that the entity is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices. Monitoring the entity's compliance with King III forms part of the mandate of the audit committee. The entity has complied with the Code in all respect during the year under review.

The Board of Directors has incorporated the City of Tshwane's Corporate Governance Protocol in its Board Charter, which *inter alia* regulates its relationship with the City of Tshwane as its sole member and parent municipality in the interest of good corporate governance and good ethics.

The Protocol is premised on the principles enunciated in the King III. The Company steadfastly consolidated its position in respect of adherence to the King III report on Corporate Governance. The entity practices are, in most material instances, in line with the principles set out in the King III Report. Ongoing steps are however taken to align practices with the Report's recommendations and the Board continually reviews our progress to ensure that we improve our Corporate Governance. During the year under review the Company entrenched its risk management reviews and reporting and compliance assessments were conducted in terms of the Companies Act and the Municipal Finance Management Act (MFMA). The annual Board

assessments and evaluations were conducted and an annual report for the previous year was effectively completed in accordance with the terms of section 121 of the Municipal Finance Management Act.

The Board of Directors of SWA as stipulated in the King Code III and the Code of Conduct for Directors referred to in section 93L of the Municipal Systems Act, 2000 as amended.

2.2 BOARD OF DIRECTORS

Sandspruit Works Association Board of Directors consists of one (1) executive and seven (7) non-executive directors. The board meets regularly, at least quarterly and retains full control over Sandspruit. The Board remains accountable to City of Tshwane Metropolitan Municipality, the sole member and its stakeholders. The directors have a collective responsibility to provide effective corporate governance that involves a set of relationships between the City of Tshwane, Sandspruit and other relevant stakeholder which include:-

- (a) Setting strategic direction and goals of Sandspruit and monitoring management's implementation of that strategy;
- (b) Appointing such committees of Sandspruit as may be appropriate to assist in the discharge of its responsibilities and to determine their responsibilities;
- (c) Ensuring that procedures and practices are in place that protects Sandspruit' assets and reputation;
- (d) Monitoring financial outcomes and the integrity of reporting, in particular approving annual budgets and longer-term strategic and business plans;
- (e) Ensuring that effective audit, and compliance systems are in place to protect the Sandspruit' s assets and to minimise the possibility of Sandspruit operating beyond legal requirements or beyond acceptable risk parameters;
- (f) Monitoring compliance with regulatory requirements and ethical standards.

TABLE: SWA Board of Directors

Board Member	Executive / Non-Executive	Race	Gender
Adv K-D Garlipp	Non-Executive	White	Male
CV Maboka	Non-Executive	Black	Male
KA Eales*	Non-Executive	White	Female
LN Bokaba	Non-Executive	Black	Male
TL Moromane	Non-Executive	Black	Female
Adv B Malatji^	Non-Executive	Black	Male
Z Kabini ^	Non-Executive	Black	Female
Zwe Ndlala ^	Non-Executive	Black	Male
MJ Taetsane	Executive Director	Black	Male

*: Resigned during second quarter of the year

^: Appointed in May 2015

2.2.1 SWA BOARD OF DIRECTORS SUMMARY OF CV'S

• Mrs. Zandile Kabini (Chairperson of Board)



M Z Kabini has the following Qualifications: B Com (Informatics), BCom (Hons) Informatics, Diploma in Business Analysis, Management Development Programme. As an ICT professional she has vast experience in ICT Environment providing Business and Management advisory through consultation within Government (National, Provincial and Local). She serves on the Board of Boxing SA and on the Audit and Risk Committee of Road Traffic Management Corporation (RTMC), Department of Sport and Recreation. She is also a member of the ICT Steering Committee at Film and Production Board (fbp).



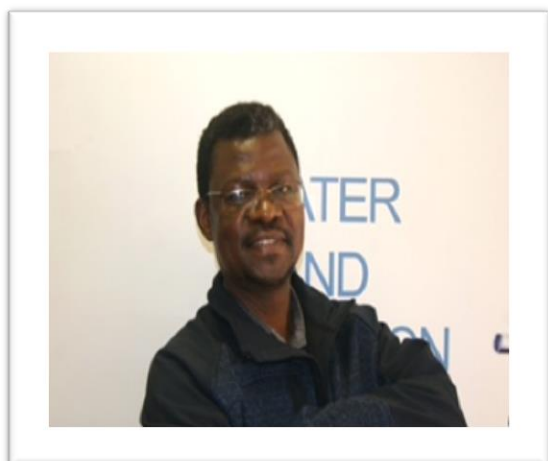
- **Adv. Billy Malatji (Non-Executive Director)**

Adv. B Malatji has the following qualifications: B IURIS, LLB, and Postgraduate Diploma in drafting and Interpretation of Contracts, Postgraduate diploma in Labour Law. He has vast experience in the Legal advisory including development of legal Strategies, Secretarial duties within spheres of Provincial government (Gauteng Provincial Legislature, Department of Social Development, and Department of Land Affairs).



- **Mr. Zwe Ndlala (Non-Executive Director)**

Mr Z Ndlala has the following qualifications: Bachelor of Arts degree (Industrial Psychology and Legal Theory), Honours degree (Industrial Psychology), Diploma in Industrial Relations, Advanced Diploma in Labour Law, Management Advancement Programme (MAP). He has vast experience in Human Resource Management and Labour relations within the spheres of Government (National, Provincial and Local) that includes amongst others transformation, Change Management, Organizational development, talent Management and retention. He is currently the Chairperson of the Council for the King Sabata Dalindyebo TVET College while he serves as a Board Member for the Lejweleputswa Development Agency.



- **Mr. Lucky Bokaba (Non-Executive Director)**

Mr L Bokaba has the following qualifications: BSc Mechanical Engineering, Management Certificates in Business, Basics of Supply Chain, and Entrepreneurship Development. Diploma in Management. Credits in MBA courses (except dissertation). Researched and developed a proof of concept electricity generator (incomplete). Industrial

experience: Business development, turnaround strategies yielding business operations improvements in cost savings, production, SHEQ, plant maintenance and pre-production product testing. Tech training- fit, Elect, boiler, diesel and gas testing. International Corporate experience. He is currently serving on Board of ERWAT.



• **Mr. Victor Maboka (Non-Executive Director)**

Mr V Maboka has the following qualifications: National Diploma Water Technology, National Higher Diploma Water Technology. He has experience in Bulk water Supply, Infrastructure and Plants, Consulted in management and strategic planning of the water allocation resource and water licensing backlog, Operations Manager in Bulk water supply Quality Specialist, Corporate Water Chemist, and Research

Technician. He worked in both Government, State Owned Companies and Private Entities for Bulk Water Supply. He served as a member of Audit and Risk Committee of Ramotshere Moiloa Local Municipality and registered as Professional Chemical Scientists with South African Natural Scientific Professional Pr. Nat. Sci (SANASP) and member of Water Institution of Southern Africa (MWISA).



Ms. Tebogo Moromane (Non-Executive Director)

Ms T Moromane has the following qualifications: B Com Degree Accounting and Management, Certificate in SA Taxation, B Com Hons Accounting. She has vast experience in the Management Accounting environment, Group Commercial (Procurement and Supply Chain Operations), Demand Forecasting and Supply Planning projects. She worked in Government including State Owned Companies. She is currently serving on Audit and Risk Committee of North West Gambling Board and a Member of the Chartered

Institute of Purchasing and Supply (CIPS) Gauteng.

2.3 LEGISLATIVE BACKGROUND PRESCRIBING THE FUNCTIONS OF THE ENTITY

The legislative framework within which water supply and sanitation services take place is mainly provided by the Water Services Act (Act 108 of 1997) (WSA). The Water Services Act derives its mandate from Section 27 of the Bill of Rights in the Constitution. This section of the constitution provides, among other rights, that everyone has the right to have access to sufficient food and water. One of the main objectives of the Water Services Act is thus, to provide for the right of access to basic water supply and to basic sanitation.

The Board of Directors and Executives recognise and are committed to the principles of openness, integrity and accountability advocated by the King III Code on Corporate Governance. Through this process, shareholders and other stakeholders may derive assurance that the entity is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices. The monitoring of the entity's compliance with King Code on Corporate Governance forms part of the mandate of the group audit committee. As part of this commitment, the Board of Directors supports the highest standards of corporate governance and the ongoing development of best practice.

The Board of Directors has incorporated the City of Tshwane's Corporate Governance Protocol (the Protocol) in its Board Charter, which inter alia regulates its relationship with the City of Tshwane as its sole member and parent municipality in the interest of good corporate governance and good ethics.

The Protocol is premised on the principles enunciated in the King Report for Corporate Governance for South Africa 2002 ("King III report"). Sandspruit steadfastly consolidated its position in respect of adherence to the King II report on Corporate Governance. The entity's practices are, in most material instances, in line with the principles set out in the King II/III Report. Ongoing steps are however taken to align practices with the Report's recommendations and the Board continually reviews our progress to ensure that we improve our Corporate Governance.

2.4 FUNCTIONING OF THE BOARD AGAINST THE WORK PLAN 2014/15

Sandspruit Works Association Board of Directors consists of one (1) executive and seven (7) non-executive directors. The board meets regularly, at least quarterly and retains full control over Sandspruit. The Board remains accountable to City of Tshwane Metropolitan Municipality, the sole member and its stakeholders. The directors have a collective responsibility to provide effective corporate governance that involves a set of relationships between the City of Tshwane, Sandspruit and other relevant stakeholder which include:-

- (g) Setting strategic direction and goals of Sandspruit and monitoring management's implementation of that strategy;
- (h) Appointing such committees of Sandspruit as may be appropriate to assist in the discharge of its responsibilities and to determine their responsibilities;
- (i) Ensuring that procedures and practices are in place that protects Sandspruit's assets and reputation;
- (j) Monitoring financial outcomes and the integrity of reporting, in particular approving annual budgets and longer-term strategic and business plans;
- (k) Ensuring that effective audit, and compliance systems are in place to protect the Sandspruit's assets and to minimise the possibility of Sandspruit operating beyond legal requirements or beyond acceptable risk parameters;
- (l) Monitoring compliance with regulatory requirements and ethical standards.

2.5 BOARD SUB-COMMITTEES

The sub committees of the board have been established with each Committee comprising of 3 Members excluding Social and Ethics Committee. Adv. KDC Garlipp was appointed in Governance, Risk and Finance and Social & Ethics Committees. His resignation as from 17 July 2015 affected the membership of Board Subcommittees. It is the Shareholder's responsibility to fill his vacancy as reported at the MMC meeting of 28 July 2015.

BOARD COMMITTEES

Governance and Finance	Risk Operations Committee	Human Resource and Remuneration Committee	Social and Ethics Committee
Ms T Moromane (Chairperson)	Mr L Bokaba (Chairperson)	Mr Z Ndlala (Chairperson)	Adv. B Malatji (Chairperson)
Mr Z Ndlala	Mr V Maboka	Mr V Maboka	Mr L Bokaba
Mr. V Maboka	Adv Billy Malatji	-	Ms T Moromane
N/A	N/A	N/A	Mr L Mangcu (ACEO)

2.5.1 REMUNERATION AND ETHICS COMMITTEE

The Remuneration and Ethics Committee of SWA was not duly constituted during the financial year ended 30th June 2015. The main reason for this was that the board of directors needed to be capacitated with additional board members. Three (3) more board members were appointed in May 2015.

2.5.2 BOARD COMMITTEE MEETINGS 2014/15 FY

No Board committees constituted the meeting during the 2014/15 financial year. The chairperson of the board is an invitee to the Group Audit and Performance Committee meetings. For the 2014/15 financial year, the chairperson managed to attend at least 6 Group Audit and Performance Committee meetings.

Table: Board Committee Meetings

Name of Board Member	Audit and Performance Committee	Finance and Risk Committee	HR and Remuneration Committee	Social and Ethics Committee	TOTAL
Adv. K-D Garlip	6	0	0	0	6
CV Maboka	0	0	0	0	0
LN Bokaba	0	0	0	0	0
TL Moromane	0	0	0	0	0
KA Eales	0	0	0	0	0
B Malatji	0	0	0	0	0

Name of Board Member	Audit and Performance Committee	Finance and Risk Committee	HR and Remuneration Committee	Social and Ethics Committee	TOTAL
Z Kabini	0	0	0	0	0
Z Ndlala	0	0	0	0	0

2.6 DIRECTOR'S REMUNERATION

Table: SWA Board of Directors

Name of Board Member	Total no of meetings attended	Board Meeting	Special Board Meeting	Chairperson's Quarterly Meeting	Audit and Performance Committee	AGM	Workshop
Adv K-D Garlip	18	4	4	1	6	1	2
CV Maboka	11	4	4	0	1	0	2
LN Bokaba	11	4	4	0	0	1	2
TL Moromane	4	3	0	0	0	1	0
KA Eales	2	1	1	0	0	0	0
B Malatji	3	0	0	0	0	1	2
Z Kabini	5	0	1	0	1	1	2
Z Ndlala	1	0	0	0	0	0	1

Table: Directors Remuneration

Name	Position	Board Fees	Special Board Meeting	AGM	Other: Meeting with CEO and CoT	APC	2 Day Strategic Planning Workshop	Retainer	Total
Adv K-D Garlip	Acting Chairperson	77 664.00	48 868.50	10 180.00	7 635.00	56 647.00	30 540.00	53 000.00	284 534.50
CV Maboka	Non-Executive Director	48 540.00	26 579.00	-	-	11 545.00	30 540.00	27 000.00	132 659.00
LN Bokaba	Non-Executive Director	48 540.00	26 579.00	7 635.00	11 545.00	-	30 540.00	27 000.00	151 839.00
TL Moromane	Non-Executive Director	35 815.00	9 236.00	7 635.00	-	-	-	27 000.00	79 686.00
KA Eales *	Non-Executive Director	11 545.00	9 236.00	-	-	-	-	0	20 781.00
B Malatji ^	Non-Executive Director	-	-	7 635.00	-	-	30 540.00	-	38 175.00
Z Kabini ^	Chairperson(&)	-	2 545.00	7 635.00	-	10 180.00	30 540.00	-	50 900.00
Zwe Ndlala ^	Non-Executive Director	-	-	-	-	-	15 270.00	-	15 270.00
	Total	222 104.00	120 498.50	40 720.00	19 180.00	66 827.00	167 970.00	134 000.00	773 844.50

^: Appointed to the Board of Directors in May 2015

&: Appointed Chairperson from 19th June 2015

*: Resigned during second quarter

2.7 RISK MANAGEMENT AND INTERNAL CONTROLS

- SWA's risk management strategy**

SWA has adopted Enterprise Risk Management (ERM) Strategy and Policy of City of Tshwane. The Strategy lays out guiding principles for the management of risk on an ERM basis. This strategy comprises the totality of all the structures, policies, strategies and procedures within SWA that deal with risk management at various levels.

- SWA's risk management plan (SWA's risk register)**

Strategic Objective	Risks	IR	Controls	RR	Management Action
Improve financial sustainability	Financial instability	High	Monthly monitoring of age analysis Revenue Enhancement Strategy Water Demand Management Strategy Monitoring of indigent consumption Restrictions on non-payments Disconnections on commercial customers	High	Consistent and continuous implementation of revenue enhancement strategy Data integrity checks on the system Conduct project reviews to verify and implement measures on the following: *Commerciality on indigents properties *Inter-connection *Car washes
Improve financial sustainability	Constraints in increasing revenue streams	High	Management reports (actual vs budget) and regular management meeting Credit control measures Revenue collection strategy Contracts meeting with CoT Roadshows and promotions regarding payment for services	High	Consistent and continuous implementation of revenue enhancement strategy Engage the CTMM regularly regarding the financial sustainability and funding model Conduct a sustainability study in order to develop institutional model that would identify various revenue streams

Strategic Objective	Risks	IR	Controls	RR	Management Action
Promote sustainable service infrastructure and human settlement management	Aging Infrastructure	High	Water Management System (WMS) and IQMS, MyCity for overflows Reactive maintenance of infrastructure OPEX budget Weekly meter reading to also identify faulty or aging meters	High	Develop and formalise maintenance plan Appoint pool of service providers for maintenance of infrastructure
Improve financial sustainability	Fraud and corruption	High	Anti-Fraud & Corruption Prevention Plan Anti-Fraud and Corruption strategy Monthly financial reconciliations (payments, revenue, cashpoints etc.) Code of Conduct Delegation of Authority framework Criminal checks and verification of qualifications Disciplinary processes	High	Establish fraud hotline Fraud Awareness campaigns Develop whistle blowing policy Maintain gift register Reviewing policies to strengthen controls
Promote governance and active citizenry	Poor IT governance and Infrastructure	High	*Call logging system used by IT to keep record of calls *Computer use policy *Disaster recovery plan in place and partial testing conducted *Infrastructure updated on a need basis *Uninterrupted power supply *Generator installed *SLA with the ICT service providers	High	1. ICT manager position to be filled 2. Adoption for the IT governance framework 3. Adopt all relevant CoT ICT policies 4. Review the DRP 5. Implement BCP in conjunction with CoT BCM 6. Identify all systems used by SWA and verify if they need upgrade or not and implement accordingly 7. Follow up with CoT for SWA to migrate into SAP system

Strategic Objective	Risks	IR	Controls	RR	Management Action
Promote sustainable service infrastructure and human settlement management	Inability to respond in cases of disaster	High	Firefighting equipment installed in all designated areas Water Safety Plan Regular backup of data Use of laptops and 3G including WIFI Uninterrupted Power Supply Disaster Management Strategy IT Business Continuity Plan	Medium	Procure backup generators Develop, approve and implement Business Continuity Plan Establish formal stakeholder relationship with Randwater
Continued organisational development, transformation and innovation	Inadequate organisational structure	High	Fill positions on a need/priority basis	Medium	Re-alignment of the organisational structure
Promote sustainable service infrastructure and human settlement management	Ineffective stakeholder engagement	High	Stakeholder Management Charter Stakeholder management strategy and plan Stakeholder Management Forums Monthly ward councillor meetings	Low	Annually review Stakeholder Management Charter, strategy and plan Engage CoT for the establishment of the shareholder
Promote governance and active citizenry	Non-compliance with legal and regulatory requirements	Medium	Regulatory Framework and Compliance checklist to monitor compliance Governance and compliance audits OHS compliance audit	Low	

- **Risk management assessment processes followed**

SWA adopted the Public Sector Risk Management Framework from National Treasury and the King III report on Corporate Governance to ensure that risk management processes within SWA are streamlined to best practices.

An assessment of the risks SWA faces is undertaken annually. This process strives to achieve the identification of the critical risks the entity may face to enable it to formulate appropriate risk strategies and action plans to mitigate and address these risks where necessary.

To ensure SWA's future sustainability, we have looked at risks facing the entity across our major risk categories, these being Strategic risk, financial risk, Operational risk, Governance risk and Information Technology risk.

SWA management owns the responsibility to ensure that risk management strategy and policy is implemented. They do this by taking active responsibility in the risk management process.

- **SWA's risk management and internal control unit, internal audit and the Audit Committee functioning**

The Board has delegated the responsibility of creation and monitoring of risk management to the Risk Management Committee and for reviewing the effectiveness of the internal controls to the Audit and Performance Committee. The Committee uses information drawn from a number of different sources to carry out this review:

Internal Audit provides objective assurance – their annual work plan is developed in conjunction with management and focuses on key risks and key internal controls. In the light of Internal Audit's recommendations, management develops and implements corrective action plans, which are tracked to completion by Internal Audit at City of Tshwane and internal control unit at SWA, with the results reported to executive management, Audit and Performance Committee and the Board;

Risk Management maturity assessment has been conducted by PWC to assist SWA in identifying areas that needs improvement in terms of Enterprise Risk Management and the process needed in order to arrive at a mature level. The overall assessment received is Repeatable (level 2) and management has agreed to work towards Defined (level 3) in the next financial year.

Managers are responsible for the identification and effective management of all risks in their areas of responsibility, and how they will mitigate risk through enhancement of the internal control measures applied in their respective area of operations. Further objective assurance is provided by the external auditors and other external specialists.

2.8 ENTITY'S SUPPLY CHAIN PROCESSES AND PROCEDURES

In terms of the Constitution, the procurement of goods and services must be done in accordance with a system that is fair, equitable, transparent, competitive and cost effective.

Sandspruit Works Association has developed and implemented a Supply Chain Management Policy which is aligned to the City of Tshwane's policy and approved by its Board of Directors. The supply Chain Policy sets out ethical and sound procurement practices to be followed by all staff involved in procuring of goods and services, to ensure value for money outcomes for Sandspruit Works Association (SWA).

The practices in the policy are based upon and supplement the General Procurement Guidelines issued by the Minister of Finance and are to apply to purchases of goods, services, consultancies, specialized equipment etc. The development and implementation of the policy document therefore, represent a significant milestone towards facilitating the SWA's contribution towards the development and promotion of emerging and previously marginalized service providers/suppliers as well as provide a framework that satisfies the constitutional requirement of transparency and accountability. This Policy document will be subjected to changes/amendments, as new Supply Chain Management prescripts are introduced/ put in place.

An SCM unit was established in September 2005 and which monitors the implementation of the entity's SCM policies in line with the regulations which seeks to modernizes financial governance and improve accountability and transparency in the entity's processes. The entity's SCM policies provide for the exclusion of awards persons in the service of the state subject to the exemptions and regulations issued by National Treasury from time to time.

One of the challenges in SCM is that the position of SCM Manager remained vacant for almost two years. The manager has been appointed and she will resume employment on the 1st July 2015. This remained one of the key challenges in procurement for the 2014/15 financial year

SWA'S supply chain committees and functions

Supply Chain Management Committees	Guidelines	Functions and purpose of the Committee	No of Meetings targeted	Actual	Reasons	Intervention/ Action Taken
Bid Specification Committee	Bid Specification Committee	To develop and approve the bid specification	4	3	None	Not Applicable
Bid Evaluation Committee	Bid Evaluation Committee	To evaluate the Bids received	4	3	None	Not Applicable
Bid Adjudication Committee	Bid Adjudication Committee	To adjudicate the Bids received	4	3	None	Not Applicable

Table: SWA'S Bid Adjudication Committee Structure and non-compliance with the requirements

Supply Chain Management procurement threshold and delegations (Table 10) Value of Purchase	Procurement method and requirements	Delegated Authority	Oversight role	Procurement requirements defaults	Reasons	Intervention/ Action Taken
0 to R2,000	At least 1 Written Quote	Managers	CFO	None	Not Applicable	Not required
R2 0001 to R10 000	At least 3 Written Quotations	Supply Chain Manager	CFO	Certain procurement defaults were identified	Not Applicable	The items were taken to the board for condonement
R10,000 to R30 000	At least 3 Written Quotations	Supply Chain Manager	CFO	Certain procurement defaults were identified	Not Applicable	The items were taken to the board for condonement
R30 001 to R200 000	At least 3 Written Quotations	Supply Chain Manager	CFO	Certain procurement defaults were identified	Not Applicable	The items were taken to the board for condonement
Tenders above R200 000 to R10 million and long term contracts	Tender	CEO	Board of Directors	Certain procurement defaults were identified	Not Applicable	The items were taken to the board for condonement
Tenders above R10 million	Tender	CEO	Board of Directors	None	Not Applicable	Not required

CHAPTER 3

SERVICE DELIVERY PERFORMANCE

3.1 HIGHLIGHTS AND ACHIEVEMENTS

During the year, SWA successfully enrolment on a 180 days leaks repair program/project. The table below details the summary of work performed:

Details of the Project	Outcomes Achieved / Deviations from Operational Plan
<p>Water Distribution</p> <p>Pro- and re-active Ward based maintenance plan</p> <p>Phase 1 (Investigation)</p> <p>Physical inspection on leaking water meters and/or network leaks and identify high water loss areas</p> <p>Phase 2 (Preventative & Remedial)</p> <p>Repair leaks, address low water pressure issues and construction repairs</p>	<p>MAWIGA:</p> <p>Ward 19</p> <p>Indigents leaks</p> <p>Indigent's customers were assisted by repairing their water leaks.</p> <p>Repairing 67 and 40 meter leaks and relocation of meters at Beirut and Lebanon respectively</p> <p>Ward 24</p> <p>Stand pipes</p> <p>Six stand pipes were placed at Mpho area</p>

Operations department successfully participated in the Kuka Maoto leaks project. The Objectives of the operation are to accelerate service delivery, clear service delivery backlogs and to improve turnaround times in attending to service delivery complaints. This operations was launched by the Executive Mayor Councillor Kgosientso Ramokgopa of City of Tshwane on 02 March 2015 in response to the Gauteng Provincial Government launched a war room

concept as an integral approach to effect a radical shift in how public institutions and public servants respond to citizens' service delivery needs. Some of the key issues to be addressed by the operation related to water and sewerage leakages and blockages in SWA's area of operation.

In 2014-15 financial year, 14 406 meter related queries/leaks have been attended to and 3 010 distribution and networks queries/leaks have been addressed.

Water Demand Management devices were installed to at least 600 Indigent consumers in the financial 2014-15.

We have also managed to cope with water demand increase by 11% compare to 2013-14 financial year through TSH/SWA bulk supply network, The increase mainly contribute to the increase of Informal settlement households by approximately 14 000, increase conventional households by 687 mainly RDP development and increase in water demand by the neighboring municipalities by 4%.

- **Service delivery Agreement (SDA) between the entity and the parent**

The existing Service Delivery Agreement signed in 2011 between SWA and the City of Tshwane is coming to an end in the year 2016. The process of reviewing the SDA commenced in the 2014/15 financial year and it's almost at its finalisation stages.

- **Provision of services by the entity**

Sandspruit Works Association (SWA) is responsible for the provision of portable water to consumers residing in the areas of Mabopane, Winterveldt and Garankuwa. To this end, SWA shall ensure that the provisions of the Bulk Water Agreement allow for adequate supply of portable water to the consumers residing in the area of supply who shall for the duration of the Service Delivery Agreement be supplied with portable water sufficient enough to cover their needs. It is also responsible for ensuring that the bulk water supplied meets the portable standards.

SWA's currently services on average 52 600 customers, of which 900 are government and commercial consumers. The rest are domestic customers. From total domestic customers, 18 600 are registered indigent customers currently provided with free basic water of at least 12kl and 6kl of sanitation services in line with the indigent policy of the City of Tshwane.

3.2 FINANCIAL PERFORMANCE

Summary of Statement of Financial Performance:

Description	2015	2014 Restated
Revenue (Including other income)	468 367 144	393 393 003
Expenditure	(464 309 691)	(398 313 760)
Surplus/ (Loss for the Period)	4 057 453	(4 920 757)

The entity posted a surplus in the current year versus a loss in the prior year. The surplus is attributable to bad debt recoveries relating to the money owed by Madibeng Local Municipality. Revenue from Exchange transactions for the current year increased by 19% whilst Revenue from non-exchange transactions increased by 16.3%. Revenue from non-exchange transactions constitutes 55% of total revenue earned. This indicates high dependency by SWA on the Grant transfers it receives from the parent municipality.

Summary of Statement of Financial Position:

Description	2015	2014 Restated
Assets:		
Current Assets	146 296 311	97 607 552
Non-Current Assets	7 130 457	8 106 241
Total Assets	153 426 768	103 713 793
Liabilities		
Current Liabilities	148 173 006	105 042 902
Non-Current Liabilities	550 920	25 503
Total Liabilities	148 723 926	105 068 405
Net Assets Value	4 702 843	645 390

The entity experienced an improvement in its net assets value from R 645 390 in the prior year to R 4.7 million in the current year. Although there was an improvement, the current liabilities still exceed the current assets by R 1.8 million compared to prior year of R 7.4 million.

The major creditor of SWA is the City of Tshwane Metropolitan Municipality whose debt constitutes at least 97% of the total liabilities.

The board of directors has developed a one year turnaround strategy which focuses on cost containment including reduction of bulk water purchases, improvement in revenue collection and the realignment of the organisational structure to job functions.

3.3 CAPITAL PROJECTS

Capital Projects are carried out directly by the City of Tshwane. The mandate of Sandspruit Works Association does not include Capital Projects.

3.4 PERFORMANCE AGAINST SCORECARD FOR SANDSPRUIT WORKS ASSOCIATION FOR 2014/15

Sandspruit Works Association has six strategic objectives which are aligned to those of City of Tshwane. Key Performance Areas and Indicators are reviewed annually and approved by the Board of Directors in the business plan.

➤ STRATEGIC OBJECTIVE 1: PROMOTE SUSTAINABLE SERVICE INFRASTRUCTURE AND HUMAN SETTLEMENT

This strategic objective focuses on providing basic services to areas that do not have basic services. The basic services to be provided in this objective are water and sanitation:

Water and sanitation will be provided to informal settlements through the formalization process and formalised areas which are continuing to be provided with the services. Older established township areas that have below basic level services should be upgraded to at least basic levels of service

Key outputs to be delivered include:

- Water connections
- Sanitation connections
- Waste water treatment works
- Continuous supply of water and sanitation services

➤ **STRATEGIC OBJECTIVE 2: PROMOTE SHARED ECONOMIC GROWTH**

The focus will be on job creation to the local communities; Economic development initiatives assist in providing support to growing home ownership, in order to grow the revenue base of Sandspruit Works Association.

➤ **STRATEGIC OBJECTIVE 3: ENSURE SUSTAINABLE, SAFER CITY AND INTEGRATED SOCIAL DEVELOPMENT**

This objective promotes improved quality of life. The provision of social and health services is an important element in ensuring sustainable communities. It is important to put in place mechanisms to support the very poor, such as free basic services to the indigent.

➤ **STRATEGIC OBJECTIVE 4: PROMOTE GOVERNANCE AND ACTIVE CITIZENRY**

The development of sound corporate governance will serve as an internal control system encompassing legislation, policies, procedures and people, and address the expectations of all stakeholders by directing and controlling management activities with good systems and processes. Sandspruit Works Association must achieve and maintain a clean audit opinion, and various institutional controls must be established to ensure this happens.

➤ **STRATEGIC OBJECTIVE 5: IMPROVE FINANCIAL SUSTAINABILITY**

It is important for the finances of Sandspruit Works Association to be managed in a manner that increases revenues without placing increased burdens on households. Sandspruit Works Association aimed to recover its debts.

➤ **STRATEGIC OBJECTIVE 6: CONTINUED INSTITUTIONAL DEVELOPMENT, TRANSFORMATION AND INNOVATION**

The purpose of this objective is to ensure that SWA has developed human capital, which is effectively used to achieve SWA's development, service delivery and governance. Skills development is necessary to ensure that employees are able to perform against responsibilities.

Key outputs include:

- Training and leadership programmes for employees
- Bursaries
- Human resources policies and plans

3.5 2014/2015 KEY PERFORMANCE INDICATOR

Strategic Objective	Key Performance Indicator	Baseline	Target	Revised Key Performance Indicator and Target
1. Promote Sustainable Services Infrastructure and Human Settlement	1.1 Reduce unaccounted for water by 0.5% annually	22%	21%	Target not revised
2. Promote Shared Economic growth, development and job creation	2.1 100% of general workers employed for long term operations and maintenance projects must be reside in Garankuwa, Mabopane and Winterveldt for the 2014/2015 financial year	100%	100%	Target not revised
2. Promote Shared Economic growth	2.2. Use a minimum of 40 SMME contractors in SWA per annum	40	45	Target not revised
3. Ensure sustainable, Safer City and Integrated Social Development	3.1. Number of indigent households receiving basic (12kl) water and sanitation services annually	600 households	650 households	Target not revised
4. Promote Governance and Active Citizenry	4.1. Financial compliance in terms of s87(11) of the MFMA	100%	100%	Target not revised
4. Promote Governance and Active Citizenry	4.2. SCM compliance in terms of the s12 of the SCM regulations	100%	100%	Target not revised
4. Promote Governance and Active Citizenry	4.3. Compliance with contract management in terms of s116 of MFMA	100%	100%	Target not revised
4. Promote Governance and Active Citizenry	4.4. Number of ward committee meetings held annually to discuss community concerns	8	16	Target not revised
5. Improve Financial sustainability	5.1 Increase revenue collection by 2 percent annually	66%	70%	Target not revised
6. Continued Institutional development, Transformation and Innovation	6.1 Number of Training and Leadership programmes scheduled annually in order to increased skills development of the employees	12	12	Target not revised

3.6 2014/2015 AUDITED ANNUAL PERFORMANCE REPORT

Strategic Objective	Key Performance Indicator	2014/15 Target	Annual Performance Achieved	Target Achieved or Not Achieved
1. Promote Sustainable Service Infrastructure and Human Settlement Management	Reduce Unaccounted for Water by 0.5% annually	21%	19.98%	Target achieved
2.Promote Shared Economic Growth and Job Creation	100% of general workers employed for Long Term operations projects must reside in Ga-Rankuwa, Mabopane or Winterveldt for the 2013/14 financial year	100%	100%	Target Achieved
	Use a minimum of 45 SMME contractors in SWA per annum	45	49	Target achieved
3.Ensure Sustainable, Safer City and Integrated Social Development	Number of indigent households receiving basic (12kl) water and sanitation services annually	650 households	1 441 households	Target Achieved
4.Promote Governance and Active Citizenry	Financial Compliance in terms s87 (11) of the MFMA annually	100%	100%	Target Achieved
4.Promote Governance and Active Citizenry	SCM Compliance in terms of s12 of the SCM regulations annually	100%	33%	Target Not Achieved
4.Promote Governance and Active Citizenry	Compliance with Contract Management in terms of s116 of MFMA annually	100%	0%	Target Not Achieved
4.Promote Governance and Active Citizenry	Number of ward committee meetings held annually to discuss community concerns	16	38	Target Achieved
5.Improve Financial Sustainability	Increase revenue collection by 2% annually	70%	51.58%	Target Not Achieved
6.Continued Institutional Development, Transformation and Innovation	Number of Training and Leadership programmes scheduled annually in order to increase skills development of the employees	12	14	Target Achieved

3.7 MEASURES TAKEN TO IMPROVE PERFORMANCE FOR TARGETS NOT ACHIEVED

3.7.1 Increase revenue collection from 66% to 70% in year 2014/2015

3.7.1.1 Reasons for target not being achieved

- a) Some indigent consumers continuously consume in excess of the allocated 12kl per month. On average, about 10 000 indigent's consumers exceeded the consumption of 12kl during the year ended June 2015. During the year, about 600 Water Management devices were installed to manage the indigent consumptions following a test pilot project of 50 installations in the 2013/14 financial year.
- b) Lack of continuous follows up with the consumers to make payment (i.e. through telephone, email, sms and house visits).
- c) Lack of regular disconnections for government and commercial customers who are defaulting on payments

3.7.1.2 Mechanisms adopted to achieve set targets

- a) Meter readings
 - Verified meter readings submitted by the service provider (i.e. photo of meter which shows the readings). We also undertook meter audit internally during the month of March 2015.
 - Meetings held with the service provider to validate the meter audit report
- b) Indigents
 - Identified consumers who are not supposed to be in the register and handover for de-registration
 - Fast tracked the installation of electronic water demand devices on indigents
 - Monitored indigent consumptions

3.7.1.3 Action plan to achieve the target of 70% in 2015/16

Following the Board strategic session, the resolutions of regular disconnections and contacting of customers resulted in an increase from 44.94% in the month of May 2015 to 69.64% in the month of June 2015. Some of the strategies outlined involve:

- Regular disconnections of government and commercial
- Restrictions are required for residential.
- Follow up on restrictions
- Handing the long outstanding debt over to debt collectors who should be appointed in the next two months.
- Performing a data cleansing exercise to ensure that the details on the system are still accurate, i.e. name of account holder, contact details etc.
- Contacting residential consumers via phone to make a payment. Additional six resources have been allocated from marketing department to assist with the calling of customers.
- Inactive accounts with outstanding amounts should be investigated and collected in terms of the credit control and debt collection policy whilst other accounts should be written off in terms of the proposed write off policy. This exercise will be performed on a monthly basis and reported at management committee meetings.
- Illegal Connections: Systems and processes needs to be improved to ensure that disconnection instructions are implemented and those consumers don't reconnect themselves. A system where periodic spot checks are conducted is needed, and if found that illegal reconnections were made, the illegal connection should be removed and the consumer must pay for a new connection plus a penalty. This message must be clearly communicated and stricter enforcement is a matter of urgency. Illegal reconnections must also be reported to the South African Police Services. The illegal connections are also contributing significantly to the high levels of unaccounted for water.
- Disconnections, restrictions and reconnections reports needs to be compiled on a monthly basis and strict monitoring of these reports should take place.
- Utilisation of Tshepo 10 000 cooperatives to perform meter audits

3.7.2 SCM Compliance in terms of s12 of the SCM regulations annually

3.7.2.1 Reasons for target not being achieved

The main contributor for the lack of achievement of the target is the lack of centralized procurement process. The Waste Water Treatment Works were performing their own procurement process and were not following SWA procurement process. These resulted in a lot of non-compliance with the SCM policies and regulations. Further, the SCM Manager post remained vacant for almost two year and it was only filled on 1 July 2015.

3.7.2.2 Mechanisms adopted to achieve set targets

Certain procurement checklist templates were designed in the current year to assist in evaluation whether a procurement process complies with all relevant SCM policies and regulations.

3.7.2.3 Action plan to achieve the target of 100% in 2015/16

The following measures have been put in place to ensure that the target is achieved:

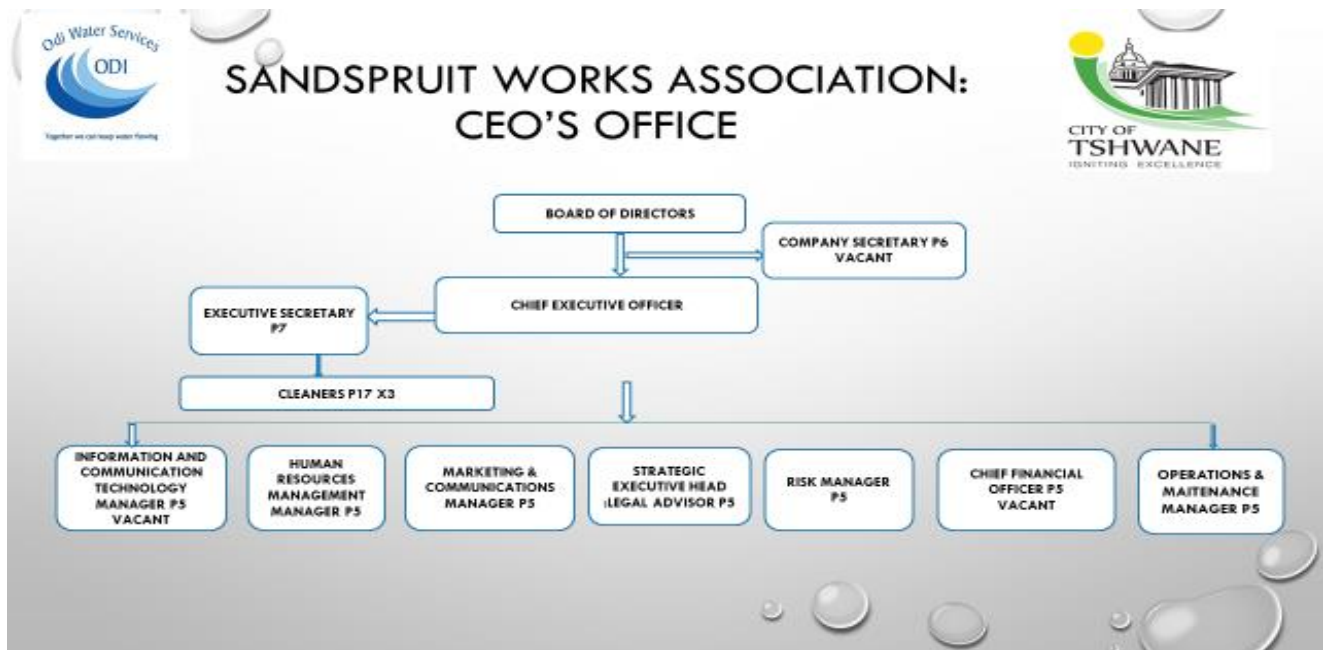
- The SCM Manager post has being filled effective 1st July 2015.
- The SCM Policies have been updated and will be taken to the board for approval in the month of August 2015.
- Trainings/ Workshops will be conducted during the year on SCM Policies and regulations.
- Guidelines and checklists have been developed and will be utilised during the year.
- Bid Committee members will be sent for training.
- Non-compliance with SCM policies and regulations will be dealt with in line with disciplinary policies of the entity.

3.8 CONCLUSION

SWA has achieved 8 out of the 10 set key performance indicators for the 2014/15 financial year, representing 80% of the key performance indicators.

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 SWA Organogram and staff component



4.2 MANAGING THE ENTITY'S WORKFORCE

Workforce profile Information contained in the table below in terms of race, gender and disability is as at 30 June 2015. This table contains information on all employees, including people with disabilities:

SNAPSHOT OF WORKFORCE PROFILE

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1	0	0	0	0	0	0	0	0	0	1
Senior management	1	0	0	1	2	0	1	0	0	0	5
Professionally qualified and experienced specialists and mid-management	12	0	1	1	12	0	0	0	0	0	26
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	15	1	0	0	14	0	0	1	0	0	31
Semi-skilled and discretionary decision making	65	0	0	0	46	0	0	0	0	0	111
Unskilled and defined decision making	67	0	0	0	11	0	0	0	0	0	78
TOTAL PERMANENT	161	1	1	2	85	0	1	1	0	0	253
GRAND TOTAL	161	1	1	2	85	0	1	1	0	0	252

4.2.2 TOTAL ON INJURIES, SICKNESSES, SUSPENSIONS, CAPACITY BUILDING, EMPLOYEE EXPENDITURE, SKILLS AND DEVELOPMENT AND TRAINING

Table: Injury on duty

Total	2
-------	---

Table: Disciplinary Action

Disciplinary action	Male				Female				Total
Total	African	Coloured	Indian	White	African	Coloured	Indian	White	
	3	0	0	0	2	0	0	0	5

Table: Training provided for the period:

Training Report - 2014/2015																
<u>Consolidated Training Stats</u>																
		Male				Female				Disability		Age groups			Total	
	Description	A	C	I	W	A	C	I	W	M	F	<35	35-55	>55		
1	Quality Management															0
2	SHE Rep	15				4							18			19
3	Employment Equity Training	2				1						1				3
4	Skills Development Training					1										1
5	Incident Investigation	16														16
6	First Aid Level 2	19				7										26
7	First Aid Level 3	13				5										18
8	EWP for Managers	5		1		4										10
9	Health & Safety	2		1		1		1								5
10	Tax Seminar					2							1	21		2
11	Retirement Fund Manage.	1											1			
12	Municipal Finance Municipal Programme	4											4			4
13	Paralegal Practitioner	1											1			1
14	Fire Fighting Training	18											18			18
	TOTALS	27	0	2	0	7	0	1	0			0	21	21		36

	SETA Reimbursement Funding															
		Male				Female				Disability		Age groups			Total	
	Description	A	C	I	W	A	C	I	W	M	F	<35	35-55	>55		
1	B Tech: Civil Engineering					1							1		1	
2	General Secretary					1					1		1		1	
3	Civil engineering	1											1		1	
4	Labour Dispute Resolution Practice	1											1		1	
5	Programme In Human Resources					1							1		1	
6	Customer service Management					1									1	
7	Relations Management	1				4							5		5	
8	Fundamental Accounting	1				2							3		3	
9	Practical Bookkeeping					1									1	
10	Chemical Plant Operations					1									1	
11	Risk Management Programme					1									1	
12	Management Assistant					1									1	
13	TOTALS	4	0	0	0	14	0	0	0		1	0	13	0	18	

In 2014 R242 000.00 was received from EWSETA as a skills levy reimbursement was used to fund the above training programmes. To-date R205 000.00 of the refund has being spent on providing financial assistance to employees. A total amount of R413 505.00 was spent on SWA's skills development.

4.2.3 EMPLOYEE EXPENDITURE

The total employee costs for the financial year ended 2014/15 amounted to R 85 660 027 (2014: R 84 285 454). The employee costs include employer contributions.

4.2.4 SWA'S EMPLOYEE TOTALS, VACANCIES TURNOVER

The total number of approved positions is 287 (2014:281) for the financial year ended 2014/15. The total number of filled positions in the 2014/15 financial year is 246 (2014: were 241) and 6 contract workers. During the 2014/15 financial year, the annual turnover was 11 (2014:13). The tables below list annual turnovers for the department and the reason why staff left the organisation:

Table: Annual turnover rates per department

Departments	Terminations
Finance	05
WWTW:Temba	02
WWTW:Klipgat	01
Marketing and Communications	01
Operations	02
Total	11

Table: Reasons why staff left the organisation

Termination Type	Number
Retirement	03
Resignation	03
Death	02
Contract Expired	03
Total	11

4.2.5 NO. OF APPROVED POSITIONS, FILLED AND VACANCIES

Units	2013/14			2014/15			Contract Workers
	Number of posts	Number of filled posts	Number of vacancies	Number of posts	Number of filled posts	Number of vacancies	
Chief Executive Officer	01	01	00	01	01	00	00
Chief Financial Officer	01	01	00	01	00	01	00
Asset Management	01	01	00	01	01	00	00
Projects Officer	01	01	00	01	01	00	00

2013/14				2014/15			Contract Workers
Units	Number of posts	Number of filled posts	Number of vacancies	Number of posts	Number of filled posts	Number of vacancies	
Trade and Investment							00
Marketing and Communications	34	28	06	34	27	07	01
Legal Services	04	03	01	04	03	01	00
Risk Department	07	05	02	07	05	02	00
Finance Department	63	56	07	63	59	04	01
Human Resources Management	12	07	05	12	07	05	03
Operation	92	86	06	92	89	03	01
Waste Water Treatment Works: Klipgat	42	27	15	42	30	12	00
Waste Water Treatment Works: Temba	25	25	00	25	19	06	00
Office of the CEO	04	04	00	04	04	00	00
TOTAL	287	245	42	287	246	41	06

4.2.6 HIGHLIGHTS, CHALLENGES AND INTERVENTIONS

Human Resources Management Department provides human resources management services to the Entity, which includes human resources, training and development, employee wellness.

4.2.6.1 Wellness Programme

SWA is proactive regarding employee wellness recruited external services provider, Care ways to implement Employee Assistance Programme (EAP). The EAP Programme currently provides the following assistance:

- Professional Support Services
- Telephonic Financial Advice
- Telephonic Legal Advice
- Face to Face Counselling Services
- HIV and AIDS Counselling
- Communication and Health Promotion Service

The entity celebrated World Aids on 01 December 2014 and 90% of staff participated voluntarily in the health assessment.

4.2.6.2 Training and Development

In 2014/15 financial year, WSP and ATR was completed and submitted to Energy and Water Sector Education and Training Authority (EWSETA). In 2014 R 242 000.00 was received from EWSETA as a skills levy reimbursement. To-date R205 000.00 of the refund has been spent on providing financial assistance to employees. A total amount of R413 505.00 was spent on SWA's skills development. The entity's four Senior Managers have enrolled for Municipal Financial Management Programme at the University of Pretoria. This is in line with **Government Gazette No: 29967 of 15 June 2007** that regulates the minimum required competency level of municipal entity Senior Managers. The programme will run from March 2015 until April 2016.

4.2.6.3 Recruitment and Retention

There are six vacant critical and management positions and the entity is in the process of filling them. The vacant critical and management positions are as follows:

1. Information and Communication Technology Manager
2. Company Secretary
3. Supply Chain Management Manager
4. Revenue Management Manager
5. Management Accountant
6. Chief Financial Officer

4.6.2.4 Policy Reviews

In order to keep abreast of human resource trends and to ensure ongoing compliance with legislative developments, the entity is in the process of realigning its Organizational Structure and reviewing HR policies. The current structure is not aligned to the Business Plan and COT Vision

2055.

4.3 HUMAN RESOURCES GENDER AND RACE

Table: Human Resources Gender and Race

Indicator	Baseline	2013/14 Target	2013/14 Actual	2014/15 Target	2014/15 Actual	Challenges	Comments
African staff % of total staff	287	02	253	02	252	None	
Female staff as % of total staff	287	10	81	10	79	None	
African Female managers % of senior management	287	04	03	05	03	None	
Staff turnover as % of total staff	287		13		11	None	

Please note the following:

The total number of funded positions as per Organisational structure in 2013/14 and 2014/15 financial years was 287 and we used it as a baseline. In 2013/14 financial year only 245 positions were filled and 246 in 2014/15 financial year. The female staff was 81 in 2013/14 and 81 in 2014/15 .The organization had only three female senior managers in both 2013/14 and 2014/15 financial years.

Our target for 2013/14 financial was to appoint two African males, 10 females and five African female at senior management level. Our target for 2014/15 financial year was to appoint two African males, 10 females and five African females at senior management positions.in the 2014/15 financial year is 246 (2014: were 241) and 6 contract workers. Total positions filled by African staff in 2014/2015 246 (2014: were 235).

CHAPTER 5: FINANCIAL PERFORMANCE

ANNEXURE A: Audited Financial Statements and Notes

ANNEXURE B: Auditor General Audit Report

ANNEXURE C: Management Letter Action Plan

ANNEXURE D: Audited Annual Performance Report

GLOSSARY OF TERMS AND ACRONYMS

ACRONYMS	EXPLANATIONS
SWA	Sandspruit Works Association
ODI	Odi Water Services
CoT	City of Tshwane
CTMM	City of Tshwane Metropolitan Municipality
BoD	Board of Directors
CEO	Chief Executive Officer
CFO	Chief Financial Officer
MMC	Municipal Mayoral Council
MFMA	Municipal Finance Management Act
WSA	Water Services Act 108 of 1997
ICT	Information and Communication Technology
IDP	Integrated Development Plan
AFS	Annual Financial Statement
AG	Auditor General of South Africa

National Treasury Circular 63: Appendices

The entity is required to complete the circular 63 Appendices below

Appendix I Municipal Entity/Service Provider Performance Schedule

Please provide Top 4 priority indicators as articulated in the IDP

(i) Name of Entity & Purpose	(a)Service Indicators (b) Service Targets (ii)	2012/13		2013/14	2014/15	
		Target		Actual	Target	
		*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	Current Year (ix) Following Year (x)
Sandspruit Works Association	Reduction of Non-Revenue Water					
Sandspruit Works Association	Improvement of Revenue Collections					
Sandspruit Works Association	General workers employed for long term operations and maintenance projects must be reside in Garankuwa, Mabopane and Winterveldt for the 2014/2015 financial year					
Sandspruit Works Association	Number of indigent households receiving basic (12kl) water and sanitation services annually					



Together we can keep water flowing

Sandspruit Works Association NPC
Trading as ODI Water Services
Audited Financial statements
for the year ended 30 June 2015

Sandspruit Works Association NPC

(Registration number 1999/019160/08)

Trading as ODI Water Services

Audited Financial Statements for the year ended 30 June 2015

General Information

Nature of business and principal activities	Water and Sanitation Services
Chief Executive Officer	Mr S Baronian (Acting from 22 December 2014 to 31 January 2015) Mr L Mangcu (Acting from 1 February 2015 to date)
Chief Finance Officer (CFO)	P Avenant (Term ended 31 December 2014) IS Mogotoane CA(SA) (Acting from 1 January 2015 to 31 July 2015)
Directors	Adv K-D Garlip (Non Executive) CV Maboka (Non Executive) KA Eales (Non Executive)(Resigned November 2014) LN Bokaba (Non Executive) TL Moromane (Non Executive) MJ Taetsane (Executive Director) ZM Kabini (Non Executive: Chairperson) Adv BM Malatji (Non Executive) AZ Ndlala (Non Executive)
Registered office	Molefe Makinta Highway Opposite Morula Sun Next to NTI Mabopane 0208
Postal address	Private Bag X1124 Ga-Rankuwa 0221
Parent Municipality	City of Tshwane Metropolitan Municipality
Bankers	Standard Bank of South Africa and ABSA Bank of South Africa
Auditors	Auditor General of South Africa Registered Auditors
Company registration number	1999/019160/08
Preparer	The audited financial statements were internally compiled by: Israel Mogotoane CA(SA)

Sandspruit Works Association NPC

(Registration number 1999/019160/08)

Trading as ODI Water Services

Audited Financial Statements for the year ended 30 June 2015

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
GRAP	Generally Recognised Accounting Practice
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MFMA	Municipal Finance Management Act
UIF	Unemployment Insurance Fund
SARS	South African revenue Service
VAT	Value Added Tax
SOC	State Owned Company
WWTW	Waste Water Treatment Works
CEO	Chief Executive Officer

Sandspruit Works Association NPC

(Registration number 1999/019160/08)

Trading as ODI Water Services

Audited Financial Statements for the year ended 30 June 2015

Director's Responsibilities and Approval

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

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

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

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

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

The directors have reviewed the entity's cash flow forecast for the year to 30 June 2016 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the City of Tshwane Metropolitan Municipality for continued funding of operations. The audited financial statements are prepared on the basis that the entity is a going concern and that the City of Tshwane Metropolitan Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

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

The audited financial statements set out on page, which have been prepared on the going concern basis, were approved by the Board of Directors on 29 August 2015 and were signed on its behalf by:

Director
Acting Chief Executive Officer

Sandspruit Works Association NPC

(Registration number 1999/019160/08)

Trading as ODI Water Services

Audited Financial Statements for the year ended 30 June 2015

Directors' Report

The directors submit their report for the period ended 30 June 2015.

1. Incorporation

The entity was incorporated on 09 January 1999 and obtained its certificate to commence business on the same day.

2. Review of activities

Main business and operations

The entity is engaged to develop, prepare, install and maintain water and sanitation services on behalf of the City of Tshwane Metropolitan Municipality, the parent municipality, to the residents and business in the areas of Garankuwa, Mabopane and Winterveldt.

During the year under review there were no changes in the activities of the business.

3. Going concern and undertaking of support

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

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the subordination agreement will be signed by the parent municipality when the need arises and that this letter will remain in force and also that the parent municipality has neither the intention nor the need to liquidate or curtail the scale of the entity.

4. Subsequent events

The directors are not aware of any matter or circumstance arising since the end of the financial year.

5. Directors' personal financial interest

The directors have declared that they have no interest in the contracts of the company.

6. Accounting policies

The annual financial statements have been prepared in accordance with the Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board and additional disclosure requirements in terms of Municipal Finance Management Act (Act 56 of 2003).

7. Corporate governance

General

The board of directors are committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the board of directors supports the highest standards of corporate governance and the ongoing development of best practice.

Board of directors

Sandspruit Works Association NPC

(Registration number 1999/019160/08)

Trading as ODI Water Services

Audited Financial Statements for the year ended 30 June 2015

Directors' Report

Composition of the Board

On 1 July 2014, Sandspruit board consisted of six (6) directors of which five were independent. One board member resigned in November 2014 which meant that there only 5 directors. In May 2015, the City of Tshwane Metropolitan Municipality appointed 3 additional independent non executive directors pushing the number to eight (8) independent non-executive directors at 30 June 2015. All seven (7) members of the board were appointed by the City of Tshwane Metropolitan Municipality (CTMM) with the exception of the Chief Executive Officer who is appointed by the board of directors..

The CTMM has the power at any point in time to remove any directors from the Board and to fill any vacancies created by such removal.

Board of directors shall be independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgment as board of directors.

Responsibilities of the Board

The directors have a collective responsibility to provide effective corporate governance that involves a set of relationships between the CTMM, Sandspruit, and other relevant stakeholder. These responsibilities include:-

1. Setting strategic direction and goals for the entity and monitoring managements Implementation of that strategy;
2. Appointing such committees for the entity as may be appropriate to assist in the discharge of its responsibilities and to determine their responsibilities;
3. Ensuring that procedures and practices are in place that protects entity's assets and reputation;
4. Monitoring financial outcomes and the integrity of reporting, in particular approving annual budgets and longer-term strategic and business plans;
5. Ensuring that effective audit, and compliance systems are in place to protect the entity's assets and to minimise the possibility of the entity operating beyond legal requirements or beyond acceptable risk parameters;
6. Monitoring compliance with regulatory requirements and ethical standards.

Remuneration of the Board

Board of directors not holding management positions in Sandspruit Works Association, shall be remunerated for their services on the Board. The CTMMs shall determine the fees payable to members of the Board. The Chairman of the Board shall be paid additional fees for services rendered on the Board.

Chairperson and the Chief Executive Officer

The Chairperson is an independent non-executive director (as defined by the Code).

The roles of Chairperson and Chief Executive are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Remuneration

The remuneration of the Chief Executive Officer, who is the only executive director of the entity, is determined by the Board of Directors.

The remuneration of the Board of Directors is determined by the parent municipality.

8. Auditors

Auditor General of South Africa (AGSA) will continue in office for the next financial period.

Sandspruit Works Association NPC

(Registration number 1999/019160/08)

Trading as ODI Water Services

Audited Financial Statements for the year ended 30 June 2015

Company Secretary's Certification

Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

Company Secretary (Acting)

Sandspruit Works Association NPC

(Registration number 1999/019160/08)

Trading as ODI Water Services

Audited Financial Statements for the year ended 30 June 2015

Statement of Financial Position as at 30 June 2015

Figures in Rand	Note(s)	2015	Restated 2014
Assets			
Current Assets			
Cash and cash equivalents	3	22 279 364	13 891 132
Receivables and other receivables from exchange transactions	4	12 669 108	16 324 830
Receivables from non-exchange transactions	5	104 010 730	64 008 676
VAT receivable	6	2 199 762	-
Inventories	7	3 129 233	3 382 914
		144 288 197	97 607 552
Non-Current Assets			
Property, plant and equipment	8	7 095 625	8 029 916
Intangible assets	9	34 832	76 325
		7 130 457	8 106 241
Total Assets		151 418 654	105 713 793
Liabilities			
Current Liabilities			
Trade and Other Payables from exchange transactions	10	139 883 393	94 195 696
Unspent Conditional Grant	11	278 854	278 854
Consumer deposits	12	3 756 137	3 725 662
Operating lease liability	13	95 513	286 147
VAT payable	15	-	290 318
Payroll Provisions	14	5 132 422	6 266 223
		149 146 319	105 042 900
Non-Current Liabilities			
Operating lease liability	13	550 920	25 503
Total Liabilities		149 697 239	105 068 403
Net Assets		1 721 415	645 390
Accumulated surplus		1 721 415	645 390

Sandspruit Works Association NPC

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Trading as ODI Water Services

Audited Financial Statements for the year ended 30 June 2015

Statement of Financial Performance

Figures in Rand	Note(s)	2015	Restated 2014
Revenue	17	426 168 585	361 463 625
Cost of sales	19	(184 463 052)	(149 021 194)
Gross surplus		241 705 533	212 442 431
Other income		6 646 305	4 037 935
Operating expenses		(283 899 963)	(249 292 566)
Operating deficit	21	(35 548 125)	(32 812 200)
Interest Earned	24	36 624 150	27 891 443
Surplus (deficit) for the year		1 076 025	(4 920 757)

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Trading as ODI Water Services

Audited Financial Statements for the year ended 30 June 2015

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2013	5 566 147	5 566 147
Changes in net assets		
Surplus for the year	(4 920 757)	(4 920 757)
Total changes	(4 920 757)	(4 920 757)
Balance at 01 July 2014	645 390	645 390
Changes in net assets		
Surplus for the year	1 076 025	1 076 025
Total changes	1 076 025	1 076 025
Balance at 30 June 2015	1 721 415	1 721 415
Note(s)		

Sandspruit Works Association NPC

(Registration number 1999/019160/08)

Trading as ODI Water Services

Audited Financial Statements for the year ended 30 June 2015

Cash Flow Statement

Figures in Rand	Note(s)	2015	Restated 2014
Cash flows from operating activities			
Receipts			
Sale of goods and services		95 723 148	86 437 365
Grants		194 338 546	205 007 856
Other receipts		58 685	76 510
Interest Received		14 623 765	10 720 890
		304 744 144	302 242 621
Payments			
Employee costs		(85 818 819)	(83 240 796)
Suppliers		(209 760 853)	(216 879 734)
		(295 579 672)	(300 120 530)
Net cash flows from operating activities	26	9 164 472	2 122 091
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(776 240)	(324 983)
Purchase of other intangible assets	9	-	(29 409)
Net cash flows from investing activities		(776 240)	(354 392)
Net increase/(decrease) in cash and cash equivalents		8 388 232	1 767 699
Cash and cash equivalents at the beginning of the year		13 891 132	12 123 433
Cash and cash equivalents at the end of the year	3	22 279 364	13 891 132

Sandspruit Works Association NPC

(Registration number 1999/019160/08)

Trading as ODI Water Services

Audited Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Sanitation Revenue	50 590 037	-	50 590 037	52 028 695	1 438 658	
Water Revenue	186 526 568	-	186 526 568	193 944 631	7 418 063	Note 44
Interest Earned - External	-	202 682	202 682	830 813	628 131	
Interest Earned	29 972 360	(202 682)	29 769 678	35 793 337	6 023 659	Note 44
Total revenue from exchange transactions	267 088 965	-	267 088 965	282 597 476	15 508 511	

Revenue from non-exchange transactions

Taxation revenue

Service Charge: Other	48 833 280	-	48 833 280	41 014 889	(7 818 391)	Note 44
Government grants & subsidies	172 940 098	(172 940 098)	-	-	-	

Transfer revenue

Transfers recognised - Operational	-	172 940 098	172 940 098	202 063 300	29 123 202	Note 44
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Total revenue from non-exchange transactions	221 773 378	-	221 773 378	243 078 189	21 304 811	
Total revenue	488 862 343	-	488 862 343	525 675 665	36 813 322	

Expenditure

Personnel	(94 193 202)	-	(94 193 202)	(84 933 166)	9 260 036	Note 44
Remuneration of Directors	(678 216)	-	(678 216)	(773 845)	(95 629)	
Depreciation and amortisation	(2 459 382)	-	(2 459 382)	(1 732 029)	727 353	
Debt impairment	(85 084 036)	-	(85 084 036)	(128 180 077)	(43 096 041)	Note 44
Collection costs	(5 842 587)	-	(5 842 587)	(4 436 496)	1 406 091	
Bulk purchases	(145 909 056)	-	(145 909 056)	(167 838 325)	(21 929 269)	Note 44
General Expenses	(154 695 864)	-	(154 695 864)	(136 685 710)	18 010 154	Note 44
Total expenditure	(488 862 343)	-	(488 862 343)	(524 579 648)	(35 717 305)	

Operating surplus	-	-	-	1 096 017	1 096 017	
Loss on disposal of assets and liabilities	-	-	-	(19 993)	(19 993)	

Surplus before taxation	-	-	-	1 076 024	1 076 024	
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Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	1 076 024	1 076 024	
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Trading as ODI Water Services

Audited Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Position

Assets

Current Assets

Inventories	3 150 000	-	3 150 000	3 483 478	333 478	
Receivables and other receivables from exchange transactions	14 432 186	-	14 432 186	12 486 401	(1 945 785)	Note 44
Receivables from non-exchange transactions	17 962 886	-	17 962 886	121 116 385	103 153 499	Note 44
Cash and cash equivalents	14 390 802	-	14 390 802	22 279 364	7 888 562	Note 44
	49 935 874	-	49 935 874	159 365 628	109 429 754	

Non-Current Assets

Property, plant and equipment	8 993 691	-	8 993 691	7 130 457	(1 863 234)	
Total Assets	58 929 565	-	58 929 565	166 496 085	107 566 520	

Liabilities

Current Liabilities

Trade and Other Payables from exchange transactions	57 916 565	-	57 916 565	161 030 661	103 114 096	Note 44
Consumer deposits	3 500 000	-	3 500 000	3 744 011	244 011	
	61 416 565	-	61 416 565	164 774 672	103 358 107	
Total Liabilities	61 416 565	-	61 416 565	164 774 672	103 358 107	
Net Assets	(2 487 000)	-	(2 487 000)	1 721 413	4 208 413	

Net Assets

Net Assets Attributable to Owners of Controlling Entity

Reserves

Accumulated surplus	(2 487 000)	-	(2 487 000)	1 721 413	4 208 413	Note 44
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Sandspruit Works Association NPC

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Trading as ODI Water Services

Audited Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

Sale of goods and services	409 358 944	-	409 358 944	290 120 377	(119 238 567)	Note 44
Interest income	29 972 360	-	29 972 360	14 623 765	(15 348 595)	Note 44
	439 331 304	-	439 331 304	304 744 142	(134 587 162)	

Payments

Employee costs & Suppliers	(444 491 322)	-	(444 491 322)	(295 579 672)	148 911 650	Note 44
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Net cash flows from operating activities	(5 160 018)	-	(5 160 018)	9 164 470	14 324 488	
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Cash flows from investing activities

Purchase of property, plant and equipment	(2 000 000)	-	(2 000 000)	(776 239)	1 223 761	Note 44
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Cash flows from financing activities

Increase in Consumer Deposits	200 000	-	200 000	-	(200 000)	
Net increase/(decrease) in cash and cash equivalents	(6 960 018)	-	(6 960 018)	8 388 231	15 348 249	Note 44
Cash and cash equivalents at the beginning of the year	21 350 820	-	21 350 820	13 891 132	(7 459 688)	Note 44
Cash and cash equivalents at the end of the year	14 390 802	-	14 390 802	22 279 363	7 888 561	

Sandspruit Works Association NPC

(Registration number 1999/019160/08)

Trading as ODI Water Services

Audited Financial Statements for the year ended 30 June 2015

Accounting Policies

1. Presentation of Audited Financial Statements

The audited 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).

In terms of GRAP, in the absence of a standard or pronouncement comprising the GRAP financial reporting frameworks that specifically applies to a transaction, other event or condition, management should apply judgement and may consider the following pronouncements, in descending order, in developing an accounting policy for such a transaction, event or condition.

- Statements of GRAP that have been issued, but are not yet effective
- International Public Sector Accounting Standards (IPSAS)
- International Financial Reporting Standards (IFRS)

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these audited financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Going concern assumption

These audited financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the audited financial statements, management is required to make estimates and assumptions that affect the amounts represented in the audited financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the audited financial statements. Significant judgements include:

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock 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. The write down is included in the operation surplus note under general expenses.

Impairment testing

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 14 - Provisions.

Useful lives of waste and water network and other assets

The entity's management determines the estimated useful lives and related depreciation charges for the waste water and water networks and all other assets. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Sandspruit Works Association NPC

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Trading as ODI Water Services

Audited Financial Statements for the year ended 30 June 2015

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.3 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 reporting 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 entity; and
- the cost or fair value of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

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

Item	Average useful life
Buildings	30 - 50 Years

Sandspruit Works Association NPC

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Trading as ODI Water Services

Audited Financial Statements for the year ended 30 June 2015

Accounting Policies

1.3 Property, plant and equipment (continued)

Plant and machinery	10 Years
Furniture and fixtures	5 Years
Motor vehicles	5 Years
IT equipment	3 Years

The residual value, the useful life and depreciation method of each asset are reviewed at least at 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 entity to amend the previous estimate unless expectations differ from the previous estimate.

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

The depreciation 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 or disposal 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.

Subsequent costs are included in the 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 entity. All other repairs and maintenance are charged to surplus or deficit for the year in which they are incurred.

The entity 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 impairment loss is charged to surplus or deficit for the year.

1.4 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

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

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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.

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Audited Financial Statements for the year ended 30 June 2015

Accounting Policies

1.4 Intangible assets (continued)

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

Initial computer software costs are recorded as intangible assets at cost. Computer software licensed to the computer on which it is installed and cannot be resold. Therefore, it is deemed that computer software has no residual value. Yearly maintenance and update fees are payable for software used. These fees are accounted for as expenses as and when it becomes payable. In light of the annual fees payable, initial software costs are amortised on a straight line basis over 3 years.

Computer software is capitalised to the computer equipment where it forms an integral part of the equipment. Where the software does not form an integral part of the equipment, it is separately recognised as an intangible asset.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Useful life
Computer software	3 years

Intangible assets are derecognised:

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

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.5 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.

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.

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 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.

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1.5 Financial instruments (continued)

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

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.

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.

Classification

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

Class	Category
Cash and Cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non exchange transactions	Financial asset measured at amortised cost

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

Class	Category
Trade Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Bonus Accrual - 13th Cheque	Financial liability measured at amortised cost

Class	Category
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Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity 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.

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1.5 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at amortised cost.

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

Gains and losses

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

Impairment and uncollectibility of financial assets

The entity assess 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 directly OR 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 directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

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1.5 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

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

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

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

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

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

Financial liabilities

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

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

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1.5 Financial instruments (continued)

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 in surplus or deficit.

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

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

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

1.6 Tax

Tax expenses

The entity is exempt from tax in terms of section 10(1)cA(ii) of the Income Tax Act, 1962 (Act 58 of 1962).

1.7 Leases

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

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

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This lease liability or asset is not discounted. (Refer to note 27).

1.8 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.

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

Raw materials and components are valued at the lower of cost or net realisable value. In general, the basis of determining cost is the weighted average method.

Water stock is measured at the lower of cost or net realisable value on the first-in-first-out basis.

Redundant and slow moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable value.

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.

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1.8 Inventories (continued)

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

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

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

1.9 Impairment of cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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

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

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

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

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

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

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

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

Identification

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

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

Irrespective of whether there is any indication of impairment, the entity also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable 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 a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

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1.10 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

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

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

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

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

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

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

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

Identification

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

The entity 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 entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

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

Value in use

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

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

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the 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 entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

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 entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

Reversal of an impairment loss

The entity assess 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 entity 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.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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.

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1.10 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 occur when there is clear evidence that such a redesignation is appropriate.

1.11 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

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.

Vested employee benefits are employee benefits that are not conditional on future employment.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

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

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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

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

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1.11 Employee benefits (continued)

Post-employment benefits

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

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

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

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

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

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

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

1.12 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

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

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

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1.12 Provisions and contingencies (continued)

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

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

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 28.

1.13 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates and excludes value added tax.

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1.13 Revenue from exchange transactions (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity 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 entity; 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:

- 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 entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

Service Charges

Service charges are based on consumption. Meters are read and billed on a monthly basis and revenue is recognised when invoiced. Estimates of consumptions are made monthly when meter readings are not available. The estimates of consumption are recognised as revenue when invoiced. Adjustments to estimates of consumption are made in the period when meters have been read. These adjustments are recognised as revenue in the invoicing period.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised on time proportion basis, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.14 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

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1.14 Revenue from non-exchange transactions (continued)

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

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.

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

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

Measurement

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

When, as a result of a non-exchange transaction, the entity 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.

Government Grants

Government grants are recognised as revenue when:

it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; the amount of the revenue can be measured reliably; and to the extent that there has been compliance with any restrictions associated with the grant.

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Accounting Policies

1.14 Revenue from non-exchange transactions (continued)

Operational Losses subsidy

Operational Losses are invoiced to City of Tshwane Metropolitan Municipality on a monthly basis limited to budgeted amount as approved for the financial year. The operational subsidy is recognised as income on the invoice date.

1.15 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all deficits 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, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract on a systematic and rational basis; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1.16 Operational and General Expenses

The expenses must be recorded by the entity as an expenses on the accrual basis, meaning when the expenses are incurred, not necessarily when they are paid. Expenses are generally incurred when the entity receives goods or services.

1.17 Comparative figures

When presentation or classification of items in the annual financial statement is amended, prior period comparative amounts are reclassified. The nature and reason of the reclassification is disclosed.

When 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.

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

1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was 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 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.

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Accounting Policies

1.19 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements. Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.20 Use of estimates

The preparation of annual financial statements in conformity with Statements of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies relevant to reported amount of assets and liabilities, revenue and expenses. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.21 Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2014/07/01 to 2015/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The audited financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Management considers variances above 10% of budget amount or above R 1m as significant.

Comparative information is not required.

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Accounting Policies

1.22 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions. Refer to note 29.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

All related party transactions and balances not in the ordinary course of business are disclosed. However, due to the significance of transactions and balances with the parent municipality, these items warrant separate disclosure irrespective of whether they are at arms length or not.

1.23 Commitments

Commitments are disclosed in respect of contracted amounts for which delivery by the contractor is outstanding at the accounting date, and for amounts which the Board's approval has been obtained but not yet contracted for.

Notes to the Audited Financial Statements

Figures in Rand	2015	2014 Restated
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Notes to the Audited Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

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 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 effective date of the amendment is for years beginning on or after 01 April 2015.

The adoption of this standard did not have a material impact on the results of the entity.

GRAP 7 (as revised 2010): Investment 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 audited 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 entity expects to adopt the amendment for the first time in the 2015 annual financial statements.

The adoption of this standard is not expected to have a material impact on the results of the entity.

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

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2. New standards and interpretations (continued)

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 entity expects to adopt the amendment for the first time in the 2015 annual financial statements.

The adoption of this standard is not expected to have a material impact on the results of the entity.

GRAP 105 – Transfer of functions between entities under common control

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.

The effective date of the amendment is for years beginning on or after 01 April 2015.

The adoption of this standard did not have a material impact on the results of the entity.

GRAP 106- Transfer of functions between entities not under common control

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.

The effective date of the amendment is for years beginning on or after 01 April 2015.

The adoption of this standard did not have a material impact on the results of the entity.

GRAP 107 – Mergers

The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.

The effective date of the amendment is for years beginning on or after 01 April 2015.

The adoption of this standard did not have a material impact on the results of the entity.

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2015 or later periods:

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2. New standards and interpretations (continued)

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2015 or later periods but are not relevant to its operations:

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the entity. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the entity's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, states that no comparative segment information need to be presented on initial adoption of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this Standard would not apply to such items until the transitional provision in that Standard expires.

Directive 4 – Transitional provisions for medium and low capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment and the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that standard expires.

The effective date of the standard is for years beginning on or after 01 April 2016.

The entity expects to adopt the standard for the first time in the 2017 unaudited 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 not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister set the effective date for the standard.

The adoption of this standard is not expected to impact on the results of the entity, but may result in more disclosure than is currently provided in the 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.

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2. New standards and interpretations (continued)

This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

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 standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister set the effective date for the standard.

The adoption of this standard is not expected to have a material impact on the results of the entity.

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	12 144	8 900
Bank balances	22 267 220	13 882 232
	22 279 364	13 891 132

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2015	30 June 2014	30 June 2013	30 June 2015	30 June 2014	30 June 2013
ODI 32250738 - Standard Bank - Current Account	382 346	5 801 687	7 336 707	376 111	5 686 626	7 189 506
ODI 31906842 - Standard Bank - Salary Account	1 196 499	187 996	166 095	1 164 140	187 996	166 096
ODI 738717959 - Standard Bank - Call Account	17 806 359	4 524 666	3 896 360	17 806 359	4 524 667	3 896 360
SWA 4051139634 - ABSA - Current Account	2 769 397	3 318 984	706 559	2 750 620	3 318 984	706 559
SWA 9074185817 - ABSA - Money Market Account	174 297	163 959	156 627	169 990	163 959	156 012
Total	22 328 898	13 997 292	12 262 348	22 267 220	13 882 232	12 114 533

4. Receivables and other receivables from exchange transactions

Trade debtors	577 712 421	459 595 124
Madibeng Municipality	9 940 518	17 440 518
Provision for Impairment: Consumer Debtors	(565 226 021)	(443 654 725)
Other receivables	182 708	384 431
Provision for Impairment: Madibeng Municipality	(9 940 518)	(17 440 518)
	12 669 108	16 324 830

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4. Receivables and other receivables from exchange transactions (continued)

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Trade receivables

Credit quality of trade and other receivables

Trade Receivables	12 486 400	15 940 399
Other Receivables	182 708	384 431
	12 669 108	16 324 830

Summary of Debtors per customer type

Residential debtors	559 040 910	449 427 805
Commercial debtors	11 497 676	4 223 030
Government debtors	17 114 353	23 384 807
	587 652 939	477 035 642

These debtors relate to the provision of services of water and sanitation in the area of Mabopane, Winterveldt and Garankuwa.

Included in the Government debtors is an amount of R 9 940 518 (2014: R 17 440 518) which relates to Madibeng Local Municipality.

Age Analysis: Residential Debtors

Current (0 - 30 days)	11 049 347	10 849 576
31 - 60 days	13 137 034	10 044 401
61 - 90 days	10 794 182	8 575 432
91 - 120 days	12 586 176	8 261 177
121 - 150 days	10 575 428	8 725 575
151- 180 days	15 663 029	10 200 658
Over 180 days	485 235 714	392 770 986
	559 040 910	449 427 805

Age Analysis: Commercial Debtors

Current (0 - 30 days)	1 846 130	(106 410)
31 - 60 days	1 221 938	325 918
61 - 90 days	771 253	354 361
91 - 120 days	1 578 612	287 144
121 - 150 days	1 701 686	322 444
151- 180 days	188 442	155 096
Over 180 days	4 189 615	2 884 477
	11 497 676	4 223 030

Age Analysis: Government Debtors

Current (0 - 30 days)	172 354	112 877
31 - 60 days	301 203	442 149
61 - 90 days	775 607	317 281
91 - 120 days	732 496	518 121
121 - 150 days	340 555	122 130
151- 180 days	312 727	49 184
Over 180 days	14 479 411	21 823 065
	17 114 353	23 384 807

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4. Receivables and other receivables from exchange transactions (continued)

Trade and other receivables past due but not impaired

Trade and other receivables which are more than 1 month past due are not considered to be impaired. At 30 June 2015, R 7 924 519 (2014: R 10 146 983) were past due but not impaired.

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

1 month past due	1 523 141	767 228
2 months past due	1 546 859	923 383
3 months past due	4 854 519	8 456 372

Trade and other receivables impaired

As of 30 June 2015, trade and other receivables of R 128 180 077 (2014: R 95 408 282) were impaired and provided for.

The amount of the provision was R 575 166 538 as of 30 June 2015 (2014: R 461 095 243).

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(461 095 243)	(388 083 828)
Provision for impairment	(142 835 954)	(106 361 564)
Amounts written off as uncollectible	21 264 659	28 850 149
Amounts recovered during the year	7 500 000	4 500 000
	(575 166 538)	(461 095 243)

The creation and release of provision for impaired receivables have been included in operating expenses in surplus or deficit.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The entity does not hold any collateral as security.

Included in the provision for impairment above is an amount of R 9 940 518 (2014: R 17 440 518) which relates to Madibeng Local Municipality.

5. Receivables from non-exchange transactions

Government grants and subsidies	118 572 232	72 969 891
Provision for VAT: Other Receivables	(14 561 502)	(8 961 215)
	104 010 730	64 008 676

Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Receivables from non-exchange transactions

Receivables from non exchange transactions

City of Tshwane Metropolitan Municipality: Operational Losses	88 154 488	60 656 843
City of Tshwane Metropolitan Municipality: Waste Water Treatment Works	15 856 242	3 351 833
	104 010 730	64 008 676

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Figures in Rand	2015	2014
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6. VAT receivable

VAT	2 199 762	-
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7. Inventories

Raw materials	2 679 147	2 890 773
Water Stock	804 331	610 625
	3 483 478	3 501 398
Obsolete Inventory Items	(354 245)	(118 484)
	3 129 233	3 382 914

Carrying value of inventories carried at fair value less costs to sell	804 331	610 625
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Inventories recognised as an expense during the year	167 838 325	132 104 670
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Inventory consists of water stock, spares and consumables which will be utilised by the entity in their daily business operations.

Raw materials and spare parts that have not moved for 550 days are considered obsolete/ redundant and are written off.

8. Property, plant and equipment

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	7 383 244	(3 205 844)	4 177 400	7 383 244	(2 860 300)	4 522 944
Plant and machinery	13 102 462	(10 796 022)	2 306 440	12 689 770	(9 897 366)	2 792 404
Furniture and fixtures	1 706 798	(1 506 989)	199 809	1 689 547	(1 384 385)	305 162
Motor vehicles	4 117 967	(4 117 954)	13	4 117 967	(4 026 081)	91 886
IT equipment	3 134 187	(2 722 224)	411 963	2 827 753	(2 510 233)	317 520
Total	29 444 658	(22 349 033)	7 095 625	28 708 281	(20 678 365)	8 029 916

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	4 522 944	-	-	(345 544)	4 177 400
Plant and machinery	2 792 404	412 692	-	(898 656)	2 306 440
Furniture and fixtures	305 162	15 853	-	(121 206)	199 809
Motor vehicles	91 886	-	-	(91 873)	13
IT equipment	317 520	347 691	(19 993)	(233 255)	411 963
	8 029 916	776 236	(19 993)	(1 690 534)	7 095 625

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Notes to the Audited Financial Statements

Figures in Rand	2015	2014
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8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Depreciation	Total
Buildings	4 868 488	-	(345 544)	4 522 944
Plant and machinery	3 667 030	10 454	(885 080)	2 792 404
Furniture and fixtures	387 958	96 531	(179 327)	305 162
Motor vehicles	183 761	-	(91 875)	91 886
IT equipment	274 882	217 995	(175 357)	317 520
	9 382 119	324 980	(1 677 183)	8 029 916

9. Intangible assets

	2015			2014		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	102 485	(67 653)	34 832	102 485	(26 160)	76 325

Reconciliation of intangible assets - 2015

	Opening balance	Amortisation	Total
Computer software, other	76 325	(34 161)	34 832

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Computer software, other	71 273	29 409	(24 357)	76 325

10. Trade and Other Payables from exchange transactions

Trade payables	34 850 585	34 841 350
Payments received in advanced	1 109 756	1 551 045
Salary Control Account	1 201 710	116 242
Accrued bonus: 13th Cheque	1 838 990	1 717 954
Accrual for Water Purchases	112 635 026	62 153 497
Other payables	3 105 787	2 341 086
Provision for VAT on Payables	(14 858 461)	(8 525 478)
	139 883 393	94 195 696

All current liabilities will be settled within 12 months. Suppliers are paid within 30 days from Invoice date.

The table below show the Accrued Bonus 13th cheque movement reconciliation.

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Figures in Rand 2015 2014

10. Trade and Other Payables from exchange transactions (continued)

	2015	2014
Accrued Bonus: 13th Cheque		
Opening Balance	1 717 954	1 578 658
Additions	4 476 954	1 717 954
Utilised/Reversed during the year	(4 355 918)	(1 578 658)
	1 838 990	1 717 954

11. Unspent Conditional Grant

Certain income was received in advance and has been deferred during the year. Income received in advance represents monies received from customers to be utilised for specific projects in future periods. These funds are outlined below as follows:

Unspent Conditional Grant

Payment received in advance		
New Meter and repeat offenders project	278 854	278 854

Movement during the year

Balance at the beginning of the year	278 854	1 164 242
Additions during the year	-	1 338 789
Income recognition during the year	-	(673 132)
Reclassification of error (refer to note 34)	-	(1 551 045)
	278 854	278 854

12. Consumer deposits

Water	3 756 137	3 725 662
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13. Operating lease asset (accrual)

Non-current liabilities	(550 920)	(25 503)
Current liabilities	(95 513)	(286 147)
	(646 433)	(311 650)

14. Payroll Provisions

Reconciliation of payroll provisions - 2015

	Opening Balance	Additions	Utilised during the year	Total
Leave Pay Provision	6 266 223	790 245	(1 924 046)	5 132 422

Reconciliation of payroll provisions - 2014

	Opening Balance	Additions	Total
Leave Pay Provision	4 390 609	1 875 614	6 266 223

The provisions relate to leave pay provision.

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15. VAT payable

Tax payables	-	290 318
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16. Financial instruments disclosure

Categories of financial instruments

2015

Financial assets

	At amortised cost	Total
Cash and cash equivalents	22 279 364	22 279 364
Trade and other receivables from exchange transactions	10 952 982	10 952 982
Other receivables from exchange transactions	182 277	182 277
City of Tshwane Metropolitan Municipality: Operational Losses	88 154 488	88 154 488
City of Tshwane Metropolitan Municipality: Waste Water Treatment Works	15 856 242	15 856 242
	137 425 353	137 425 353

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	136 934 647	136 934 647
Consumer Deposits	3 756 137	3 756 137
Bonus Accrual - 13th Cheque	1 838 990	1 838 990
	142 529 774	142 529 774

2014

Financial assets

	At amortised cost	Total
Cash and cash equivalents	13 891 132	13 891 132
Trade and other receivables from exchange transactions	13 982 806	13 982 806
Other receivables from exchange transactions	356 524	356 524
City of Tshwane Metropolitan Municipality: Operational Losses	60 656 843	60 656 843
City of Tshwane Metropolitan Municipality: Waste Water Treatment Works	3 351 833	3 351 833
	92 239 138	92 239 138

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	90 926 697	90 926 697
Consumer Deposits	3 725 662	3 725 662
Bonus Accrual - 13th Cheque	1 717 954	1 717 954
	96 370 313	96 370 313

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Figures in Rand	2015	2014
17. Revenue		
Water Income	191 827 986	159 945 340
Government grants & subsidies	234 340 599	201 518 285
	426 168 585	361 463 625
The amount included in revenue arising from exchanges of goods or services are as follows:		
Water Income	191 827 986	159 945 340
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Government grants & subsidies	234 340 599	201 518 285
18. Other Income		
Bad Debt Recovered	6 646 305	4 020 960
Conditional grant income: Project Meter Offenders	-	16 975
	6 646 305	4 037 935
The amount included in other income are as follows:		
Sundry Income	67 353	73 591
Bad debts recovered	6 578 948	3 947 369
Conditional grant income: Project Meter Offenders	-	16 975
	6 646 301	4 037 935
19. Cost of sales		
Sale of goods		
Bulk Water Purchases	167 838 325	132 104 670
Sewer Purification Costs	9 535 702	9 329 156
Water and Electricity	7 089 025	7 587 368
	184 463 052	149 021 194

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Notes to the Audited Financial Statements

Figures in Rand	2015	2014
20. General expenses		
Advertising	102 718	258 497
Auditors remuneration	1 273 144	1 254 089
Bank charges	460 152	395 500
Cleaning	1 130 117	1 137 655
Computer expenses	25 863	138 771
Consulting and professional fees	998 001	1 925 744
Delivery expenses	9 136	11 464
Donations	5 650	8 096
Entertainment	142 901	279 715
Insurance	659 184	471 617
Lease rentals on operating lease	9 294 068	10 127 812
Motor vehicle expenses	607 147	1 873 532
Postage and courier	14 070	16 120
Printing and stationery	222 589	307 004
Protective clothing	343 985	305 070
Security Costs	7 862 590	7 110 042
Staff welfare	172 718	170 000
Subscriptions and membership fees	15 050	18 318
Telephone and fax	1 424 972	1 532 311
Training	604 871	138 456
Travel - local	68 353	65 402
Water and Electricity	708 707	505 842
Repairs and Maintenance	9 995 907	12 047 393
Garden Service	365 704	195 095
Board Fees	773 845	439 273
Indigent Rebates	20 251 357	16 408 730
Billing charges	4 436 496	5 268 617
Other expenses	6 097 827	5 421 793
	68 067 122	67 831 958

21. Operating deficit

Operating deficit for the year is stated after accounting for the following:

Operating lease charges

Premises		
• Straight Lined Expenses	3 085 834	2 700 493
Motor vehicles		
• Contractual amounts	4 382 910	5 579 946
Equipment		
• Contractual amounts	242 061	271 496
Plant and equipment		
• Contractual amounts	1 583 263	1 575 877
	9 294 068	10 127 812

Loss on disposal of property, plant and equipment	19 993	-
Depreciation on property, plant and equipment	1 732 029	1 701 541
Employee costs	85 891 521	84 285 454

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Figures in Rand	2015	2014
22. Employee related costs		
Basic	60 735 191	57 998 711
Bonus	3 796 238	3 774 038
Medical aid - company contributions	8 378 438	7 730 323
UIF	422 945	424 200
WCA	539 926	703 086
SDL	752 954	705 754
Leave pay provision charge	1 318 124	3 713 735
Group Life Insurance	3 698 040	3 453 029
Housing Bond Subsidies	830 843	751 445
Company Contributions - Provident Fund	5 418 822	5 031 133
	85 891 521	84 285 454
23. Debt impairment		
Debt impairment	128 180 077	95 408 282
24. Interest Earned		
Interest revenue		
Interest from Bank	830 813	417 474
Interest charged on trade receivables	35 793 337	27 473 969
	36 624 150	27 891 443
25. Auditors' remuneration		
Fees	5 326	897 378
Adjustment for previous year	1 267 818	356 711
	1 273 144	1 254 089
26. Cash generated from operations		
Surplus (deficit)	1 076 025	(4 920 757)
Adjustments for:		
Depreciation and amortisation	1 732 029	1 701 541
Loss on disposal of assets	19 993	-
Debt impairment	128 180 077	95 408 282
Movements in operating lease assets and accruals	334 783	162 945
Movements in provisions	(1 133 801)	1 875 614
Changes in working capital:		
Inventories	253 681	(612 106)
Receivables and other receivables from exchange transactions	3 655 722	1 007 847
Debt Impairment	(128 180 077)	(95 408 282)
Other receivables from non-exchange transactions	(40 002 054)	2 127 318
Trade and Other Payables from exchange transactions	45 687 699	(217 145)
VAT	(2 490 080)	1 235 910
Unspent Conditional Grant	-	(471 062)
Consumer deposits	30 475	231 986
	9 164 472	2 122 091

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Figures in Rand	2015	2014
27. Commitments		
Commitments		
Minimum payments due		
- within one year	15 794 844	21 845 753
- in second to fifth year inclusive	27 929 515	19 498 946
	43 724 359	41 344 699

Operating lease payments represent rentals payable by the entity for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

Sandspruit Works Association has a financial commitments resulting from a multi-year contracts. The following multi-year contracts existed at year end and are of a variable nature (i.e. as and when required basis):

1. Water Tankers Hire - R 2000.00 per load.
2. TLB Hire - R185.00 per hour.
3. Legal Consultant - R 1 500.00 per hour.
4. Installation of Domestic Meter - R230.00 per meter.

28. Contingencies

As at 30 June 2015, an amount of R 219 750 remained in dispute with Ndou Attorneys relating to work performed for the investigation in the case of suspended CEO.

29. Related parties

Relationships

Parent Municipality

City of Tshwane Metropolitan Municipality

Since Housing Company Tshwane and Tshwane Economic Development Agency are within the common control of the parent municipality (CTMM), these are considered to be related parties to Sandspruit Works Association

Related party balances

Loan accounts - Owing (to) by related parties

CTMM Sanitation Losses	(34 298 530)	(34 298 530)
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Amounts included in Trade receivable (Trade Payable) regarding related parties

CTMM Operating Loss Account	(12 138 910)	6 995 304
CTMM Waste Water Treatment Works	18 076 115	3 821 089
CTMM Water Accounts	3 298 235	1 451 298

Related party transactions

Sales to related parties

Sales to CTMM	(140 954 128)	(116 864 173)
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Purchases from related parties

Bulk Water Purchases	168 095 578	132 532 414
Electricity Purchases	1 611 919	2 876 785

Grant Subsidy Received

Subsidy Received from CTMM	(193 576 330)	(161 457 228)
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Notes to the Audited Financial Statements

Figures in Rand 2015 2014

30. Directors' emoluments

Executive Director and Senior Management

2015

	Basic Salary	Vehicle Allowance	Performance Bonus or 13th Cheque	Medical and Retirement Fund Contributions	Other Allowances and Contributions	Total
Chief Executive Officer	1 434 399	144 000	-	-	94 809	1 673 208
Operations Manager	527 068	204 008	43 922	136 211	157 455	1 068 664
Chief Financial Officer (Retired 31 December 2014)	260 853	102 004	43 476	57 951	192 084	656 368
Human Resources Manager	521 706	204 008	43 476	111 596	149 535	1 030 321
Legal Manager	521 706	204 008	43 476	87 192	120 219	976 601
Risk Manager	490 799	195 368	32 606	117 581	136 552	972 906
Marketing and Communications Manager	432 270	167 786	43 476	105 558	99 328	848 418
Deputy Chief Financial Officer (Acting CFO)	521 706	204 008	43 476	147 902	186 180	1 103 272
	4 710 507	1 425 190	293 908	763 991	1 136 162	8 329 758

2014

	Basic Salary	Vehicle Allowance	Performance Bonus &/or 13th Cheque	Medical and Retirement Fund Contributions	Other Allowances and Contributions	Total
Chief Executive Officer	1 360 879	144 000	130 592	-	83 389	1 718 860
Operations Manager	492 587	190 662	41 049	166 045	85 519	975 862
Chief Financial Officer	489 156	190 662	40 631	158 474	66 690	945 613
Human Resources Manager	477 030	190 662	20 316	134 861	62 441	885 310
Legal Manager	519 216	190 662	40 631	118 399	69 115	938 023
Marketing and Communications Manager	275 427	95 331	40 631	56 114	175 949	643 452
	3 614 295	1 001 979	313 850	633 893	543 103	6 107 120

Non-executive

2015

	Directors' fees	Annual Retainer	Audit and Performance Committee Fees	Other fees	Total
ZM Kabini (Non Executive: Chairperson)	10 180	-	10 180	30 540	50 900
Adv K-D Garlip (Non Executive)	144 347	53 000	56 647	30 540	284 534
CV Maboka (Non Executive)	75 119	27 000	-	30 540	132 659
KA Eales (Non Executive)	20 781	-	-	-	20 781
LN Bokaba	94 299	27 000	-	30 540	151 839
TL Moromane (Non Executive)	52 686	27 000	-	-	79 686
Adv BM Malatji (Non Executive)	7 635	-	-	30 540	38 175
AZ Ndlala (Non Executive)	-	-	-	15 270	15 270
	405 047	134 000	66 827	167 970	773 844

2014

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Notes to the Audited Financial Statements

Figures in Rand	2015	2014
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30. Directors' emoluments (continued)

	Directors' fees	Total
Adv K-D Garlip (Non Executive)	118 693	118 693
CV Maboka (Non Executive)	104 696	104 696
KA Eales (Non Executive)	52 672	52 672
LN Bokaba	81 606	81 606
TL Moromane (Non Executive)	81 606	81 606
	439 273	439 273

31. Prior period errors

In the current year, a prior period error amounting to R 1 985 500 relating to VAT on Trade Receivables from exchange transactions was identified. The trade receivables (i.e. consumer debtors) was reflected net of VAT. This is incorrect as the trade receivables should have been disclosed inclusive of VAT and the VAT should be disclosed as a liability.

The error is as a result of oversight from management.

The correction of the error(s) results in adjustments as follows:

Statement of financial position

Trade and Other Receivables from exchange transactions	-	14 339 330
Increase in Trade receivables as a result of Prior period Error	-	1 985 500
Trade and Other Receivables from exchange transactions after prior period error	-	16 324 830
VAT Receivables as previously disclosed	-	1 695 182
Decrease in VAT receivables as a result of Prior period Error	-	(1 985 500)
VAT Receivables/(Payables) after prior period error	-	(290 318)

32. Change in estimate

Accounting Estimates

An entity shall disclose the nature and amount of a change in an accounting estimate that has an effect in the current period or is expected to have an effect in future periods, except for the disclosure of the effect on future periods when it is impracticable to estimate that effect.

During the current year, there were no changes in accounting estimates

33. Comparative Figures

Certain comparative figures have been reclassified.

In the prior year an amount amounting to R 7 984 177 which relates to Provision was incorrectly included as part Trade and Other Payables from Exchange Transactions. This amount requires separate disclosure in the Annual Financial Statement as it is not regarded as payables from exchange transactions.

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Notes to the Audited Financial Statements

Figures in Rand	2015	2014
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33. Comparative Figures (continued)

In the prior year, certain expenditure items were incorrectly classified as cost of sales instead of other expenditure.

Also, in the prior year, an amount in the cash flow statement relating to operational grant received from the City of Tshwane Metropolitan Municipality relating to WWTW receipts from sale of goods and services instead of grant receipts. Note 17 has also been restated due to this reclassification.

The related party disclosure note relating to water purchases was restated due to an amount of R 300 046 which was incorrectly excluded from the related party transaction.

The commitment note disclosure has been restated due to the fact that the prior year amount was understated by R 6 732 551.

The effect of the all Reclassifications/ Restatements are outlined in the table below:

Statement of Financial Position	2014 Previously Stated	Reclassificati on	2014 Restated
Trade and other payables	98 910 876	(4 715 178)	94 195 698
Payroll Provisions	-	6 266 223	6 266 223
Unspent conditional grants	1 829 899	(1 551 045)	278 854
	100 740 775	-	100 740 775

Statement of Financial Performance	2014 Previously Stated	Reclassificati on	2014 Restated
Cost of Sales	154 553 395	(5 532 201)	149 021 194
Other Expenditure	243 760 367	5 532 201	249 292 568
	398 313 762	-	398 313 762

Cash Flow Statement	2014 Previously Stated	Reclassificati on	2014 Restated
Cash flows from operating activities			
Receipts			
Sale of goods and services	129 726 188	(43 288 823)	86 437 365
Grants	161 719 031	43 288 823	205 007 854
	291 445 219	-	291 445 219

Related Party disclosure	2014 Previously Stated	2014 Restated	Difference
Water purchases from CoT	132 232 368	132 532 414	300 046

Commitment Note disclosure	2014 Previously Stated	2014 Restated	Difference
Minimum payments due			
in second to fifth year inclusive	12 766 395	19 498 946	6 732 551

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Figures in Rand	2015	2014
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34. Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance. The directors provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk.

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and monitored adequately.

The table below analyses the entity's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

As at 30 June 2015	Due in less than a year	Due in one to two years	Total
Trade and Other Payables	136 934 647	-	136 934 647
Bonus Accrual - 13th Cheque	1 838 990	-	1 838 990
Consumer Deposits	3 756 137	-	3 756 137
	142 529 774	-	142 529 774

As at 30 June 2014 (Restated)	Due in less than a year	Due in one to two years	Total
Trade and Other Payables	90 926 697	-	90 926 697
Bonus Accrual - 13th Cheque	1 717 954	-	1 717 954
Consumer Deposits	3 725 662	-	3 725 662
	96 370 313	-	96 370 313

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Figures in Rand	2015	2014
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34. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise of residential, government and commercial consumers. Management evaluated credit risk relating to customers on an ongoing basis. Since our customers are not independently rated, credit control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Sales to retail customers are settled in cash or using major credit cards.

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure to the credit risk as the reporting date was as follows:

Financial instrument	2015	Restated 2014
Trade Receivables	10 952 982	16 324 830
City of Tshwane Metropolitan Municipality: Operational Losses Subsidy	88 154 488	60 656 843
City of Tshwane Metropolitan Municipality: Waste Water Treatment Works	15 856 242	3 351 834
Other Receivables	182 708	384 431
ABSA Bank	2 920 610	3 482 943
Standard Bank	19 346 611	10 399 289

Market risk

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

35. Going concern

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

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the CTMM will subordinate its debt owed by SWA to CTMM in favour of other creditors and that the entity continues to be supported financially by the parent municipality.

36. Events after the reporting date

The Accounting Officer is not aware of any matter or circumstance arising since the period ending 30 June 2015.

37. Fruitless and wasteful expenditure

Penalty Sec83(6) Workmans Compensation Act	-	50 287
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No Fruitless and Wasteful expenditure incurred in the current year.

38. Irregular expenditure

Opening balance	17 698 636	10 493 121
Add: Irregular Expenditure - current year	14 251 713	7 205 515
Less: Amounts condoned/ written off	(707 405)	-
	31 242 944	17 698 636

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38. Irregular expenditure (continued)		
Analysis of expenditure awaiting condonation per age classification		
Current year	14 251 713	7 205 515
Prior years	17 698 636	10 493 121
	31 950 349	17 698 636
Details of irregular expenditure – current year		
	Disciplinary steps taken/criminal proceedings	
Manhole covers made from polkymer materials	None. Amount written off	73 391
Municipal Finance Management Program	None. Amount written off	289 332
TLB Hire at WWTW	None. Amount written off	28 500
Grass cutting at Rietgat WWTW	None. Amount written off	28 158
Repairs and maintenace at water purification works	None. Amount written off	30 435
Facilitation of strategic workshop and development of Turnaround strategy		171 000
Other items below R 10 000 individually	None. Amount written off	36 577
Supply and delivery of Customised ODI Diaries	None. Amount written off	38 500
Annual Software license Fee	None. Amount written off	11 512
Various repairs and maintenance at various WWTW	None. Awaiting Investigation/ condonement	8 981 217
TLB Hire	None. Awaiting Investigation/ condonement	1 210 825
Cash Collection Security Services	None. Awaiting Investigation/ condonement	312 893
Grading of Job profiles	None. Awaiting Investigation/ condonement	33 354
Office cleaning products	None. Awaiting Investigation/ condonement	268 872
Cutting of grass services	None. Awaiting Investigation/ condonement	35 867
Other various WWTW expenses	None. Awaiting Investigation/ condonement	126 120
Municipal Finance Management Programme	None. Awaiting Investigation/ condonement	289 332
Repair and Removal of branding on vehicles	None. Awaiting Investigation/ condonement	33 516
Valid emergencies reclassified due to lack of rotation of suppliers	None. Awaiting Investigation/ condonement	363 884
Repairs to submersible pump	None. Awaiting Investigation/ condonement	29 901
DN300 Hydroclass pipe due to pipe burst in Garankuwa		53 153
Cleaning of all SWA offices	None. Awaiting Investigation/ condonement	1 015 700
Legal Fees	None. Awaiting Investigation/ condonement	679 875
Accommodation hire for IMESA conference	None. Awaiting Investigation/ condonement	14 847
Secretarial services for Board meetings	None. Awaiting Investigation/ condonement	5 903
Venue Hire for Board meeting	None. Awaiting Investigation/ condonement	5 212
Catering during Kukamaoto	None. Awaiting Investigation/ condonement	4 200
Transport for funeral arrangements	None. Awaiting Investigation/ condonement	4 900
Advertising of position on newspapers	None. Awaiting Investigation/ condonement	33 902
Incident Investigation training	None. Awaiting Investigation/ condonement	40 835
		14 251 713

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38. Irregular expenditure (continued)		
Details of irregular expenditure condoned	Amounts written off by Board of Directors	
Manhole covers	Written off	73 391
Municipal Finance Management Program	Written off	289 332
TLB Hire at WWTW	Written off	28 500
Grass cutting at Rietgat WWTW	Written off	28 158
Repairs and maintenace at water purification works	Written off	30 435
Facilitation of strategic workshop and development of Turnaround strategy	Written off	171 000
Other items below R 10 000 individually	Written off	36 577
Supply and delivery of Customised ODI Diaries	Written off	38 500
Annual Software license Fee	Written off	11 512
		707 405

39. Regulation 45

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:

1. The name of that person
2. The capacity in which that person is in the service of the state/municipality; and
3. The amount of the award.

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

No Awards were made in contravention of regulation 45.

40. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net surplus (deficit) per the statement of financial performance	1 076 025	(4 920 757)
Adjusted for:		
Over/(Under) budgeted for Sanitation Revenue	(1 438 657)	870 447
Over/(Under) budgeted for Water Revenue	(7 418 063)	2 880 564
Over/(Under) budgeted for Waste Water Revenue	7 818 391	4 195 507
Over/(Under) budgeted for Other Income	(628 131)	(222 814)
Over/(Under) budgeted on Interest earned on Debtors	(6 023 659)	(862 611)
Over/(Under) budgeted on Other Revenue	(29 123 202)	13 519 871
Over/(Under) budgeted on Personnel Costs	(9 260 036)	(2 686 285)
Over/(Under) budgeted on Remuneration for Board Members	95 629	(107 128)
Over/(Under) budgeted on depreciation and amortisation	(727 352)	(563 706)
Over/(Under) budgeted on debt impairment	43 096 040	11 971 038
Over/(Under) budgeted on General Expenses	(18 010 154)	(29 766 640)
Over/(Under) budgeted on Collection costs	(1 406 093)	-
Over/(Under) budgeted on Bulk purchases	21 929 269	5 692 514
Over/(Under) budgeted on Loss on disposal	19 993	-
Net surplus per approved budget	-	-

41. Reconciliation between budget and cash flow statement

Reconciliation of budget surplus/deficit with the net cash generated from operating, investing and financing activities:

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Notes to the Audited Financial Statements

Figures in Rand	2015	2014
41. Reconciliation between budget and cash flow statement (continued)		
Operating activities		
Actual amount as presented in the budget statement	9 164 472	2 122 089
Investing activities		
Actual amount as presented in the budget statement	(776 240)	(354 390)
Net cash generated from operating, investing and financing activities	8 388 232	1 767 699
42. Additional disclosure in terms of Municipal Finance Management Act		
Material losses through criminal conduct		
Material losses have been disclosed under note 43. This relate mainly to illegal connections.		
Audit fees		
Current year fees	1 316 684	1 254 089
Amount paid - current year	(1 316 684)	(1 254 089)
	-	-
PAYE and UIF		
Opening balance	-	(930 782)
Current year deductions and contributions	(14 745 528)	(14 739 224)
Amount paid - current year	13 594 028	15 670 006
	(1 151 500)	-
Pension and Medical Aid Deductions		
Opening balance	(116 242)	(102 871)
Current year deductions and contributions	(24 569 421)	(18 784 013)
Amount paid - current year	24 685 663	18 770 642
	-	(116 242)
VAT		
VAT receivable	2 199 762	-
VAT payable	-	290 318
	2 199 762	290 318

VAT output payables and VAT input receivables are shown in note 6.

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

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

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2015:

30 June 2015	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Majeng, J	673	2 871	3 544
Mampheko, AM	836	5 962	6 798
Motsepe, RH	401	24 121	24 522
Rammushi, JP	1 680	3 705	5 385
Sekonya, MD	117	-	117
Sindane, JM	1 140	15 251	16 391
	4 847	51 910	56 757

30 June 2014	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Baloyi, RW	121	-	121
Sesoko, AM	117	-	117
Majeng, J	1 978	3 394	5 372
Mampheko, AM	126	3 689	3 815
Motsepe, RH	766	18 657	19 423
Rammushi, JP	696	929	1 625
Sindane, JM	1 426	11 878	13 304
	5 230	38 547	43 777

Supply chain management regulations

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 Board of Directors. The expenses incurred as listed hereunder have been condoned.

Incident

Emergency pipeline repairs	-	1 155 632
Repair to Roof leaks cause by heavy rains	14 320	-
Repair to damaged burglar door at cash point	2 508	-
Pesticide treatment and fumigation at our offices after snake spat spat at our client	27 992	-
Supply of Caseware: Sole Suppliers	44 248	46 180
Computer Repairs by Manufacturer	3 011	-
Disability Assessment for Employees who were experiencing seizures at work	9 000	-
Variation order for repairing a branding of vehicles	18 582	-
Variation order for additional cabling for generator	41 200	-
Repair to a house for damages caused by an overflow of reservoir	33 520	-
Various Emergencies at WWTW	140 143	-
WWTW: Various repairs and maintenance at WWTW	293 257	-
	627 781	1 201 812

43. Material Losses

Non Revenue Water

Non Revenue Water	33 247 066	28 361 236
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Notes to the Audited Financial Statements

Figures in Rand	2015	2014
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43. Material Losses (continued)

The entity suffered significant water loss of 4 969 666 kilolitres (2014: 4 664 677 kilolitres) with a net value of R 33 247 066 (2014: R28 361 236). The losses can further be broken down between technical and non-technical losses. The technical losses incurred in the current year was 1 987 8667 kilolitres (2014: 1 865 871 kilolitres) with net value of R 13 298 824 (2014: R

11 344 496). The non-technical losses incurred in the current year was 2 981 780 kilolitres (2014: 2 798 806 kilolitres) with a net value of R 19 948 242 (2014: R 17 016 740).

Water is supplied to the ODI service delivery area from Rand Water through three bulk supply pipelines by the means of gravity flow. Monthly meter readings of supply are used to monitor the total gross supply and monthly meter readings of water exported to the neighbouring municipalities are used to calculate the net water input into the ODI areas.

Water loss management in the ODI area of supply 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:

1. Technical Losses (where not all water supplied reaches the consumer)
2. Financial Losses (where not all water reaching the consumer is measured and paid for)

These losses are caused by:

- (a) Real Losses (physical loss of water from the system) and
- (b) Apparent Losses (losses due to meter inaccuracies, meter estimations, non-metering of water and unauthorized consumption).

From the above, water losses in the ODI is determined by calculating the amount of Non-Revenue Water (NRW) which is the difference of the volume of water supplied into the system and the billed consumption.

Activities undertaken by the ODI Management involve the continuous investigation into various factors leading to water loss, and the implementation of various initiatives to assist with the reduction of non-revenue water.

The initiatives included the following:

- 1 Network analysis of existing systems
- 2 Monitoring and logging of pressures and flows
- 3 Engineering investigations in problematic areas
- 4 Pressure management: Installation and setting of PRV's
- 5 Domestic and commercial meter audits and meter replacements
- 6 Active leak detection by locating water leaks using various methods and equipment
- 7 Continuous meter audits
- 8 Monitoring the reservoir
- 9 Monitoring housing developments & Capital projects
- 10 Data cleansing exercises are also undertaken to preserve the integrity of the data

44. Budget differences

Material differences between budget and actual amounts

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Trading as ODI Water Services

Audited Financial Statements for the year ended 30 June 2015

Notes to the Audited Financial Statements

Figures in Rand	2015	2014
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44. Budget differences (continued)

Statement of Financial Performance

Revenue and Other Income:

The water revenue and sanitation was overbilled due to increase in consumption by consumers. The service charges other were unbilled. These mainly related to Waste Water Treatment Works.

The Operational Losses subsidy to only billed every month up to levels of actual losses incurred whilst more interest was earned on the call account investment.

Expenditures:

Declining revenue collections resulted in excess spending of debtors impairment. This declining collection levels further resulted in underspending in general expenditures due to reprioritisation in spending in order to manage the cashflows.

During the current year there was a underspending in Personnel costs as some positions were only filled out late during the year and some key positions still remained vacant.

The bulk water purchases exceeded the budgeted amount by R 22 million due to an increase in demand, however, this excess did not result in sales. The Water revenue exceeded the budgeted amount by R 9.8 million. This bulk water purchases excess resulted in non revenue water.

Debt impairment was overspent due to declining collection levels. Turnaround strategy has been developed by the board of directors.

There is an overspending in board fees due to two additional special meetings held during the year to deal with the matters relating to the disciplinary process of the suspended CEO. In addition, the Chairperson of the Board is an invitee to the Audit and Performance Committee meetings.

The depreciation and amortisation costs were below budget due to the underspending in property, plant and equipment as a result of reprioritisation in spending in order to manage the cashflows.

Statement of Financial Position

Assets:

The excess in cash and cash equivalents is due to operational losses subsidy received from the City of Tshwane. Due to declining collection levels and an increase in debtors impairment, there was an increase in other debtors as a result of the amount billed to CTMM for the operational losses subsidy. This actual amount exceeded the budgeted amount by R 102 million.

Liabilities:

The liabilities are over budgeted due to declining collection levels. CTMM still remains the major creditor for SWA.

Cashflow Statement

The material differences exists due to declining revenue collection levels and reprioritisation in spending levels to better manage the cash flow.

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Trading as ODI Water Services

Audited Financial Statements for the year ended 30 June 2015

Detailed Income statement

Figures in Rand	Note(s)	2015	2014
Revenue			
Water Revenue		191 827 986	159 945 340
Other income		6 646 305	4 020 960
Conditional Grant Income		-	16 975
Interest received - investment		36 624 150	27 891 443
Government grants & subsidies		234 340 599	201 518 285
Total revenue		469 439 040	393 393 003
Expenditure			
Personnel	22	(85 891 521)	(84 285 454)
Depreciation and amortisation		(1 732 029)	(1 701 541)
Debt impairment	23	(128 180 077)	(95 408 282)
Collection costs		(9 221)	(65 331)
General Expenses	20	(252 530 174)	(216 853 152)
Total expenditure		(468 343 022)	(398 313 760)
Loss on disposal of assets and liabilities		(19 993)	-
Surplus (deficit) for the year		1 076 025	(4 920 757)

Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2015

	2015/2014								2014/2013						
	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 of Actual Outcome against Adjustments Budget	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
Revenue By Source															
Property rates	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Property rates - penalties & collection charges	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - electricity revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - water revenue	186 526 568		186 526 568	-		186 526 568	193 944 631		7 418 063	104 %	104 %				150 834 999
Service charges - sanitation revenue	50 590 037		50 590 037	-		50 590 037	52 028 695		1 438 658	103 %	103 %				43 323 682
Service charges - refuse revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - other	48 833 280	-	48 833 280	-		48 833 280	41 014 889		(7 818 391)	84 %	84 %				41 931 646
Rental of facilities and equipment	-		-	-		-	-		-	DIV/0 %	DIV/0 %				-
Interest earned - external investments	-	202 682	202 682	-		202 682	830 813		628 131	410 %	DIV/0 %				417 474
Interest earned - outstanding debtors	29 972 360	(202 682)	29 769 678	-		29 769 678	35 793 337		6 023 659	120 %	119 %				27 473 969
Dividends received	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Fines	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Licences and permits	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Agency services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Transfers recognised - operational	-	172 940 098	172 940 098	-		172 940 098	202 063 230		29 123 132	117 %	DIV/0 %				-
Other revenue	172 940 098	(172 940 098)	-	-		-	-		-	DIV/0 %	- %				168 015 909
Gains on disposal of PPE	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Revenue (excluding capital transfers and contributions)	488 862 343	-	488 862 343	-		488 862 343	525 675 595		36 813 252	108 %	108 %				431 997 679

Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2015

2015/2014										2014/2013				
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 of Actual Outcome against Adjustments Budget Rand	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
94 193 202	-	94 193 202	-	-	94 193 202	84 933 166	-	(9 260 036)	90 %	90 %	-	-	-	83 335 786
678 216	-	678 216	-	-	678 216	773 845	-	95 629	114 %	114 %	-	-	-	444 192
85 084 036	-	85 084 036		-	85 084 036	128 180 077	-	43 096 041	151 %	151 %	-	-	-	95 408 282
2 459 382	-	2 459 382		-	2 459 382	1 732 030	-	(727 352)	70 %	70 %	-	-	-	1 701 541
5 842 587	-	5 842 587	-	-	5 842 587	4 436 496	-	(1 406 091)	76 %	76 %	-	-	-	-
145 909 056	-	145 909 056	-	-	145 909 056	167 838 325	-	21 929 269	115 %	115 %	-	-	-	132 104 670
-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
154 695 864	-	154 695 864	-	-	154 695 864	136 685 710	-	(18 010 154)	88 %	88 %	-	-	-	123 923 965
-	-	-	-	-	-	19 993	-	19 993	DIV/0 %	DIV/0 %	-	-	-	-
488 862 343	-	488 862 343	-	-	488 862 343	524 599 642	-	35 737 299	107 %	107 %	-	-	-	436 918 436
-	-	-	-		-	1 075 953		1 075 953	DIV/0 %	DIV/0 %				(4 920 757)
-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
-	-	-	-		-	1 075 953		1 075 953	DIV/0 %	DIV/0 %				(4 920 757)
-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
-	-	-	-		-	1 075 953		1 075 953	DIV/0 %	DIV/0 %				(4 920 757)
-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
-	-	-	-		-	1 075 953		1 075 953	DIV/0 %	DIV/0 %				(4 920 757)
-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
-	-	-	-		-	1 075 953		1 075 953	DIV/0 %	DIV/0 %				(4 920 757)
-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
-	-	-	-		-	1 075 953		1 075 953	DIV/0 %	DIV/0 %				(4 920 757)

Appendix G5

Budgeted Cash Flows

for the year ended 30 June 2015

	2015/2014						2014		
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand		Rand	Rand	Rand
Cash flow from operating activities									
Receipts									
Ratepayers and other (Incl Government Grants)	409 358 944	-	409 358 944	409 358 944	290 120 377	(119 238 567)	71 %	71 %	418 149 283
Government - operating	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Government - capital	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Interest	29 972 360	-	29 972 360	29 972 360	14 623 765	(15 348 595)	49 %	49 %	27 891 444
Dividends	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Suppliers and employees	(444 491 322)	-	(444 491 322)	(444 491 322)	(295 579 672)	148 911 650	66 %	66 %	403 050 723
Finance charges	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Transfers and Grants	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net cash flow from/used operating activities	(5 160 018)	-	(5 160 018)	(5 160 018)	9 164 470	14 324 488	(178)%	(178)%	849 091 450
Cash flow from investing activities									
Receipts									
Proceeds on disposal of PPE	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Capital assets	(2 000 000)	-	(2 000 000)	(2 000 000)	(776 239)	1 223 761	39 %	39 %	-
Net cash flow from/used investing activities	(2 000 000)	-	(2 000 000)	(2 000 000)	(776 239)	1 223 761	39 %	39 %	-
Cash flow from financing activities									
Receipts									
Short term loans	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Borrowing long term/refinancing	-	-	-	-	-	-	DIV/0 %	DIV/0 %	162 946
Increase (decrease) in consumer deposits	200 000	-	200 000	200 000	-	(200 000)	- %	- %	231 986
Payments									
Repayment of borrowing	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net cash flow from/used financing activities	200 000	-	200 000	200 000	-	(200 000)	- %	- %	394 932
Net increase/(decrease) in cash held	(6 960 018)	-	(6 960 018)	(6 960 018)	8 388 231	15 348 249	(121)%	(121)%	849 486 382
Cash/cash equivalents at the year begin:					13 891 132				12 123 433
Cash/cash equivalents at the year end:	(6 960 018)	-	(6 960 018)	(6 960 018)	22 279 363	15 348 249	(320)%	(320)%	