



a world class African city



JOHANNESBURG DEVELOPMENT AGENCY (SOC)

LIMITED

Registration no: 2001/005101/07



ANNUAL INTEGRATED REPORT 2022/23

IN TERMS OF SECTION 121 OF THE MUNICIPAL FINANCE MANAGEMENT ACT (2003) AND SECTION 46 OF THE
MUNICIPAL SYSTEMS ACT (2000)

Johannesburg Development Agency

COMPANY INFORMATION:

Registration number: : 2001/005101/07

Registered Address: : 3 Helen Joseph Street, Newtown, Johannesburg

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Website : www.jda.org.za

Bankers : Standard Bank of SA Limited

Auditors : Auditor-General

Vision

To be the leading development agency of choice within South Africa

5.2 Mission

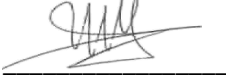

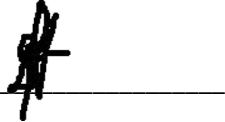
To plan, implement, manage and facilitate area-based developments in efficient, equitable, sustainable and innovative ways.


5.3 Values

The key values that inform the work and approach of the JDA are:

- **Accountability:** To its shareholders, Board and key stakeholders.
- **Innovation and creativity:** Promoting an environment of fast-tracked decision-making and broader financial leverage, within which developments are planned, led, managed and implemented.
- **Responsiveness:** To market forces, operating where it can make a difference, in locales and sectors where shareholders and their partners have a concentration of assets and expertise.
- **Results-driven and stakeholder-focused:** With a 'user-friendly' approach.
- **Seeking to empower:** Through progressive procurement and work practices.

Approval

<p><u>Sihle Mkhize</u></p> <p>Name & Surname</p> <p>Acting Chief Financial Officer</p> <p></p> <p>Signature</p>	<p>Date of approval: <u>30 November 2023</u></p>
<p><u>Siya Genu</u></p> <p>Name & Surname</p> <p>Acting Chief Executive Officer</p> <p></p> <p>Signature</p>	<p>Date of approval: <u>30 November 2023</u></p>
<p><u>Daliwe Oliphant</u></p> <p>Name & Surname</p> <p>Chairperson of the Board</p> <p></p> <p>Signature</p>	<p>Date of approval: <u>30 November 2023</u></p>

<p><u>Ms. Eunice Mgcina</u></p> <p>Name & Surname</p> <p>MMC</p>	 <p>Signature</p> <p>Date of approval: <u>05 December 2023</u></p>
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ACRONYMS AND ABBREVIATIONS

TABLE 1: ACRONYM AND ABBREVIATIONS

ACRONYM	Definition
ARP	Alexandra Renewal Programme
BBBEE	Broad-Based Black Economic Empowerment
BRT	Bus Rapid Transit
CBD	Central Business District
CPC	Community Participation Consultant
CoJ	City of Johannesburg
EPWP	Expanded Public Works Programme
GDS	Growth and Development Strategy Joburg 2040
GMS	Growth Management Strategy
GRAP	Generally Recognized Accounting Practice
ICT	Information and Communication Technology

IT	Information Technology
King Code	King Report on Governance for South Africa and the King Code of Governance
KPI	Key Performance Indicator
MFMA	Municipal Finance Management Act (2003)
MOE	Municipal Owned Entity
NMT	Non-Motorized Transit
SMME	Small, Medium and Micro Enterprise
TOD	Transit Orientated Development

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ABOUT THE INTEGRATED REPORT

SECTION 1: SCOPE

▪ **Statutory Annual Reporting Process**

Johannesburg Development Agency (JDA), a municipal entity that is wholly owned by the City Johannesburg (CoJ), hereby presents its Integrated Annual Report (IAR) for the period 1 July 2022 until 30 June 2023. This Report has been compiled in accordance with the International Integrated Reporting Framework (IIRF) that is used for accelerating the adoption of integrated reporting across the world. It aims to support integrated thinking, decision-making and actions that focus on the creation of value over the short, medium and long term (among others). Furthermore, Section 121 of the Municipal Finance Management Act (MFMA) and National Treasury Circular 63. Section 121 (1) stipulates that every municipality and every municipal entity, must for each financial year prepare an annual report in accordance with the Act. The Council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control.

▪ **Scope and Boundary of the Integrated Report**

This JDA's Annual Report outlines the entity's performance against strategic objectives, key performance indicators and the Entity's performance against the budget. It also promotes accountability to the community within the City's jurisdiction for the work undertaken by the Entity throughout the 2022/23 Financial Year (FY). It provides information that, in its nature has material significance in creating and preserving short, medium and long-term value.

The JDA's Integrated Annual Report (IAR) provides a more interconnected and effective approach to corporate reporting. The Entity's draw on different reporting components and communicates the full range of factors that materially affect the ability of the Entity to create value over time. This is the primary report used to communicate the Entity's performance, focusing on positive and negative material matters to a range of stakeholders. The Entity endeavours to focus on both qualitative and quantitative matters material to the operations and strategic objectives of the organisation.

▪ **Aligning with the Leading Practice Frameworks**

This report takes into account the financial, social and economic factors for reporting on the JDA's operations. The guidelines, legislative and policy framework applied include the following:

- Municipal Finance Management Act No. 56 of 2003, Circular 63 (MFMA) reporting requirements.
- South African Statements of Generally Recognized Accounting Practice (GRAP).
- Section 46 (1) of the Municipal Systems Act (2000).
- International Integrated Reporting Council's Integrated Report Framework (IIRC IRF).
- King Code of Governance for South Africa.

- National Treasury Guidelines and Regulations.
- Batho Pele principles.
- Discussion papers issued by the South African Integrated Report Committee and the IIRC.
- Millennium Development Goals.
- National Development Plan (NDP).
- Joburg 2024 Growth and Development Strategy.
- City's Integrated Development Plan.
- City's Service Delivery and Budget and Implementation Plan (SDBIP).

The JDA's outcomes have been aligned with those set out in the City of Johannesburg's Integrated Development Plan and Joburg 2040 Growth and Development Strategy (GDS), the collective and shared vision for the future of Johannesburg.

SECTION 2: MATERIALITY

The JDA applies the principle of materiality to determine the nature, timing and extent of the disclosures in its Annual Report. A matter is material if it is of such relevance and importance that it could substantially influence an assessment of the report and the entity's ability to create value in the short, medium and long term. Material issues are embedded into the company's processes in at least the following four ways that ensure efficiency and impact:

- Strategy: To feed into ongoing strategy development by highlighting rapidly emerging issues and enabling them to be factored into strategy development and possibly addressed as business opportunities, rather than ignored until they become business risks.
- Performance: To promote an internal understanding of the link between environmental, social, and governance issues and business performance. The materiality determination provides a link between issue experts and strategic and operational managers.
- Stakeholder engagement: To provide a framework to design stakeholder engagement strategies and a powerful tool to help identify opportunities for dialogue and collaboration.
- Reporting: To determine the scope of reporting and other communications so that they are more strategically aligned and useful to external stakeholders.

The criteria, both internal and external that has been used to identify material issues has been outlined in table 1 below:

TABLE 1: INTERNAL AND EXTERNAL CRITERIA USED TO IDENTIFY MATERIAL ISSUES

INTERNAL CRITERIA	EXTERNAL CRITERIA
Joburg 2040 GDS criteria and objectives	Emerging opportunities and challenges facing the JDA.
	Changes in the socio-economic development agenda and priorities of the National and Provincial Government.
Enterprise risk management process, including key risks affecting the JDA's strategic and operational objectives and the associated mitigating activities.	Factors that may affect the JDA's reputation and influence its ability to promote sustainable growth.
The expectations and feedback of stakeholders such as residents, ratepayers, the business community, civil society.	The provisions of various frameworks, including the MFMA, section 46(1) of the Municipal Systems Act, King Code, the International Financial Reporting Standards, the Millennium Development Goals, and the Broad-Based Black Economic Empowerment (BBBEE) code.
The JDA's mission, vision and values.	
JDA's governance framework and policy environment.	

SECTION 3: ASSURANCE STATEMENT

Assurance on this Report was executed through engagements with the JDA's Executive Management Committee (EXCO), Internal Audit Unit, Audit and Risk Committee and the JDA's Board. These governance structures reviewed and assessed the entity's Integrated Annual Report for 2022/23 to ascertain whether the minimum disclosure requirements were adhered to in terms of the Minimum Disclosure Requirements that are outlined in Table 3.

The Shareholder (CoJ) through the Municipal Public Accounts Committee (MPAC), considers this Entity's Report as part of the Oversight processes for Council. Auditor General South Africa audits the Entity's Performance and Annual Financial Statements.

JDA's executive management, internal audit unit, and the Audit and Risk Committee have reviewed and assessed the entity's integrated annual report for 2022/23 to ascertain whether minimum disclosure requirements were adhered to in terms of the following:

TABLE 2: MINIMUM DISCLOSURE REQUIREMENTS

Integrated reporting framework	MFMA: Circular 63 annual reporting requirements
Ethical leadership and corporate citizenship	Chairperson's foreword and executive summary

Integrated reporting framework	MFMA: Circular 63 annual reporting requirements
Ethical leadership and corporate citizenship	Chairperson’s foreword and executive summary
Boards and directors Board independence Board reporting Board’s performance Board committees Directors’ remuneration	Governance Governance structures Intergovernmental relations Public accountability participation
Audit and Risk Committee Finance competence Audit and Risk Committee performance	Service delivery
The governance of risk	Organisational development performance
Compliance with laws, codes, rules and standards	Financial performance
Internal audit	Appendices and annual financial statements
Integrated reporting disclosure Financial disclosure Sustainability disclosure	
Integrated reporting philosophy	

The JDA will continue to refine its approach to reporting to further align it with international standards and to strive to be consistent and accountable in its work to create sustainable value for all residents of Johannesburg.

▪ **Approval of the JDA’s Integrated Report**

The JDA’s Board recognizes its responsibility to ensure compliance and integrity of the 2022/23 Integrated Annual Report. Accordingly, the Board collectively reviewed the content of this Integrated Report and concur that it provides a fair representation of the integrated performance of the Johannesburg Development Agency for the period 1 July 2022 until 30 June 2023.

SECTION 4: BOARD RESPONSIBILITY AND APPROVAL

The Directors are responsible for the preparation, integrity and fair presentation of the financial statements of the Entity. The financial statements presented in Chapter 5 have been prepared as per the Generally Recognized Accounting Practice and include amounts based on judgements and estimates made by management.

The Directors are responsible for the preparation of other information in the integrated annual report and are responsible for both its accuracy and consistency with the financial statements. The going concern basis has been

adopted in preparing the financial statements. The Directors have no reason to believe that the entity will not be a going concern in the foreseeable future based on the forecast and available cash resources. Refer to the Directors' report in Chapter 5 concerning the appropriateness of the going concern assumption for the preparation of the financial statements.

The Board of Directors conducted its oversight responsibility on compiling the IAR to ensure the report's integrity and credibility. After careful consideration, the Board expressed its satisfaction that the report is credible and complies with legislative frameworks that guide the preparation of the IAR. The financial statements were approved by the Board of Directors on 29 November 2023 and thereafter signed by the Chairperson.

CHAPTER 1: JDA LEADERSHIP AND CORPORATE PROFILE

Strategic Objective 4	
Impacted Capital	Financial, Intellectual and Social & Relationship
Interested Stakeholder	City of Joburg, MMC Development Planning, Community

SECTION 1: FOREWORD BY MEMBER OF THE MAYORAL COMMITTEE



As the Member of the Mayoral Committee (MMC) for Development Planning in the City of Johannesburg (CoJ) my brief entails, inter alia, exercising Executive Oversight on the Department of Development Planning and it’s implementing agent, the Johannesburg Development Agency (the JDA). I am pleased to report that in the short time that I have been in Office, much progress has been achieved in ensuring that the JDA, as a development agent of all Capex projects in the City of Johannesburg, operates optimally and that it carries out its due mandate with the required dexterity and requisite competence that befits the CoJ’s status as a World Class African City. The entity has adopted an approach of engaging its stakeholders including the communities that reside in the vicinity of its capital projects at planning, during construction and post construction and this has proved to be a better approach that limit stoppages of projects. During the period under review, we have managed to appoint a team of professionals drawn from across the social and economic strata who now constitute the Board of Directors for the entity that is the JDA.

Upon appointment, our mandate to the Chairperson of the JDA Board and her team was clear: the board needed to ensure that the JDA’s business plan was aligned to the new Mayoral (Government of Local Unity)’s priorities – which are vital for the success of all Capex projects that the City undertakes. As a result, the Board held a session where it identified strategic areas that will improve the JDA performance towards achieving its goal and ultimately achieve the mayoral priorities that it is expected to address or respond to. Of equal importance, the JDA Board also plays a crucial fiduciary oversight role on the JDA which also ensures that Capex projects undertaken are completed on time and on budget.

It gives me great pleasure as the Political Head of the Department of Development Planning to report that, while the City had experienced some temporary financial distress which led to the delayed payment of contractors; we have since overcome those financial challenges and we are now on track in terms of honouring our financial obligations to our various contractors.

I must, however, raise concern that there still is a persistent pattern of contractors abandoning site while others have had their contracts terminated for a variety of reasons. This is a concerning state of affairs as the non-completion of projects results in unintended consequences such as budget overruns, delays in the handover of much needed amenities to the communities and therefore a delay in service delivery.

I am aware of recent developments around the Executive Head of the JDA, the CEO, who is currently on suspension and it is a situation that is before us and we need to move with speed to address it for there is no company or entity that can operate optimally without an overall accounting officer at the helm. The speedy resolution hereof, would ensure stability within the JDA for the growth and development of the City and ensure that the entity generates sufficient revenue for continued sustainability.

I am pleased to note that the recent instability in administrative leadership due to the fact that critical top leadership posts are vacant is being addressed by the Board and I am confident that this process will be finalised in the not-so-distant future.

Furthermore, I look forward to a JDA that attains clean audits year in and year out and a self-sustaining entity that does not rely on the City for revenue – but one that is able to generate its own revenue.

I also look forward to a JDA that attracts and retains the best human resource talent and a JDA with a motivated workforce that will help us deliver good quality sustainable projects for our working and living environments!

In conclusion, I am looking forward to a JDA that finishes projects within stipulated timeframes and on budget; a JDA with a sterling quality of work that will attract future state of the art developmental project and a JDA which will be an engine for all capital projects in the City of Johannesburg, in the Gauteng Province and indeed, Nationally.

That JDA will be the epitome and envy of engineering excellence that will attract direct capital investments into this, our World Class African City!

Member of Mayoral Committee

Cllr Eunice Mgcina

SECTION 2: BOARD CHAIRPERSON`S REPORT

As the Chairperson of the Johannesburg Development Agency (JDA) Board, I am honoured to present this 2022/23 Integrated Annual Report. I would like to express gratitude to the City of Johannesburg (CoJ) for appointing a Board that is constituted by experienced professionals that possess diverse perspectives and skills. The current Board was appointed in March 2023 and post our appointment we made a commitment to carry our fiduciary duties diligently.

At the onset, the Board was informed about challenges that are experienced by the Entity such as financial constraints and the impact thereof. It has worked together with management in finding practical solutions to address these challenges. In May 2023, a strategic planning session was held. Its aim was to map out a plan that will migrate the Entity from its current challenges to the desired future state. Short-term, long-term goals and priorities for the future that will help resolve the Entity's challenges were formulated. These were accompanied by milestones and steps that will help in achieving these set goals.

This 2022/23 Integrated Annual Report complies with the relevant legislation, and it aims to present progress against the set targets. In the context of challenges and financial constraints that the Entity encountered, the Board notes that the Entity achieved 60% overall performance in the 2022/23 financial year. The key highlights are contained in the Acting Chief Executive's Report and the detailed performance of the Entity is contained in the Integrated Annual Report below.

The Board notes the approval of the JDA's Budget and Business Plan for the financial year commencing 1 July 2023. The said Business Plan is aligned with the City of Johannesburg's eleven Mayoral strategic priorities and the four GDS 2040 outcomes that are informed by the Government of Local Unity (GLU)'s strategic direction. As a service-based organisation, JDA fully recognises the importance of its employees and remains committed to the highest standards of employee wellness. JDA has however faced challenges in this regard. These include low employee morale and high staff turnover, which pose risks of losing critical skills. The Entity is committed to overcoming these challenges in the short to medium term.

The Board remains highly committed to good governance as it has exercised robust oversight during the tabling of the 2022/23 Annual Financial Statements and the Annual Performance Report. The Board will also continue to ensure that Management resolves the audit findings that were identified and reported by Auditor General in previous Audits. It will also continue to steer the strategic direction of the JDA to execute its mandate of ensuring that spatial transformation and economic growth of the City is integrated and accessible while working with Management in improving the Entity's performance.

I would like to express my sincere gratitude to the Shareholder, fellow Board Members for continued support and JDA Management and employees for their hard work.

Ms Daliwe Oliphant

Board Chairperson

SECTION 3: CHIEF EXECUTIVE OFFICER'S REPORT

This JDA's Annual Report for the 2022/23 financial year presents the financial and non-financial performance of the Entity. The entity was allocated capital budget of R1.2 billion at the beginning of the FY which was adjusted downwards during mid-year adjustment. The sources of the allocated budget is mainly the City and city departments as clients. The entity has not had any borrowings during the year under review. During the financial year under review the Entity experienced various unprecedented challenging circumstances such as, the City's Cash Flow Challenges that resulted in work stoppages and strikes by Service Providers. There was Cash Flow mismatch that occurred in the City and this challenge meant that invoices submitted by the JDA's service providers could not be settled. The impact thereof was that, at some point the JDA was unable to fulfil the payment obligations to their Service Providers, as these projects are funded through the City's Coffers. The non-payment of invoices thus affected JDA's Capital Expenditure (percentage of budget spent on city-wide infrastructure) along with its Revenue given that JDA generates revenue by charging Management Fees on capital projects. Consequently, this also affected the percentage of valid invoices paid within 30 days of invoice date. An exercise to rebase the current 2022/23 City's budget was undertaken and the JDA's budget was cut by R10,7mil (OPEX) and R163 million (CAPEX) respectively.

Towards the end of the financial year under review, the JDA experienced financial improvements and there were minimal effects of the City's Cash Flow challenges encountered. As a result, there was a drastic decline in the cash flow impact experienced and the Entity made significant progress in eradicating the backlog of the payment of invoices and subsequently there was a reduction in the protests, legal actions (among others). These successes are evidence of the effectiveness of the Management Action Plan that was developed by Management. Key to this Action Plan was Intensive Communication that involved communicating with all service providers, thus managing protests and legal actions. There was a sequence of engagement sessions were convened with the respective service providers.

Though there was recovery from challenges towards the end of the financial year, the aftereffects of the challenges caused by lack of cash flow that resulted in some projects being suspended. Several services providers had not fully recovered from a cashflow point of view, and this has affected some of the vulnerable and sensitive project stakeholders, such as Community Based Emerging Contractors SMMEs). JDA had to terminate the contracts of those contractors that had failed to complete the projects as per the agreed conditions of contracts and had been put on terms. These terminations and the lack of progress from several contractors affected the overall performance for the year under review. There are recovery plans put in place on the challenged projects, and replacement plans for projects where contracts have been terminated.

The Entity identified the top five (5) risks, these are poor project performance, no/insufficient working capital to finance the project (contractor), inability to ensure financial sustainability and maladministration. During the financial year under review the Entity implemented measures to mitigate these risks.

Despite the challenges encountered, JDA achieved 60% (9/15) of its applicable KPI targets for the period under review. Furthermore, the organization's total assets exceeded the total liabilities. The total net assets on 30 June 2023 was R5.8 million (2021/22: R42.5 million).

As at the end of the 2022/23 financial year, JDA's vacancies for executive positions were as follows: Chief Financial Officer (Resignation), Chief Audit Executive (Resignation), Executive Manager-Corporate Service (Contract ending) and Company Secretary (Resignation). The process to fill these four posts is currently underway.

The JDA held an informative Strategic Planning Session, as part of this session there are three Strategic Focus Areas (SFA) that were derived such as Operational Efficiency, Capacity Creation and Revenue Enhancement. Accordingly, a corresponding programme of action was articulated in a form of Strategic Initiatives that aim to migrate the Entity from the current state of challenges to the desired future state.

Throughout the financial year as management our important priority has been governance and compliance.

We will continue to do our part to make JDA a world-class implementing agent of choice.

Mr Siyabonga Genu

Acting Chief Executive Officer

SECTION 4: CHIEF FINANCIAL OFFICER'S REPORT

The JDA has always been a unique organisation with a funding model that is highly dependent on the capital projects that are implemented on behalf of its client departments. Over the years there have been fluctuations in the capital project budgets implemented by the JDA and our operational requirements have to be just as nimble in order for us to remain financially sustainable.

For the year ended 30 June 2023 the JDA had earned total revenue of R119 million (2021/22: R97 million) and incurred total expenditure of R167 million (2021/22: R121 million) which resulted in an overall deficit of R34 million (2021/22: Deficit of R24 million).

The organisation achieved 107% (2021/22: 86%) of the budgeted target for revenue. Included in the revenue target is development management fees, operational grant and other sundry income. The development management fees are based as a percentage of the overall capital expenditure.

The JDA incurred expenditure against the budgeted target for operational expenditure of 149% (2021/22: 108% overall against target). This includes the over-expenditure in internal interest charged on an overdraft balance with the City of Johannesburg of R47 million. The JDA is required to implement projects with cash flow reserves that are currently held by the client departments.

The breakdown of the actual operational expenditure against budget is as follows:

TABLE 3: ACTUAL OPERATIONAL BUDGET

	Actual Prior year Audited 30 June 2023	Actual R'000	Budget R'000	Variance R'000	% of actual against budget
Revenue	R97,055	R119,729	R112,313	R7,416	107%
Operating costs (before interest)	(R97,198)	(R121,863)	(R105,449)	(R16,414)	116%
Interest expense	(R24,139)	(R45,610)	(R6,864)	(R38,746)	664%
Total operating costs	(R154,078)	(R167,473)	(R112,313)	(R55,160)	149%
Taxation		13 984			
Surplus/(Deficit)	(R24,283)	(R33,760)	Rnil	(R33,760)	

The increases on the expenditure it is mainly due to payment of the consulting fees for VAT and interest.

Actual capital expenditure for the period ended 30 June 2023 was R879 million (2021/22: R925 million) against an annual budget of R1.162 billion (2021/22: R1.364 billion). This represents 75% (2021/22: 68%) of the overall annual budget.

The organization's total assets exceeded the total liabilities. The total net assets at 30 June 2023 were R1.3 million (2021/22: R42.5 million).

The table below reflects the financial performance ratio of the organization for the period ended June 2023.

TABLE 4: FINANCIAL RATIOS

Key Performance Area	Targets	Actual 30 June 2022	Actual 30 June 2023
Current ratio	Above 1.5: 1	1.01:1	0.98:1
Solvency ratio	Above 2: 1	1:1	1 : 1
Salaries to expenditure ratio	Below 60%	62%	52%
Revenue	R112.8 million	R109.8 million	R119.7 million
Expenditure (including taxation)	112.8 million	R129 million	R174.9 million
Surplus / (Deficit)	R nil	(R31.7 million)	(R34 million)
Total net assets	R47.4 million	R31.8 million	R1.3 million
Capital expenditure	95%	68%	75.44%

Current ratio is below to the target and above last year quarter Included in current liabilities is the sweeping account with the shareholder which increases with the interest on a monthly basis and its amounts to R670 million. Solvency ratio is below the target mainly due to cash flow challenges. The continued pressure on the overall loan from shareholder due to outstanding debtors still puts pressure on the solvency ratios.

Sihle Mkhize CA (SA)
Acting Chief Financial Officer

SECTION 5: CORPORATE PROFILE AND OVERVIEW

The Johannesburg Development Agency (JDA) was established through the resolution of the City of Johannesburg (CoJ) Council as a sole shareholder in April 2001. The main purpose of the JDA as the Municipal owned Entity (MOE) is to promote socio-economic growth through the development, management and promotion of efficient spatial environments in defined geographic areas and regenerate decaying areas of the City to enhance their ability to contribute to economic development. The Entity is also mandated to improve quality of life for residents on behalf of the City by conceptualising, designing, facilitating and implementing specific capital and non-capital projects and programmes. Though during the early years of its establishment, the JDA was focused on applying economic development strategies to regenerate underperforming neighbourhoods, mostly in the inner city. Over time this has evolved to focusing on transforming Johannesburg into a resilient, sustainable and loveable city by developing transit nodes and corridors.

In terms of governance arrangements, the JDA is accountable to the Department of Development Planning (within the City) and the Member of the Mayoral Committee for Development Planning, who exercises political oversight and to whom the JDA submits compliance reports in respect of its performance scorecard. Accordingly, the JDA relies on the Department of Development Planning for direction on its contractual obligations contained in the Service Delivery Agreement, and on the Member of the Mayoral Committee for its political mandate and oversight.

The Group Governance Unit provides corporate governance and related support, including financial sustainability, compliance reporting and review. The Council's Portfolio Committee for Development Planning provides political oversight of the JDA's activities and functions. The JDA also falls under the Economic Development Mayoral Cluster Committee, which ensures that the work of the other departments and entities mandated with spatial transformation and economic growth of the city is integrated and coordinated. The JDA's management is accountable for strategic and operational matters to the Board of Directors, which controls and maintains a fiduciary relationship with the company. The JDA coordinates its area-based development activities and other catalytic interventions with the Department of Development Planning and engages with client departments in the design and construction of infrastructure assets.

5.1 Vision

The JDA Vision was refined during the 2022/23 Financial Year as follows:

To be the leading development agency of choice within South Africa.

5.2 Mission

To plan, implement, manage and facilitate area-based developments in efficient, equitable, sustainable and innovative ways.

5.3 Values

The key values that inform the work and approach of the JDA are:

- **Accountability:** To its shareholders, Board and key stakeholders
- **Innovation and creativity:** Promoting an environment of fast-tracked decision-making and broader financial leverage, within which developments are planned, led, managed and implemented.
- **Responsiveness:** To market forces, operating where it can make a difference, in locales and sectors where shareholders and their partners have a concentration of assets and expertise.
- **Results-driven and stakeholder-focused:** With a 'user-friendly' approach.
- **Seeking to empower:** Through progressive procurement and work practices.

Outcomes and challenges

The JDA's evolution into an area-based development agency has prepared it to respond to the objectives as outlined in the GDS. Under this model, the JDA takes on a more central role in developing strategic capital works projects and establishing urban management partnerships. Crucially, the model allows the JDA to mobilise development partners and other stakeholders to sustainably achieve the common economic and social objectives defined for each area. However, given the spatial, socio-economic and political environment in which the JDA operates, some challenges affect area-based development and the JDA's ability to facilitate common economic and social objectives, i.e., the focus on developing resilient, sustainable, inclusive and liveable urban areas in identified nodes and corridors.

SECTION 6: STRATEGIC GOALS AND OBJECTIVES

JDA's primary purpose is to promote resilient city strategies by restructuring the urban spatial logic of the city. The entity operates within the parameters of all acts that govern the municipality and its entities. The Acts make provisions for the planning process, outlining the expected link of planning frameworks, including strategies and the IDP. This report has taken cognisance of the guiding principle and has provided a link to the value proposition that the entity will offer.

The JDA's current business plan outlines the strategic alignment of the JDA's programmes, output with the City of Joburg strategic priority. The Financial year commenced with the City of Joburg under the Multi Party Government (MPG) until the changes in February 2023 where the new coalition was formed (the Government of Local Unity (GLU) which was previously in government before the MPG). The City had to adjust its priorities and entities aligned with the new government's expectations. During the process of realigning the entity with new priorities of the Shareholder, it was noted that the JDA's programmes as aligned and still relevant to the new eleven strategic priorities. To ensure that the JDA is best positioned to respond to the spatial development priorities, the agency co-ordinates and manages its activities through the following three substantive programmes:

- Programme 1. Strategic Economic Node Delivery Programme.
- Programme 2. Accelerated Infrastructure Delivery Programme.
- Programme 3. Economic Empowerment Programme

In addition, we ensure good governance of the organisation through an operational programme, resourced to support the optimal performance of the above three substantive areas:

- Programme 4. Good Governance, Management and Administration Programme

Furthermore, the JDA's current business plan represents a spatial response to specific Priority Transformation Areas as outlined in the Spatial Development Framework 2040.

Below is the JDA's Strategic alignment with the City's long-term plans and priorities.

TABLE 5: JDA'S STRATEGIC ALIGNMENT WITH THE CITY'S LONG-TERM PLANS AND PRIORITIES

GDS Outcomes	GDS Output	Strategic Priorities	JDA Objectives	JDA Programme	Outcome
1. Improved quality of life and development-driven resilience for all.	1. Reduce poverty and increase productivity 2. Food security that is both improved and safeguarded	Safer City Sustainable Economic Growth	1.To support the growth and development of strategic nodes into high quality, investor friendly and	1. Strategic Economic Node Delivery Programme	The growth and development of strategic economic nodes into high-quality, investor

GDS Outcomes	GDS Output	Strategic Priorities	JDA Objectives	JDA Programme	Outcome
	<p>3. Access to knowledge and lifelong learning</p> <p>4. A society characterised by healthy living for all</p> <p>5. A safe and secure city</p> <p>6. A city characterised by social inclusivity and enhanced social cohesion</p>		sustainable urban environment	2. Economic Empowerment Programme.	<p>friendly and sustainable urban environments.</p> <p>Efficient delivery infrastructure that produces a socio-economic return.</p>
2. Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy	<p>1. Sustainable and integrated delivery of water</p> <p>2. Sustainable and integrated delivery of sanitation</p> <p>3. Sustainable and integrated delivery of energy</p> <p>4. Sustainable and integrated delivery of waste</p> <p>5. Improved eco-mobility</p> <p>Sustainable human settlements</p> <p>6. Climate change resilience and</p>	<p>Sustainable service delivery</p> <p>Energy mix</p> <p>Infrastructure development and refurbishment</p>	2.To efficiently, effectively and economically deliver sustainable social and economic infrastructure projects	1. Accelerated infrastructure Delivery Programme	Efficient delivery infrastructure that produces a socio-economic return.

GDS Outcomes	GDS Output	Strategic Priorities	JDA Objectives	JDA Programme	Outcome
	environmental protection				
3. An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens	<p>1. Job-intensive economic growth</p> <p>2. Promotion and support to informal and micro businesses</p> <p>3. Increased competitiveness of the economy</p> <p>4. A 'Smart' City of Johannesburg, which is able to deliver quality services to citizens in an efficient and reliable manner (cross cutting output).</p>	<p>Sustainable Economic Growth</p> <p>Job opportunity and creation</p> <p>Green Economy.</p> <p>Smart city</p>	3.To promote economic empowerment and transformation through the structuring and procurement of the JDA developments	<p>1. Economic Empowerment Programme.</p> <p>2. Good Governance, Management and Administration Programme</p>	The growth and development of strategic economic nodes into high-quality, investor friendly and sustainable urban environments.
4. A high performing metropolitan government that proactively contributes to and builds a	<p>1.Partnerships, intergovernmental & international relations</p> <p>2.A responsive, accountable, efficient and</p>	<p>Active and engaged citizenry.</p> <p>Good governance.</p>	4.To strengthen and improve the JDA's corporate governance and operations to ensure that	1. Good Governance, Management and Administration	A financially viable, effective and well-governed development agency.

GDS Outcomes	GDS Output	Strategic Priorities	JDA Objectives	JDA Programme	Outcome
sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region	productive metropolitan government 3. Financially sustainable and resilient city 4. Meaningful citizen participation and empowerment 5. Guaranteed customer and citizen care and service	Financial sustainability.	it remains an effective, efficient, self-sustained and well-governed organization.	Programme	

SECTION 7: JDA'S VALUE CREATION PROCESS

The JDA has set out its business model with inputs, business processes, and outputs in line with principle four (4) and five (5) of the King IV report. The business model below demonstrates the value creation process in support of the City of Johannesburg's strategy. It further describes how the entity creates value for its stakeholders through core processes and deliver on its mandate.

As part of business ethos, the entity recognises the interdependencies between the business and a range of inputs that include financial, human, intellectual, social and relationship and manufactured capital. In turn, the business delivers meaningful impact on society and its various communities that goes beyond mere financial performance.

The following diagram below unpack the JDA's value creation process to illustrate how:

- The JDA's various inputs (i.e., financial, manufacturing, human, intellectual) are transformed into financial returns as well as non-financial sustainability outcomes.
- The JDA has aligned its activities and efforts to achieve expected results by structuring the main elements of its work.

The value creation process is linked to the following:

- The external operating context: The environment in which JDA operate impacts its ability to create value.
- Identify risks and opportunities: The JDA strategy is impacted by risks that could materially impact the delivery of value to our stakeholders.

- Stakeholder engagement: The entity is reliant on being perceived as a credible stakeholder partner. Delivering value to stakeholders influences its reputation.
- Governance: We are a values-based organisation, committed to high standards of business integrity and ethics.

Material matters are those issues that could substantially affect the JDA's ability to create value in the short, medium and long term and result in us not being able to execute our strategy. The executive management is responsible for managing the material matters in a structured way and ensures that they remain current and relevant.

VALUE CREATION PROCESS FOR THE YEAR ENDED 30 JUNE 2023

INPUT

OUTCOMES

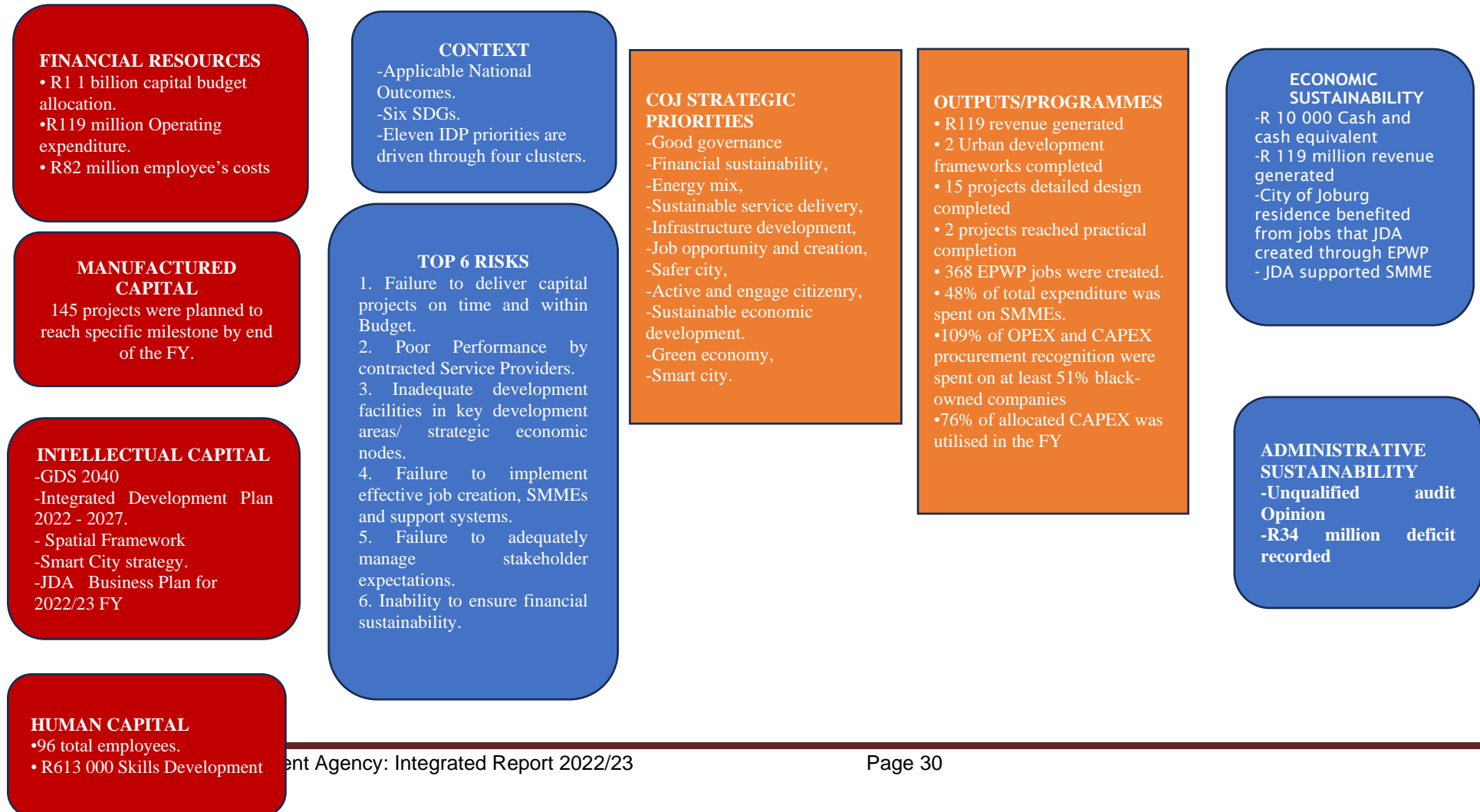




FIGURE 1: JDA’S VALUE CREATION

CHAPTER 2: CORPORATE GOVERNANCE

Strategic Objective 4	
Impacted Capitals	Financial, Social & Relationship and Intellectual
Stakeholders Interested	JDA Board, City of Joburg , Auditor General

SECTION 1: CORPORATE GOVERNANCE STATEMENT

Governance Framework

The JDA's Board of Directors and Executive Management Team subscribe to the governance principles set out in the Code of Conduct for Directors cited in section 93L of the Municipal Systems Act, circular 63 of the MFMA and the King IV Code. The Entity further applies the governance principles contained in the Companies Act and the City's Governance framework. The process of monitoring adherence to the abovementioned governance principles is done through the sub committees of the Board such as the Audit and Risk Committee (ARC).

The Board also actively reviews and enhances the systems of internal control and governance procedures in place to ensure that the JDA is managed ethically and within prudently determined risk parameters. During the period under review, the Board exercised oversight to ensure that the JDA complies with the requirements of the Companies Act, the Municipal Systems Act, the MFMA and applicable King Code.

JDA's Governance Arrangements

The JDA is accountable to the Department of Development Planning (within the City), which provides direction on contractual obligations and to the Member of the Mayoral Committee for Development Planning Portfolio, which exercises political oversight. The JDA also falls under the Economic Development Mayoral Cluster Committee, which ensures that the work of departments/entities responsible for the city's spatial transformation and economic growth is integrated and coordinated. The Council's Section 79 Committee on Development Planning provides political oversight of the JDA's activities and functions.

The JDA's management is accountable for strategic and operational matters to the Board of Directors, which provides strategic direction and oversees its implementation. The JDA coordinates its area-based development activities and other catalytic interventions with the Department of Development Planning and engages with client departments at the design and construction stages of the assets.

Implementation of King Code of Corporate Governance

The JDA Board subscribes to principle 13 of King IV, which guides the Board on how it should govern its responsibilities towards compliance with applicable laws and identified non-binding rules, codes, and standards the organisation has adopted. This has resulted in the Board and management team being committed to the principles of openness, integrity and accountability advocated by the King Code.

The JDA made progress during the reporting period towards entrenching and strengthening the implementation of the recommended practices in its governance structures, systems, processes and procedures. The internal audit team provided regular feedback to the ARC, which is responsible for monitoring compliance with the King Code.

The entity applies the governance principles contained in the King Code as far as it applies to it and continues to further entrench and strengthen recommended practices in its governance structures, systems, processes and procedures. 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. As highlighted above, the monitoring of the entity's compliance with the King Codes on Corporate Governance is part of the ARC mandate. The entity has complied with the Code in as far as it applies to it during the period under review.

The Board of Directors has incorporated the City of Johannesburg's Corporate Governance Protocol in its Board Charter, which inter alia regulates its relationship with the City of Johannesburg as its sole shareholder in the interest of good corporate governance and good ethics.

The Protocol is premised on the principles enunciated in the King Code Report on Corporate Governance for South Africa 2016 (King Code). The entity practices are, in most material instances, in line with the principles set out in the King Codes. Ongoing steps are taken to align practices with the King IV's recommendations and the Board of Directors continually reviews progress to ensure that the entity improves its Corporate Governance.

Furthermore, the JDA incorporates the Environmental, Social and Governance (ESGs) in its day-to-day operations and future reporting.

The ESG's in respect to the JDA's operations are as follows:

- a) Environmental- aspects of concern for the JDA include climate change, energy, water scarcity and usage, pollution and waste management.
- b) Social -issues include employment and labour issues, employee benefits, diversity, health, and safety, human rights, community relations, and the manner in which broad-based black economic empowerment (B-BBEE) (Government policy and legislation aimed at redressing historical race-based inequalities) is advanced; and
- c) Governance matters- include corporate structure and management, strategic direction and oversight, compliance, anti-bribery and corruption, Board composition, and executive composition.

Ethical Leadership

The JDA Board provides leadership directed by respect for ethical beliefs and values and the dignity and rights of others. It provides effective leadership based on a principled foundation and the entity subscribes to high ethical standards. Responsible leadership, characterised by the values of responsibility, accountability, fairness and transparency, has been a defining characteristic of the entity since the company's establishment in 2001.

The fundamental objective has always been to do business ethically while building a sustainable company that recognises 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 entity's stakeholders.

Corporate citizenship

As an entity of a municipality, the JDA has social and moral obligations to the citizens. The Board is responsible for ensuring that the JDA protects, enhances and invests in the economy, society and the natural environment, and pursues its activities within the limits of social, political and environmental responsibilities outlined international conventions on human rights.

Compliance with laws, rules, codes and standards

The Board is responsible for ensuring that the entity complies with applicable laws and considers adherence to non-binding rules, codes and standards. The company secretary certifies that all statutory returns have been submitted to the Registrar of Companies in terms of section 268(d) of the Companies Act. Through the Audit and Risk Committee, the Board gives assurance that the entity complies with all applicable laws. A compliance assessment is undertaken on a quarterly basis by the Risk and Compliance Unit and the results get presented to the ARC.

Citizen Involvement in Plan-Making and Project Implementation

As part of public participation and involvement, the JDA through the city processes ensures that the communities and individuals participate in the preparation of plans and project implementation. The City has adopted Community based planning system to ensure that short term and medium-long term plans are informed by citizen's needs.

In the preparation of the Integrated Development Plan (which includes the Spatial Development Framework) and also in the annual revision of the Regional Spatial Development Framework, there is a structured participation process, which includes public meetings, and allows any interested parties to comment on, or object to, any provision in a proposed plan.

For area-based planning, the JDA's participation is structured in some ways, including key public meetings at the start of the process and draft proposals stage. But other participatory methods such as stakeholder meetings, information leaflets, etc. are also used depending on the context and project.

Citizens can also get involved with developing detailed precinct plans for their areas at the neighbourhood level. In many areas, these plans are initiated by the residents of a particular area. The City's planning department is investigating ways of helping people to pool their resources in communities to participate in preparing precinct plans.

The local Ward Councillor, Ward Committees and residents' associations are the key link for citizens to get involved in public participation processes in planning and project development.

The Board of Directors of the JDA subscribes to good corporate governance expressed in the King Code and the Code of Conduct for Directors referred to in section 93L of the Municipal Systems Act, 2000 (MSA). The Board

recognizes the need to conduct the affairs of the municipal entity with integrity to ensure increased public confidence and the confidence of its parent municipality. It is the policy of the Board to actively review and enhance the entity's systems of control and governance continuously to ensure that the entity is managed ethically and within prudently determined risk parameters.

1.1: Board of Directors

The JDA adheres to the provision of its Memorandum of Incorporation (Mol) and the Group Governance Policy on the nomination, appointment, composition and remuneration of the Board. The Directors are appointed through a resolution of the Annual General Meeting (AGM). The composition of the Board is informed by the experience, qualifications and skills mix required to pursue the entity's strategic direction. The JDA has a unitary board, which comprises of both executive and non-executive directors. Together, the JDA directors have a range of different skills and experience that they bring to bear for the benefit of the entity. These include accounting, finance, legal, business management, human resources and labour relations, marketing, construction, and development management.

The financial year under review has witnessed two Boards that were appointed to steer the strategic direction and provide oversight on the execution of the JDA mandate. The Board commenced with the financial year was appointed at the AGM held on 15 February 2022 with Mr. Lionel Brenner appointed as the Board Chairperson for the JDA. In total the Board was comprised of nine (9) Non-Executive Directors and two (2) Executive Directors:

- (i) Mr Lionel Brenner (Chairperson)
- (ii) Mr Mthobisi Malinga
- (iii) Mr Ntona Marota
- (iv) Ms Anchen Dryer
- (v) Dr Lindelani Matshidze
- (vi) Dr. Didibuku Thwala
- (vii) Dr Christopher Whittle
- (viii) Adv Neo Ntingane
- (ix) Mr. Phathutshedzo Raphalalani (Resigned 05 August 2022)
- (x) Ms Sherylee Moonsamy (Chief Financial Officer and Executive Director until resignation on 11 November 2022)
- (xi) Mr Siyabonga Genu (was appointed acting Chief Executive Officer effective 01 April 2022 until the filling of the position on 05 August 2022.

The Independent Audit and Risk Committee members are as follows:

- (i) Ms Nosipho Ngaka
- (ii) Mr Kwena Mashiane
- (iii) Mr John Mendelsohn

The above-mentioned Board was retired at the AGM that was held on 1 March 2023. At the same AGM, the following members were appointed to form the JDA Board and others as Independent Audit Members:

At the Annual General Meeting held on 01 March 2023, the JDA Board of Directors consisted of the following members:

- (i) Ms Daliwe Oliphant (Chairperson)
- (ii) Ms Mally Mokoena
- (iii) Mr Mongezi Ntanga
- (iv) Ms Morwesi Ramonyai
- (v) Ms Nandipha Zonela
- (vi) Mr Bruce Sarela
- (vii) Ms Pinkie Numa
- (viii) Mr Vukile Hlongwa
- (ix) Mr Makoko Makgonye
- (x) Mr Siyabonga Masiza

Mr Mokgema Mongane (Chief Executive Officer and Executive Director)

Mr Sihle Mkhize was appointed acting Chief Financial Officer effective 14 November 2022.

The Independent Audit and Risk Committee members are as follows:

- (i) Mr Sivuyile Mndawe
- (ii) Mr Patric Lebopa
- (iii) Mr Tshepo Nawane

Diversification of the JDA Board of Directors

The following graph depicts the diversity of the Board that commenced with the financial year and retired on the 28th of February 2023. The Board had members with age ranging from 30 to 70 years. The members showed a wide range of skills set that benefited the JDA in running its operations. There was also a representation of both males and females that served as Non-Executives.

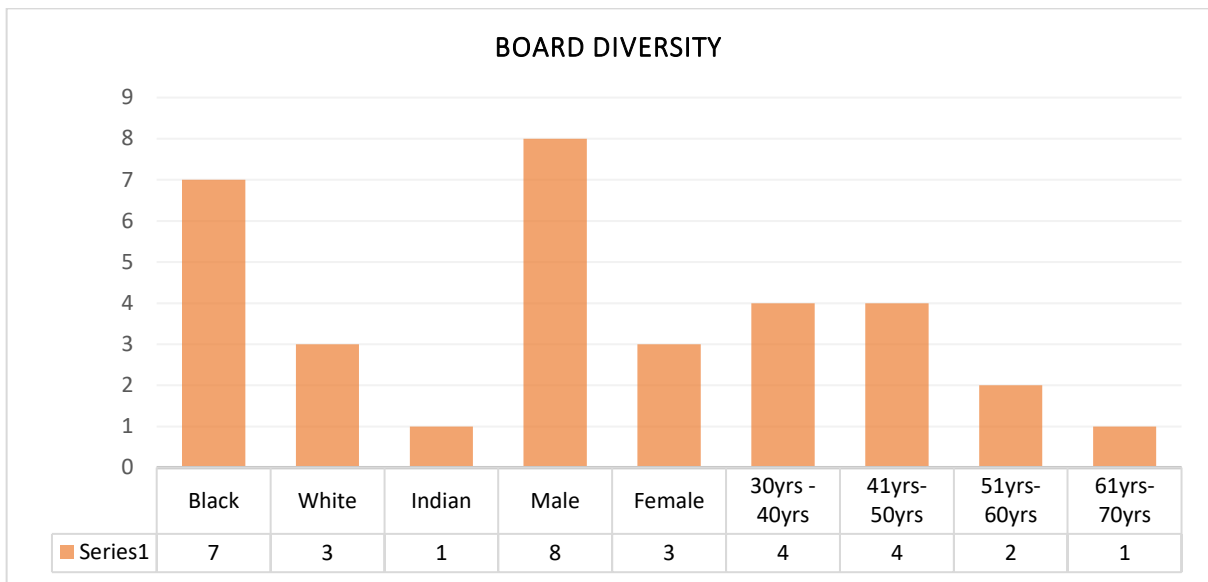


FIGURE 2: BOARD DEVERSIFICATION UNTIL 28 FEBRUARY 2023

Subsequent to the retirement of the Board on the 01 March 2023, the shareholder appointed the new Board effective from the day of the AGM. The graph below presents the diversity of this Board in terms of gender race and age. The current Board present a 5: 7 gender representation and the members are all Black. Majority of the members are between the age of 41 years and 50 years. The members have skills and experience mix that has the capability to take the JDA to be a high impact area-based development agency.

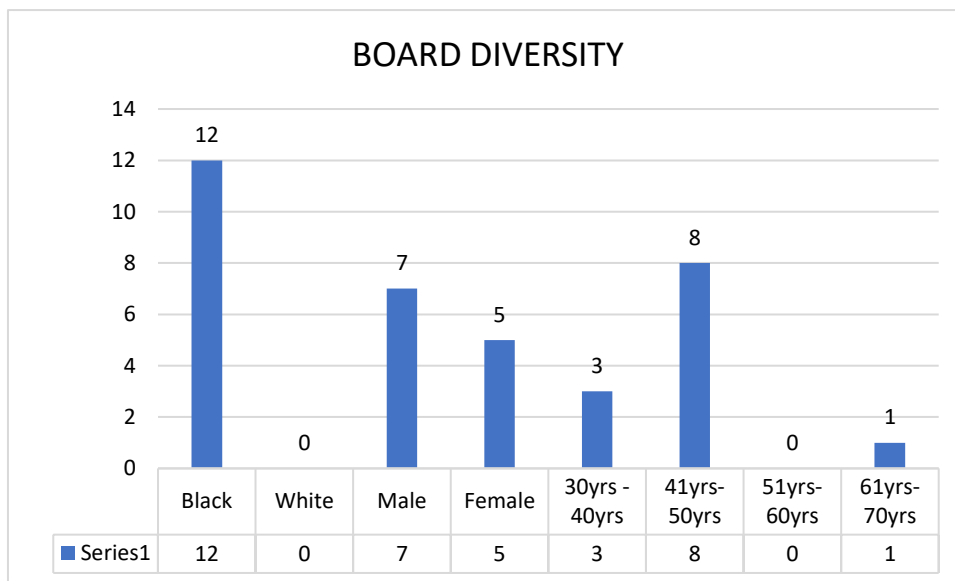


FIGURE 3: BOARD DEVERSIFICATION FROM 1 MARCH 2023

TABLE 6: BOARD COMPOSITION FOR THE PERIOD JULY 2022 TO JUNE 2023

Board member	Capacity: Executive/ non-Executive	Race	Gender/Age	Status
Mr. Lionel Brenner	Chairperson (Non-executive)	White	Male- 60yrs	Retired - 01 March 2023
Dr. Didibuku Thwala	Non-executive	Black	Male – 50yrs	Retired - 01 March 2023
Mr. Mthobisi Malinga	Non-executive	Black	Male – 32yrs	Retired - 01 March 2023
Adv. Neo Ntingane	Non-executive	Black	Female – 34yrs	Retired - 01 March 2023
Dr. Lindelani Matshidze	Non-executive	Black	Male – 41yrs	Retired
Ms. Anchen Dreyer	Non-executive	White	Female – 70yrs	Retired - 01 March 2023
Mr. Ntona Marota	Non-executive	Black	Male – 42yrs	Retired - 01 March 2023
Mr. Phathutshedzo Raphalalani	Non-executive	Black	Male – 33yrs	Resigned – 05 August 2022
Dr. Christopher Whittle	Non-executive	White	Male – 56yrs	Retired - 01 March 2023
Ms Sherylee Moonsamy	(Chief Financial Officer and Executive Director	Indian	Female – 35yrs	Resigned – 11 November 2022
Mr Siyabonga Genu	Acting Chief Executive Officer	Black	Male – 43yrs	Acting CEO effective 01 July 2022 to 04 August 2022
Ms. Daliwe Oliphant	Chairperson (Non-executive)	Black	Female – 48yrs	Active – appointed on 01 March 2023
Mr. Makoko Makgonye	Non-executive	Black	Male – 48yrs	Active – appointed on 01 March 2023
Ms. Morwesi Ramonyai	Non-executive	Black	Female – 42yrs	Active – appointed on 01 March 2023
Mr. Mongezi Ntanga	Non-executive	Black	Male – 49yrs	Active – appointed on 01 March 2023
Ms. Nandipha Zonela	Non-executive	Black	Female – 43yrs	Active – appointed on 01 March 2023

Ms. Mally Mokoena	Non-executive	Black	Female – 71yrs	Active – appointed on 01 March 2023
Ms. Pinkie Numa	Non-executive	Black	Female – 41yrs	Active – appointed on 01 March 2023
(Mr. Vukile Hlongwa	Non-executive	Black	Male – 41yrs	Active – appointed on 01 March 2023
Mr. Siyabonga Masiza	Non-executive	Black	Male – 41yrs	Active – appointed on 01 March 2023
Mr. Bruce Sarela	Non-executive	Black	Male – 36yrs	Active – appointed on 01 March 2023
Mr. Mokgema Mongane	Chief Executive Officer and Executive Director	Black	Male – 37yrs	Active- appointed August 2022
Mr. Sihle Mkhize	Acting Chief Financial Officer	Black	Male – 40yrs	Active – Appointed November 2023

INDEPENDENT AUDIT MEMBERS

Member Name	Capacity:	Race	Gender/Age	Status
Ms. Nosipho Ngaka	Independent Audit Member	Black	Female – 39yrs	Retired- 01 March 2023
Mr. Kwena Mashiane	Independent Audit Member	Black	Male – 42yrs	Retired- 01 March 2023
Mr. John Mendelsohn	Independent Audit Member	White	Male – 78yrs	Retired- 01 March 2023
Mr. Sivuyile Mndawe	Independent Audit Member	Black	Male – 36yrs	Active – appointed on 01 March 2023
Mr. Tshepo Nawane	Independent Audit Member	Black	Male – 44yrs	Active – appointed on 01 March 2023
Mr. Patrick Lebopa	Independent Audit Member	Black	Male – 49yrs	Active – appointed on 01 March 2023

1.2. Board and Committees Meeting Attendance

The Board and Board Committee sitting is guided by the Group Policy that was developed by the shareholder to guide the functions of the City entities Boards together with Board charters. The policy provides that the Board should have 4 ordinary meetings in a financial year and special meetings must be motivated. The table below presents attendance of meetings in a financial year. The table presents attendance by the Non Executives, Executives and ARC members. The board has a prerogative to seek advice from external experts in line with its powers. However, no external services were sought by both the board and its committees in the FY except for a shareholder representative, Group Governance officials, that have a standing invitation to all board and sub committees meeting.

TABLE 7: BOARD AND BOARD COMMITTEE MEETINGS & ATTENDANCE (1 JULY 2022 TO 28 FEBRUARY 2023)

Name	Board Meetings = Total of 9 Meetings				Audit & Risk Committee= Total of 7 Meetings				Social & Ethics/ HR & Remuneration Committee = Total Of 3				Development Committee = Total of 4			
	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent
Lionel Brenner (Chairperson)	9	9	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4	4	0	0
Mthobisi Malinga	9	8	1	0	7	7	0	0	3	3	0	0	N/A	N/A	N/A	N/A
Ntona Marota	9	8	1	0	7	7	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Anchen Dreyer	9	6	3	0	N/A	N/A	N/A	N/A	3	3	0	0	N/A	N/A	N/A	N/A
Neo Ntingane	9	7	2	0	N/A	N/A	N/A	N/A	3	3	0	0	N/A	N/A	N/A	N/A
Christopher Whittle	9	9	0	0	7	6	1	0	N/A	N/A	N/A	N/A	4	4	0	0
Lindelani Matshidze	9	9	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4	4	0	0
Didibuku Thwala	5	9	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4	4	0	0
Nosipho Ngaka (ARC member)	N/A	N/A	N/A	N/A	7	7	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kwena Mashiane (ARC member)	N/A	N/A	N/A	N/A	7	5	2	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

John Mendelsohn (ARC member)	N/A	N/A	N/A	N/A	7	7	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
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TABLE 8: BOARD AND BOARD COMMITTEE MEETINGS & ATTENDANCE (1 MARCH 2023 TO 30 JUNE 2023)

Name	Board Meetings = Total of 5 Meetings				Audit & Risk Committee= Total of 2 Meetings				Social & Ethics/ HR & Remuneration Committee = Total Of 1				Development Committee = Total of 1			
	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent
Daliwe Oliphant (Chairperson)	5	5	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	0	0
Bruce Sarela	5	4	1	0	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Makoko Makgonye	5	5	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	0	0
Mongezi Ntanga	5	5	0	0	N/A	N/A	N/A	N/A	1	1	0	0	N/A	N/A	N/A	N/A
Pinkie Numa	5	4	1	0	N/A	N/A	N/A	N/A	1	1	0	0	1	1	0	0
Morwesi Ramonyai	5	5	0	0	N/A	N/A	N/A	N/A	1	1	0	0	N/A	N/A	N/A	N/A
Siyabonga Masiza	5	5	0	0	2	2	0	0	1	1	0	0	N/A	N/A	0	0
Vukile Hlongwa	5	5	0	0	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nandipha Zonela	5	5	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	N/A	1	1	0	0
Mally Mokoena	5	5	0	0	N/A	N/A	N/A	0	1	1	0	N/A	N/A	N/A	N/A	N/A
Sivuyile Mndawe (ARC member)	N/A	N/A	N/A	N/A	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tshepo Nawane (ARC member)	N/A	N/A	N/A	N/A	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Patrick Lebopa (ARC member)	N/A	N/A	N/A	N/A	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

1 No fee is payable due to member is under the employment of the state.

Board Committees

The following committees have been formed, each of which is chaired by a non-executive director.

- Audit and Risk Committee
- Development and Investment Committee
- Social, Ethics, Human Resources and Remuneration Committee

Each committee composition is as follows:

TABLE 9: COMMITTEES MANDATE

Composition	Mandate and Quarterly Activities
Audit and Risk Committee	
<p>The Audit and Risk Committee, which consists of three non-executive directors and three independent members, meet not less than four times a year. Most members of these committee members are financially literate. The following members are currently serving as ARC members:</p> <ul style="list-style-type: none"> • Bruce Sarela (Chairperson) • Siyabonga Masiza • Vukile Hlongwa • Patrick Lebopha (Independent Audit Member) • Sivuyile Mndawe (Independent Audit Member) • Tshepo Nawane (Independent Audit Member) <p>The committee has specific responsibility for ensuring that all activities of the JDA are subject to independent and objective review and financial performance oversight. The Audit and Risk Committee has a Charter with clear terms of reference as guided by the provisions of Section 166 of the MFMA. The Committee has the following responsibilities:</p>	<p>Reviewing JDA’s internal controls, publishing financial reports for statutory compliance and against standards of best practice, and recommending appropriate disclosures to the Board.</p> <p>Reviewing reports from management, internal and external auditors, to provide reasonable assurance that control procedures are in place and are being followed.</p> <p>Reviewing the half-yearly and annual financial statements before submission to the Board, focusing particularly on any changes in accounting policies and practices.</p> <p>Monitor management’s responsiveness to the findings and recommendations of the IAF.</p> <p>The ARC expressed its satisfaction on the execution of its mandate as outlined in its terms of references including the oversight that it exercised over the Internal Audit Function. However, the committee is still concerned about that though the internal controls are adequate, they are partially effective. Management was edged to focus on the controls mainly the financial internal controls for the purpose of the sustainability of the entity</p> <p>The entity has a combined assurance approach where the internal audit plans are risk based. The risk and compliance function work tirelessly to provide reasonable assurance prior to internal audit</p>

Composition	Mandate and Quarterly Activities
	<p>conducting its audit and identify areas where there are control deficiencies. The ARC is satisfied with assurance arrangements that is in place at the entity.</p> <p>The ARC hold a view that both the Internal Audit and the Chief Executive Officer including their functions are effective in carrying their responsibilities.</p>
Social and Ethics / Human Resources and Remuneration Committee	
<p>In line with the best practice of corporate governance, the Board maintains a Human Resources & Remuneration Committee/Social & Ethics Committee (HR & REMCO/Social & Ethics), comprising of 5 (five) non-executive directors and chaired by a non-executive director. The committee meets not less than 4 (four) times a year. The executive directors are excluded from the HR & Remuneration Committee/Social & Ethics Committee when matters relating to their remuneration are discussed. The committee ensures that the remuneration of the Chief Executive Officer and senior management are within the upper limits as determined by the City of Johannesburg following the provisions of Section 89(a) of the MFMA.</p> <p>The following members served on the committee during the period under review:</p> <ul style="list-style-type: none"> • Mally Mokoena (Chairperson) • Morwesi Ramonyai • Mongezi Ntanga • Pinkie Numa • Siyabonga Masiza 	<p>The Committee performs all the functions necessary to fulfil its role including the following:</p> <p>Determining the setting and administering of remuneration at all levels in the company, considering the determinations of Council of the City of Johannesburg Metropolitan Municipality.</p> <p>-Determining the Performance and remuneration of Senior Management subject to the Upper Limits as determined by the City of Johannesburg in terms of section 89 of the MFMA, post Board approval.</p> <p>-Overseeing the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance. The committee reviewed the policy and was satisfied that the policy has considered external factors such as inflation, standard of living and other socio economic factors. There were no significant changes made during the review since the policy was considered sound, relevant and that it is achieving its intended objective of attraction and retention of talent in the entity.</p> <p>-Overseeing the preparation and recommending to the Board the remuneration report, to be included in the integrated (annual) report, for whether it is accurate, complete and transparent; provides a clear explanation of how the Remuneration Policy has been implemented.</p>

Composition	Mandate and Quarterly Activities
	<p>-Overseeing and recommending for approval to the Board the implementation of employment equity plans; and addressing, monitoring and providing a strategic guidance to transformation in accordance with the objectives of the shareholder.</p> <p>The Committee is satisfied with the execution of its responsibilities in line with its approved terms of references</p>
Development and Investment Committee	
<p>The Development and Investment Committee consists of five non-executive directors and meet not less than four (4) times a year. The following members served on the committee during the period under review:</p> <ul style="list-style-type: none"> • Nandipha Zonela (Chairperson) • Makoko Makgonye • Daliwe Oliphant • Morwesi Ramonyai • Pinkie Numa 	<p>The Committee’s main focus included the following areas:</p> <ul style="list-style-type: none"> -Fulfill oversight responsibilities as they relate to the Company’s identification and prioritisation of the development, investments and related risk management and internal control practices. -Assessing and evaluating the business viability of proposed JDA projects. -Examining the adequacy and effectiveness of the risk management processes of the JDA projects by evaluating the effectiveness of the risk management process for specific development projects <p>The Committee is satisfied with the execution of its responsibilities in line with its approved terms of references</p>

Duties of the Board

The Board retains full and effective control over the organisation and monitors the implementation of the JDA’s strategic programmes. It sets the agency’s strategic direction and monitors overall performance. The duties of the Board include:

- Providing effective, transparent, accountable and coherent oversight of the JDA’s affairs.

- Ensuring that the JDA complies with all applicable legislation, the service delivery agreement and the various shareholder policy directives issued by its parent municipality from time to time.
- Dealing with the CoJ in good faith and communicating openly and promptly on all pertinent matters requiring the attention of its shareholder.
- Determining and developing strategies that set out the organisation's purpose and values following the shareholder mandate and strategic documents such as the integrated development plan.
- Reviewing and approving financial objectives, including significant capital allocations and expenditure as determined by the CoJ.
- Considering and ensuring that the entity's size, diversity and skills are sufficient to achieve its strategic objectives.

Board Charter

The Board of Directors has incorporated the City of Johannesburg's corporate governance protocol into its charter, which regulates its relationship with the City of Johannesburg as its sole member and parent municipality in the interest of good corporate governance and good ethics. The protocol is premised on the principles of the King Code. The charter sets out the fiduciary duties, composition and powers of the Board.

The Board had satisfactorily executed its duties within the financial year which include scrutinizing the entity's financial sustainability and identify innovative way of improving sustainability. The Board held a strategic session in the FY where innovative strategies to improve revenue and sustain the entity's performance were identified and management was given directive to develop a plan of execution. The identified are short – medium and long term. Management is expected to commence with implementation in the next FY

The JDA has a delegation of authority framework in place that has considered all applicable legislations on delegation of power. The framework was approved by the board after satisfying itself that the framework complies with applicable legislation and it intends to segregate duties and properly implement delegation of authorities.

1.3 Directors & Prescribed Officers Remuneration

The JDA remunerates the non-executive directors and independent audit committee members following the policy and, in the amounts, determined from time to time by the City of Johannesburg Metropolitan Municipality, acting in its capacity as the sole shareholder of the JDA. The foregoing position was reaffirmed by special resolution at the 2022 Annual General Meeting. The non-executive directors and independent audit committee members are paid per meeting. The table below reflects the gross or cost to company amounts paid by the JDA concerning executive directors, non-executive directors' and independent audit committee members' fees.

TABLE 10: EXECUTIVE DIRECTOR'S, SENIOR MANAGEMENT AND NON-EXECUTIVE DIRECTOR'S & INDEPENDENT AUDIT AND RISK COMMITTEE MEMBERS REMUNERATION AND ALLOWANCES FOR THE PERIOD 01 JULY 2022 - 30 JUNE 2023

Name	Designation	Salary/Board Fees	Pension	Acting allowance	Bonus/Board Retention Fees	Travel allowance	Total
Executive Directors & Senior Management							
M Mongane	CEO (Appointed 05 August 2022)	1 744 981	116 722	-	-	521 084	2 382 787
S Moonsamy	CFO (Resigned 11 November 2022)	690 305	51 534	-	-	-	741 839
S. Mkhize	ACFO (Appointed 14 November 2022)			151 878			151 878
R Shirinda	Company Secretary	1 711 430	81 296	-	173 206	-	1 965 932
B Seopela	EM: Corporate Services	1 999 043	-	-	260 616	-	2 259 659
O Nkoane	EM: Development Planning and Facilitation	1 937 423	127 543	-	144 548	-	2 209 514
S Genu	EM: Project Implementation	2 005 233	132 005	31 278	-	-	2 168 516
Z Tshabalala	Chief Audit Executive (Appointed August 2022)	959 283	49 412	-	-	-	1 008 695
Sub-Total		1 649 588	558 512	183 156	578 370	521 084	3 103 231
Non-Executive Directors & Independent Audit Committee Members							
L Brenner	Board Chairperson	192 000					192 000
M Malinga	Board Member	176 000					176 000
S Morata	Board Member (ARC Chair)	176 000					176 000

Name	Designation	Salary/Board Fees	Pension	Acting allowance	Bonus/Board Retention Fees	Travel allowance	Total
A Dreyer	Board Member	96 000					96 000
N Ntingane	Board Member (SEHR Chair)	142 000					142 000
C Whittle	Board Member	194 000					194 000
P Raphalalani	Board Member	12000					12000
L Matidze	Board Member (DI Chairperson)	158 000					158 000
D Thwala	Board Member	134 000					134 000
N Ngaka	Independent Audit & Risk member	62 000					62 000
K Mashiane	Independent Audit & Risk member	40 000					40 000
J Mendelsohn	Independent Audit & Risk member	56 000					56 000
Sub Total		1 438 000					1 438 000
Board Effective February 2023							
Ms Daliwe Oliphant (NED)	Board Chairperson	104,000					104,000
Ms Mally Mokoena (NED)	Board Member (SEHR Chair)	82,000					82,000
Mr Mongezi Ntanga (NED)	Board Member	68,000					68,000
Ms Morwesi Ramonyai (NED)	Board Member	96,000					96,000
Ms Nandipha Zonela (NED)	Board Member	70,000					70,000

Name	Designation	Salary/Board Fees	Pension	Acting allowance	Bonus/Board Retention Fees	Travel allowance	Total
Mr Bruce Sarela (NED)	Board Member	0.00					0.00
Ms Pinkie Numa (NED)	Board Member	40,000					40,000
Mr Vukile Hlongwa (NED)	Board Member	88,000					88,000
Mr Makoko Makgonye (NED)	Board Member	80,000					80,000
Mr Siyabonga Masiza (NED)	Board Member	0.00					0.00
Mr Sivuyile Mndawe (IAC)	Independent Audit & Risk member	16,000					16,000
Mr Patrick Lebopa (IAC)	Independent Audit & Risk member	32,000					32,000
Mr Tshepo Nawane (IAC)	Independent Audit & Risk member	32,000					32,000
Sub total		708 000					708 000
TOTAL		3 795 588	558 512	31 278	578 370	521 084	5 097 353

The directors' emoluments were taxed according to South African Revenue Services' guideline:

Loans and advances

In accordance with the provisions of the MFMA, the JDA has a strict policy in place that prohibits it from providing loans or advances to directors and employees; therefore, no loans or advances were made during the period under review. The agency did not provide loans to any organisation or person outside of or in the employ of the JDA.

1.4 Company Secretarial Function

The primary function of the Company Secretary is to act as the link between the Board and management and to facilitate good relationships with the shareholder. The Company Secretary is responsible for the general administration, more specifically to ensure compliance with good corporate governance practices and to provide guidance to the directors on corporate governance principles and applicable legislation. All directors have access to the advice and services of the company secretary who acts as the link between management, the Board and the shareholder.

The company secretary is responsible for the flow of information to the Board and its committees and ensures compliance with Board procedures. In addition to various statutory functions, the company secretary provides individual directors and the Board as a whole with guidance on their duties, responsibilities and powers, as well as the impact of legislative and regulatory developments, while maintaining an arms-length relationship with the Board.

The Board has empowered the company secretary with the responsibility of advising the Board, through the chairperson, on all governance matters, including the duties set out in section 88 of the Companies Act.

The Company Secretary's work covers a wide variety of functions, including but not limited to.

- Organizing, preparing agendas, and taking minutes of meetings.
- Dealing with correspondence, collating information, writing reports, ensuring decisions made are communicated to the relevant people.
- Advising the Board and management on corporate governance matters.
- Contributing to meeting discussions, as and when required; and
- Arranging the annual general meeting.

SECTION 2: HIGH-LEVEL ORGANISATIONAL STRUCTURE

The JDA's structure is a response to the business model, which focuses on the development of strategic capital works projects as well as development facilitation to optimize the impact of the catalytic public investments, and the establishment of urban management partnerships to ensure the sustainability of the catalytic public investments. The Organisational structure during the reporting period is presented below.

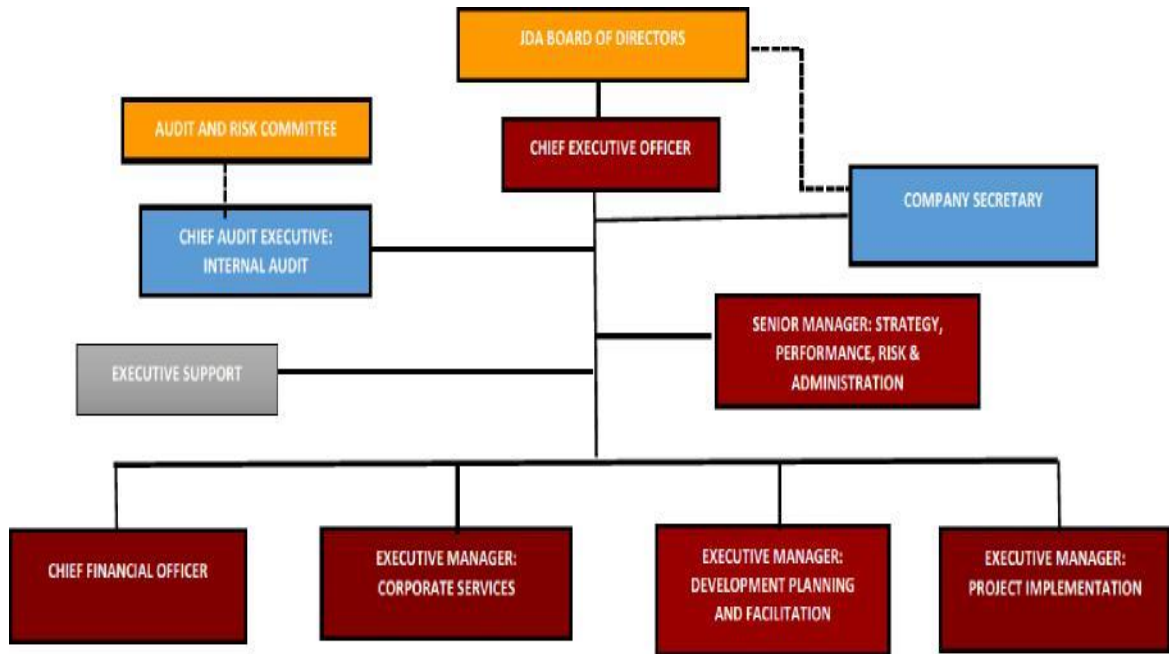


FIGURE 4: HIGH LEVEL ORGANISATION STRUCTURE

SECTION 3: GOVERNANCE OF STAKEHOLDER RELATIONSHIPS

Managing Stakeholder Relationships

The JDA engages with various State and community stakeholders. Stakeholders in JDA planning processes and projects are the people and organisations which impact upon and are impacted by JDA plans, interventions and projects.

City of Johannesburg Stakeholders

As a Municipal Owned Entity (MOE) the JDA has key linkages and relationships with the City of Johannesburg and other MOEs. These relationships are vital to ensure that development is aligned with the COJ vision and policies for Johannesburg. Some critical stakeholders and the relationships that JDA departments have with them are listed below:

TABLE 11: CITY OF JOHANNESBURG STAKEHOLDERS

CoJ Stakeholder	Nature of Engagement
Office of the Mayor	The JDA engages with the Office of the Mayor to ensure strategic engagement on city priorities, key decisions and formal oversight committees and steering groups. It ensures.
Office of the MMC for Development Planning	The JDA engages with the MMC for Development Planning to ensure both strategic and operational engagement on city priorities, key decisions and formal oversight committees. The JDA keeps the Office of the MMC well informed of JDA project processes, and where possible, involves the MMC in stakeholder engagement where political intervention is sought.
The JDA Board	The JDA is accountable for strategic and operational matters to the Board of Directors, which controls and maintains a fiduciary relationship with the company.
Members of the Mayoral Committee (MMCs)	The JDA has representation on and reports regularly to oversight committees, as well as to key fora with MMCs from particular client departments. The JDA also provides engagement and support to MMCs in external stakeholder engagement. On particular projects, the JDA works with specific portfolios for political support. The JDA also highlights public addresses, fora and site visits to the general public.

Office of the Speaker of the City of Johannesburg	As an agency of the City of Johannesburg, the JDA is bound by the rules on public participation as set out by the Office of the Speaker. The Speaker has to ensure public consultation, involvement and participation in the affairs of the municipality. As chairperson of the council's public participation and petitions committees, the Speaker must ensure that the public participates in city matters wherever possible and facilitates the process whereby community requests and complaints are heard and ensures that there are appropriate responses from Council. To fulfil the role of building democracy, the Speaker manages community participation in local government.
City of Johannesburg Development Planning (City Transformation) (CT)	Planning roles in the JDA are integrally linked with planning in the city. Local area planning and implementation are undertaken in partnership between the JDA and City Transformation (CT). The JDA reports to City Transformation where it acts as implementing agent for planning projects. The JDA also provides strategic planning input on decision making for planning initiatives. The JDA collaborates with CT on providing input to the Integrated Development Plan (IDP) and associated Spatial Development Framework (SDF) as well as other key strategic planning initiatives. Through its relationship with CT, the JDA influences prioritisation and budgeting for infrastructural development to maximise impact. In terms of Development Facilitation, the JDA collaborates closely with CT on spatial planning, precinct/area research and planning and project prioritisation and budgeting. Development Implementation (DI) collaborates with CT on the Capex requirements and scope of work for particular projects, and the DI teams provide critical feedback to the planning department for accurate budgeting for development projects.

CoJ Stakeholder	Nature of Engagement
Johannesburg Property Company (JPC)	JPC will remain the city property manager, managing all individual transactions of public land; however, as the key facilitator of area-based developments JDA's participation in these transactions is vital. The JDA provides strategic engagement on land acquisition and disposal matters related to JDA implemented projects. This includes input into strategic decision making on land acquisitions and disposals. At the local area level, it includes collaboration between the JDA and JPC on land identification, provision of key information and unblocking of developments on both city and privately owned land. Furthermore, it includes collaboration on transactions and connected developments are required regularly to ensure that work continues smoothly. The JDA has representation on the Joint Land Steering Committee.

Municipal owned Entities (MOEs) and Departments	<p>These include Joburg Water, City Power, Johannesburg Roads Agency, City Parks, Pikitup, Department of Economic Development, Department of Community Development etc. These entities and departments function as project clients, co-complementers and operators in different projects. They are integral to any JDA development process.</p> <p>The JDA's engagement includes soliciting input into strategic planning initiatives underway by all relevant departments and the development of linkages between overall planning at the city level and the JDA business plan. At local planning and project-level, it means bringing relevant departments together to coordinate between existing opportunities and to generate plans for new area-based development. It is important to ensure that the adequate complementary infrastructure is in place (e.g., stormwater, water and electricity reticulation) as well as complementary services (e.g., small cooperatives, social services) to schedule and bring projects to completion.</p>
Housing Agencies of the City.	<p>These include the City's Housing Department and Johannesburg Social Housing Company (JOSHCO), integral partners to ensuring the provision of affordable housing. The JDA provides input into strategic planning initiatives, prioritisation and budgeting for housing in the city. It also provides input into strategies for the provision of adequate housing and related social amenities in particular precincts. The JDA provides a service of implementation of refurbishment and development of housing were requested by JOSHCO or Housing Department.</p>

National and Provincial State Stakeholders

TABLE 12: NATIONAL AND PROVINCIAL STATE STAKEHOLDERS

State Stakeholder	Nature of Engagement
<p>National departments and entities include National Treasury, South African Police Services (SAPS) and Department of Public Works (DPW) as well as other critical partners in terms of budgeting and urban management on key projects. Provincial Departments include Departments of Human Settlements, Education, Economic Development, Safety and Security, Department of Environmental Affairs and Water Affairs etc.</p>	<ul style="list-style-type: none"> ▪ These departments play key roles in developments across the City of Johannesburg in planning, implementation and sustainability of key developments. ▪ The various JDA departments engage with national and provincial departments at several levels. ▪ The JDA collaborates with departments on larger scale planning initiatives and the finalisation of national or provincial programmatic grants for infrastructural development. ▪ Utilises national or provincial programmes for area-based development initiatives. From time to time the JDA may implement projects for national or provincial client departments and from provincial grant schemes.

Community Stakeholders

TABLE 13: COMMUNITY STAKEHOLDERS

Community Stakeholders	Nature of Engagement
Private investors and developers	<p>The JDA engages with private investors to share information about the City's work and vision and encourage private investment. It further works with the private sector in conveying the City's vision, policy and processes and assessing and establishing partnerships for achieving this vision.</p> <p>At a local area level, the Development Facilitation team engages with private investors and developers to highlight key opportunities for increasing private investment in areas where there is state investment. It also collaborates with these stakeholders to understand the market dynamics and inhibitors to investment as well as to carve area-based investment approaches that will enhance the public good within those areas.</p>
Small and Medium Enterprises (SMMEs)	<p>The JDA's mission directs the JDA to create a conducive environment for economic empowerment and makes use of programmes for the development of SMMEs (e.g., Expanded Public Works Programme).</p> <p>SMMEs are an essential stakeholder group to be engaged on local area projects both for determining the economic conditions and opportunities within areas and for identifying opportunities for enhancing opportunities for small business in development areas and directly in JDA projects.</p>
City Improvement Districts (CIDs) and other Urban Management Partnerships	<p>These are key stakeholders in terms of the conceptualisation, implementation and maintenance of area-based development. CIDs and Urban Management Partnerships are important stakeholders in the long-term urban management of investments made by the JDA and others in local neighbourhoods.</p>

<p>Local area-based stakeholder committees</p>	<p>These committees are established by the DF team and are representative of community interests in areas. They may include ward councillors, ward committee members, religious leaders, school governing bodies, business representatives, NGOs and community members, amongst others. These committees are integral for the approval and shaping of investments as well as for catalysing community efforts as a key resource for the development of local areas.</p> <p>These committees provide feedback on projects. They are also the platforms for resolving project-specific issues, for identifying local opportunities (including employment) and for discussing project schedules.</p>
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Specific interest groups

The JDA will engage with specific interest groups to discuss the aspects of the projects that affect them directly and in particular ways. These include:

TABLE 14: SPECIFIC INTEREST GROUPS

Specific interest groups	Nature of Engagement
Residents and business owners	A group of individuals that interact within their immediate surroundings. These are the stakeholders who should benefit from key investments. Engagements focus on how residents can create neighbourhood vision by defining specific activities that will improve the neighbourhood.
Women and Youth	These groups may be vulnerable in various ways or have unique needs that must be taken into account in projects. Engagements are directed at improving the responsiveness of developments to meet the particular needs of these groups to improve living conditions and optimise economic outcomes for them.
Organised Labour	It is necessary to engage workers on their needs in the environment (transport, access, safety etc.) as well as on the development of enterprise and employment opportunity through project interventions.

Auditor General	The JDA engage the AG on an annual basis to audit and provide reasonable assurance on the entity's books
Researchers and urbanists	The JDA works with these groups at a strategic planning level as well as at project level. At a strategic level, the JDA collaborates with researchers to inform evidence-based policy development and to gain insight into particular dynamics in areas or particular development issues. JDA planning and facilitation staff must keep abreast of critical research and discussions into various aspects of the city from demographics to new policies, reports and publications. It is valuable to shaping thinking about area-based development, and Development Implementation staff are required to keep abreast of new methodologies, design approaches, materials etc. to ensure best practice implementation of projects

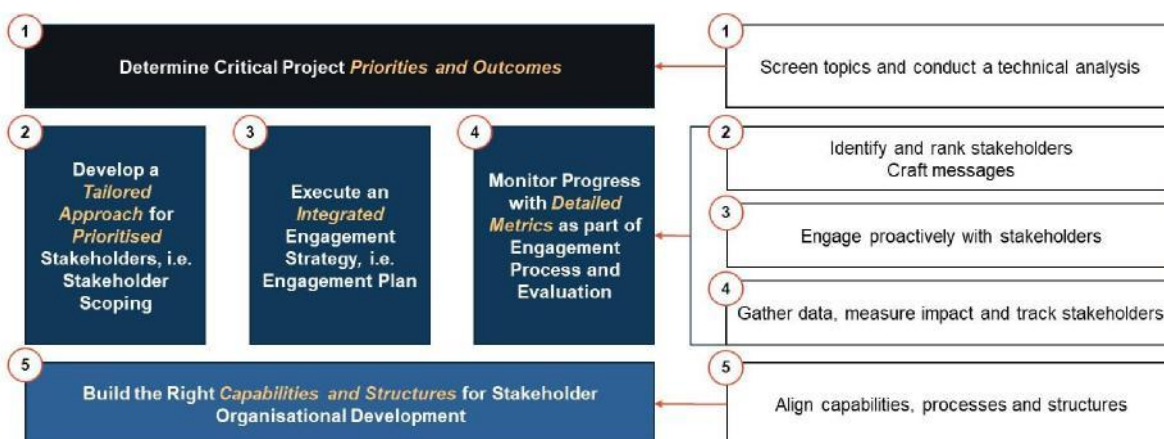
Stakeholder Engagement Framework

One of the JDA’s strategic goals is to co-produce solutions in partnership with local stakeholders to meet local needs and mitigate challenges. This is an essential component of development intervention in cities but should not be read or interpreted as if it stands isolated from the other three strategic goals. Since 1994, the state has made concerted efforts to engage resident communities and other affected stakeholders in the development of local solutions. Unfortunately, this has not always been successful and has often simply taken the form of decision-makers telling communities about their strategies. A more responsible and effective approach is to collaborate with local stakeholders to produce solutions by drawing on their knowledge of the development context. This can cultivate a much more sustainable sense of ownership, civic pride and citizenship.

The JDA’s Stakeholder Engagement Framework represents the JDA’s on-going commitment to collaborate effectively with its stakeholders through both the plans and interventions it designs and the projects it implements. This includes learning from past stakeholder and community engagement experiences and continuing to improve performance.

The Stakeholder Engagement Framework guides how the JDA supports productive development partnerships and co-operation between all stakeholders in these areas. It frames how the JDA collaborates with the people and organisations which impact upon and are impacted by various JDA plans, interventions and projects which seek to fulfil the City of Johannesburg’s development policy objectives. The Framework seeks to:

- Ensure a coherent approach to stakeholder engagement across the complete range of JDA plans, interventions and projects.
- Enable better-planned projects and programs.
- Facilitate effective collaboration with all affected and interested parties.



The Stakeholder Engagement Framework that the JDA utilise ensures sustainability through continuous monitoring with relevant enhancement to maintain impact

FIGURE 5: STAKEHOLDER ENGAGEMENT FRAMEWORK:⁵

SECTION 4: RISK MANAGEMENT

The JDA’s Board monitors risk through the Audit and Risk Committee, which ensures that there is an effective risk management process and system in place. The committee recommends risk strategies and policies that need to be set, implemented, and monitored. JDA management is responsible for identifying, assessing and monitoring risks reported to the various governance structures as per risk reporting framework.

The JDA has a risk management strategy, which follows an enterprise-wide risk management system in which all identified risk areas are managed systematically and on an on-going basis at departmental level. The risk registers are treated as a working risk management document because risks are amenable to changes and as such, changes are recorded and managed. Management monitors and evaluates the implementation and efficiency of controls and actions to improve current controls in the risk register.

The JDA submits its risk management reports to the City of Johannesburg’s Group Risk and Governance Committee. The committee assesses all risk affecting the COJ and its municipal entities in a holistic manner and makes recommendations to the City Manager and Council on the general effectiveness of risk management processes in the City of Johannesburg.

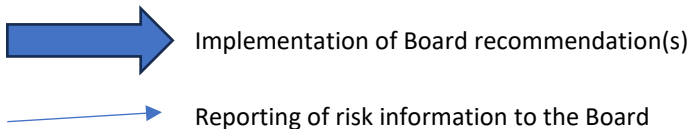
4.1 Risk Management Process

Risk identification and assessment is an on-going process. The JDA conducts annual strategic and operational risk assessment workshops. This process is supported by an on-going risk management process at departmental level and all employees are required to take ownership of risks that fall within their respective areas of responsibilities.

4.2 Risk Management Architecture

The diagram below depicts the JDA’s risk management architecture as it was guided by the COJ Enterprise Risk Management framework that all entities align its risk process with.

Legends:



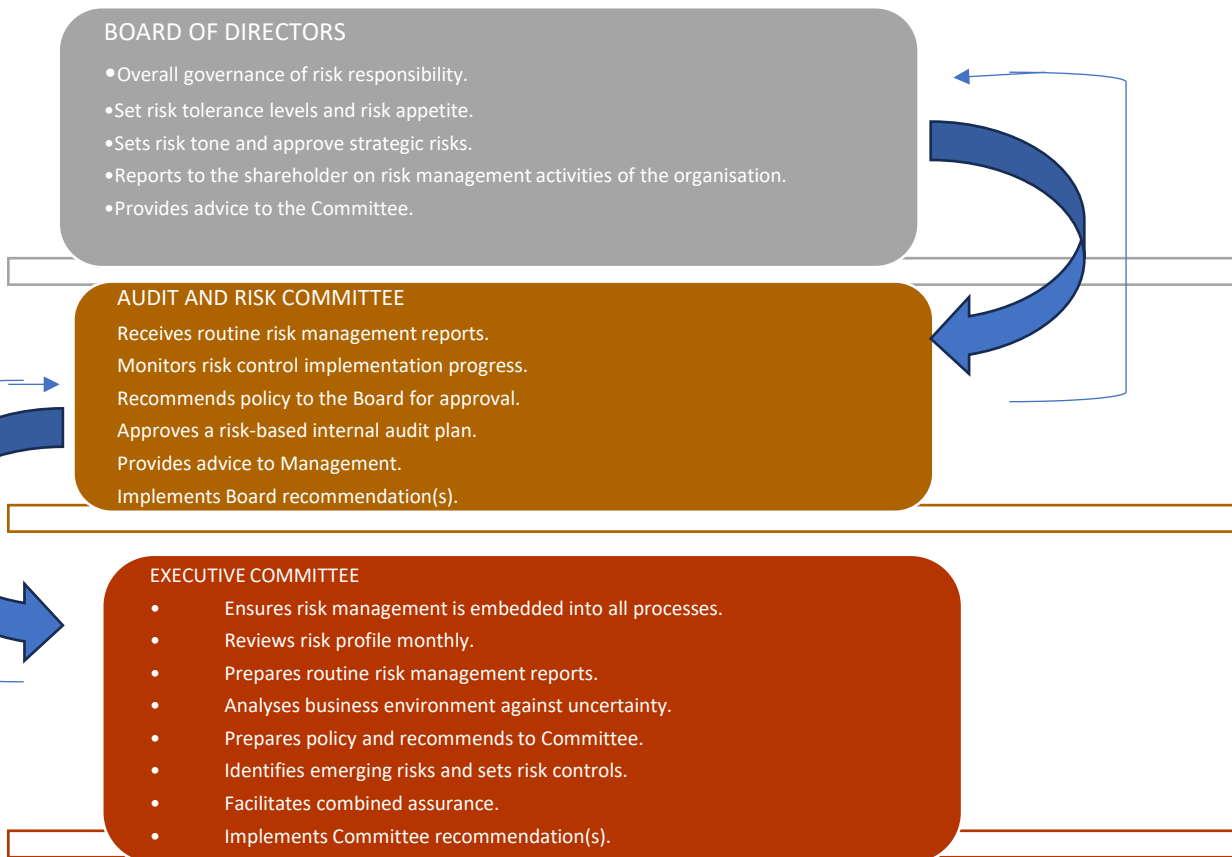


FIGURE 6: RISK MANAGEMENT ARCHITECTURE

4.3 Implementation of the Strategic Risk Mitigation plan

TABLE 15: STATUS OF IMPLEMENTATION OF COMMITTED ACTION PLANS




KPI	Q1	Q2	Q3	Q4
Implementation of committed Strategic Risk Mitigation Action Plans	73%	50%	62%	76%


The performance achieved reflects cumulative action plans that were implemented throughout the financial year against planned ones. There were twenty-one (21) committed mitigation plans to be implemented as at end of the financial year. Of the twenty-one (21) mitigation plans only thirteen (16) were implemented and five (5) were not implemented, which translates to 76% Residual Strategic Risks triggered by Risk Tolerance threshold and reported as per Priority for Attention Reporting Framework.

Key risk indicators (KRIs) have been developed and linked to risk categories and risks. These KRIs are aligned to the organization’s key performance indicators (KPIs) in order to monitor the defined milestones and targets in pursuit of the set objectives. The strategic risks reported below trigger reporting for the attention of EXCO and ARC to intervene, treat and monitor these risks more closely to ensure achievement of expected performance. The residual risk rating level of amber and

above were constantly reported to EXCO and ARC to allow early intervention as per the JDA's adopted Risk Management Framework.





TABLE 16: RESIDUAL STRATEGIC RISKS TRIGGERED BY RISK TOLERANCE THRESHOLD

No	Risk Name	RR-Q4	RR - Movement	KRIs triggered	Status on the KRIs	Proposed Action Plans
1.	Poor project performance	25		<ul style="list-style-type: none"> - Number of projects at concept design stage. - Number of projects at detailed design stage. - Number of projects reaching the contract award stage. - Number of project at reaching practical completion stage. 	<p>Due to the City's cashflow challenges JDA was unable to pay service providers, thus resulted in a large backlog of unpaid invoices. This led to all contractors to down tool and suspend work. This resulted in invoices being paid outside 30 days schedule in quarter four.</p>	<p>The improvement in the City's financial position may lead to payment of outstanding invoices and resumption of work on site. All contractors paid in full will be requested to resume work.</p>
2.	No/insufficient working capital to finance the project (contractor)	25		<ul style="list-style-type: none"> - Number of contractors place in terms or terminated. - Number of cessions entered into with contractor to pay SMMEs. - Number of incidents of SMMEs marching to JDA offices or stopping construction due to non-payment. 		
6.	Inability to ensure financial sustainability	25		<ul style="list-style-type: none"> - % of budget spent on city-wide infrastructure. - % of valid invoices paid within 30 days of the invoice date. 		

No	Risk Name	RR- Q4	RR - Movement	KRIs triggered	Status on the KRIs	Proposed Action Plans
				- Number of days-debtors collection period.		
8.	Maladministration	8		- % of Strategic and Operational Risk Management Action Plans resolved.	76% of strategic risk management action plans were implemented in the 4 th quarter. Therefore the risk rating is stagnant.	Monthly follow up with management will be conducted as part of the corrective measure to ensure target is met.

4.4 Residual Risk analysis of strategic risk

TABLE 17: RESIDUAL RISK ANALYSIS AS AT END OF JUNE 2023

No	Risk Description	Residual Risk Rating as at 1 July 2022	Risk mitigation Movement	Residual Risk Rating as at 30 June 2023	Comments
1	Poor project performance.				Residual Risk Rating has regressed, due to the City's cashflow challenges JDA was unable to pay service providers, thus resulted in a large backlog of unpaid invoices. This led to all contractors to down tool and suspend work. This resulted in invoices being paid outside 30 days schedule.
2	No/insufficient working capital to finance the project (contractor).				
3	Uncoordinated infrastructure development in key strategic economic nodes.				Residual Risk Rating has progressed because of current controls being adequate and committed action plans implemented to strengthen existing controls.
4	Failure to achieve economic development targets.				
5	Project rejected by stakeholders.				Residual Risk Rating has stagnated, risk is within the acceptable appetite level

No	Risk Description	Residual Risk Rating as at 1 July 2022	Risk mitigation Movement	Residual Risk Rating as at 30 June 2023	Comments
1	Poor project performance.		↑		Residual Risk Rating has regressed, due to the City's cashflow challenges JDA was unable to pay service providers, thus resulted in a large backlog of unpaid invoices. This led to all contractors to down tool and suspend work. This resulted in invoices being paid outside 30 days schedule.
2	No/insufficient working capital to finance the project (contractor).		↑		
6	Inability to ensure financial sustainability.		↑		Residual Risk Rating has regressed, due to the City's cashflow challenges JDA was unable to pay service providers, thus resulted in a large backlog of unpaid invoices. This led to all contractors to down tool and suspend work. This resulted in invoices being paid outside 30 days schedule.
7	Fraud and corruption.		↔		Residual Risk Rating has stagnated, proposed committed action plans to strengthen existing controls were not implemented.
8	Maladministration.		↔		
9	Unconducive working environment.		↔		

SECTION 5: ANTICORRUPTION AND FRAUD

Financial crime and other unlawful conduct pose a threat to the JDA's business and strategic objectives. The JDA supports the government's efforts to combat financial crime at all levels. The JDA, in its endeavour to combat financial crime, ensures compliance with all relevant legislation and regulations. The antifraud and anticorruption programme supports and fosters a culture of zero tolerance to fraud, corruption, and unlawful conduct.

The JDA has a whistle-blowing hotline number, which it advertises in the offices and on its website. In addition, all JDA tender documents urge people to report fraudulent activities or maladministration by JDA employees on the hotline.

Employees are regularly briefed and trained in fraud prevention. Strict payment management processes are in place and the Bid Evaluation Committee independently verifies whether preferred service providers can complete the work.

The strategic risk register identifies “fraudulent and corrupt activities” as a strategic risk with a high inherent risk rating and medium residual risk rating. The strategic risk register sets out specific future actions to mitigate these risks, including conducting regular fraud risk assessments and creating fraud risk awareness. The Fraud Risk Register is an operational risk register which is signed off by the respective HoDs and is monitored monthly.

Critical to the anti-fraud and anti-corruption programme is the prevention strategic pillar as contained in the Fraud Prevention Strategy and Response Plan, as part of the prevention strategy, the following risk management documents are in place:

- Fraud Risk Management Policies
- Fraud Prevention Strategy and Response Plan
- Whistle -Blowing Policy and
- Code of Ethics Policy.

5.1 Reported Cases

The JDA utilizes the City of Johannesburg Anti-Corruption Hotline (NACH) which is managed by an independent service provider. Internal reporting processes include electronic reporting of fraud allegations via telephone, email, and walk in reporting.

TABLE 18: REPORTED CASES

Year	No of cases reported	Status	Comments
2022	2	There are 2 (two) investigation that are currently in progress.	The cases are continuously monitored.
2021	8	There are 7 (seven) cases that have been closed.	Closing reports/memos are available.
		There is 1 (one) case that do not appear on the GFIS system.	Continuous engagement with GFIS to identify where the discrepancies are,
2019	1	There is one (1) case that does not appear on the GFIS system	Continuous engagement with GFIS to identify where the discrepancies are.

2018	3	All cases are closed	Closing reports/memos are available
2017	1	The case is closed.	Closing report/memo is available.

SECTION 6: ICT GOVERNANCE

6.1 Principle 12: Technology and Information Governance

According to Principle 12 of King IV™, the purpose of IT Governance is “to support the organisation to set and achieve its strategic objectives. To the above extent, the governing body (Board) recognises that technology is no longer just considered an enabler, but that technology is now both the source for future opportunities at JDA and for all platforms on which the JDA conducts its business. The Board has delegated the oversight over the ICT governance to the ARC. The Committee also assesses the ICT risk and monitors management's implementation of controls.

At management level, the JDA has established the ICT Steering Committee in line with principle 12 of the KING IV of code of governance in South Africa. The core mandate of the ICT Steering Committee is to ensure that the ICT function is efficiently managed, appropriately resourced, and properly governed.

TABLE 19: ICT POLICIES AND FRAMEWORKS ARE CURRENTLY IN PLACE

Policy	Role	Status
ICT Security Policy	ICT Security enforcement	Approved
ICT Strategy	ICT Strategy enforcement	Approved
Cloud Policy	Cloud enforcement	Approved
Disaster Recovery	Disaster Recovery	Approved
Backup Policy	Backup detail & frequency	Approved
Password Policy	Password application	Approved
Internet and Email Policy	Governance	Approved
Cyber Security Strategy	Cyber security application	Approved

6.2 2022/23 ICT Performance

Supply Chain Management Digitization

A concentrated focus on the supply chain is inevitable. The entire service delivery value chain pivots around the supply chain. The digitization of the supply chain is therefore meant to trigger JDA-wide efficiencies in the execution of contracting strategies that will enable service delivery objectives to be met. All supply chain processes are 100% digitized as at the 3rd quarter of the financial year. The Supply chain team has made great strides in ensuring that all SCM processes are automated through the SAP system as follows:

Summary Statistics-Capital and Operational Contracts

The total number of contracts captured on SAP for both OPEX and CAPEX amount to 811. The Supply chain team have been diligent in meeting the target of capturing all active contracts by the end of financial year.

SAP Finance Digitization

Preparations for the final step of digitization and data migration are underway in this quarter. All preparations targets in terms of setting parameters and indicators for accuracy of data and completeness of records have been met.

Timeline

In terms of timeline, the Finance team is anticipated to be in a SAP parallel run mode by the end Q1 of the 2023/2024 Financial year, with Q2 being the post review process.

Network Performance

The performance of the network remains stable at an average of 99% against a target of 99%. The improvement in performance has been attributed to the service provider replacing stolen infrastructure as well as upgrading fibre.

SECTION 7: COMPLIANCE WITH LAWS & REGULATIONS

A governance framework, as well as a checklist, were created to continually enable the officials to observe legal compliance requirements when performing any function. The Universal Regulatory Register (URR) and the MFMA Circular 68 Register are the two primary compliance management tools which are key pillars that bring to life what the Compliance Management Framework articulates.

The Universal Regulatory Register (URR) is made up of applicable legislation and regulations. The URR is split in three broad compliance management sections, which are the following:

- Compliance Universe.
- Compliance Risk Register.
- Compliance Assessment Report

The URR has identified 41 applicable Acts and Regulations that have been categorised as follows.

- 18 identified as Core / Primary.
- 21 as Topical/ Secondary.
- 2 as Pertinent/ Tertiary.

In the 2022/23 financial year, URR reflects a total of 41 Legislations / Regulations with a corresponding 302 compliance obligations identified. By the end of the year under review, two are reported as non-compliant and details of such are captured on the table below. The JDA has not had any material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations imposed on the entity or on members of the governing body or officers.

TABLE 20: OVERALL URR COMPLIANCE STATUS:

Description	Number of Obligations	Compliance %
Compliant	300	99.33 %
Non-compliant	2	0.67%
Total	302	100%

TABLE 21: IDENTIFIED NON-COMPLIANCE AND ACTION PLANS / STATUS

Legislation	Relevant Section	Non-Compliance Finding	Committed Action Plan/Status
National Archives and Record Service of South Africa, No. 43 of 1996	Section 13(2)(c)	Public records are routinely inspected by records management staff.	Records Management Programme. The file plan is in place and the records management specialist has been appointed. It is anticipated the records management policy and the entire program will be finalised in the next financial year.
Municipal Finance Management Act, No. 56 of 2004.	Section 99(2)(b)	Service Providers must be paid within 30 days.	The improvement in the City's financial position will lead to payment of invoices within 30 days.

SECTION 8: CORPORATE ETHICS AND ORGANISATIONAL INTEGRITY

The JDA and its Board subscribe to high ethical standards and principles. The leadership provided by the Board is characterised by the values of responsibility, accountability, fairness and transparency, and has been a defining characteristic of the JDA since its establishment in 2001.

The JDA's main objective has always been to do business ethically while building a sustainable company that recognises 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 interests and expectations of the JDA's stakeholders.

8.1. Code of Conduct

The JDA's code of conduct, which is fully endorsed by the Board, applies to all directors and employees. The code is consistent with schedule 1 of the Municipal Systems Act and the provisions of the COJ Corporate Governance Protocol for Municipal Entities.

The code is regularly reviewed and updated as necessary to ensure that it reflects the highest standards of behaviour and professionalism. Through its code of conduct, the JDA is committed to:

- The highest standards of integrity and behaviour in all its dealings with its stakeholders and society at large.
- Fair commercial and competitive business practices.
- Eliminating discrimination and enabling employees to realise their potential through continuous training and skills development.
- Taking environmental and social issues into consideration.
- Ensuring that all directors declare any direct or indirect personal or business interest that might adversely affect them in the proper performance of their stewardship of the entity.

The code requires all staff to act with the utmost integrity and objectivity, and always be in compliance with the law and company policies. Failure to act in terms of the code results in disciplinary action. The code is discussed with each new employee as part of the induction process, and all employees are asked to sign an annual declaration confirming their compliance with the code. A copy of the code is available to interested parties on request. Non-adherence to the code of ethics-related matters can be reported to a toll-free, anonymous hotline. Any breach of the code is considered a serious offence and is dealt with accordingly, which serves as a deterrent. The directors believe that ethical standards are being met and are fully supported by the ethics programme.

8.2 Declaration of interest

In accordance with its code of conduct, the JDA maintains a register of directors' declarations of interest. The register is updated annually and as and when each director's declared interests change. A register is circulated at every Board and Board committee meeting for the directors to declare any interest related to every matter discussed at a particular meeting. The Board continued to adhere to this practice even in the period under review.

The JDA's employee code of ethics and terms and conditions of employment require all employees to complete declarations of interest covering shareholding in private companies, membership of close corporations, directorships held, partnerships and joint ventures, remunerative employment outside of the JDA, gifts and hospitality, and the status of their municipal accounts. The entity achieved 100% declaration of interest by employees by end of the financial year.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Strategic Objective 1,2,3	
Impacted Capitals	Financial, Manufactured, Natural & Human Capital
Stakeholders Interested	Auditor General, JDA Board, Women and Youth, MMC, Community

SECTION 1: HIGHLIGHTS AND ACHIEVEMENTS

The JDA commence the financial year with an approved Business Plan that has clear deliverables and targets for the financial year. However due to financial challenges that City started to experience during the second quarter of 2022/23, the JDA deemed it critical to adjust its organisational scorecard during the mid-year deviation process in January 2023. The following are some of highlights recorded during implementation of the Business plan.

- The Board of Director held a strategic session which was intended to identify and agree of strategic focus areas that will ensure that the entity move towards being self-sustainable.
- The Entity had adjusted its scorecard during the mid-year adjustment process from 20 KPIs to 19 KPI's. Of the 19 KPI's that are outlined in the adjusted Business Plan Scorecard there are 15 KPIs that were measured. Of the 15 KPI, 9 (60%) were achieved, 4 (27%) partially achieved (as its performance is above 80%) and 2 (13%) were not achieved. In comparison with the previous financial year, the entity has shown a slight improvement in terms of number of KPIs achieved that have been at 9 KPI fully achieved which translate to 60% for the FY under review while only 7 KPIs were achieved in the previous FY. However, the performance of the entity was severely impacted by cash flow challenges that the City experienced from the second quarter of the financial year.
- In comparison with the previous financial years, the 60% Entity's performance for 2022/23 is higher than the preceding financial years.

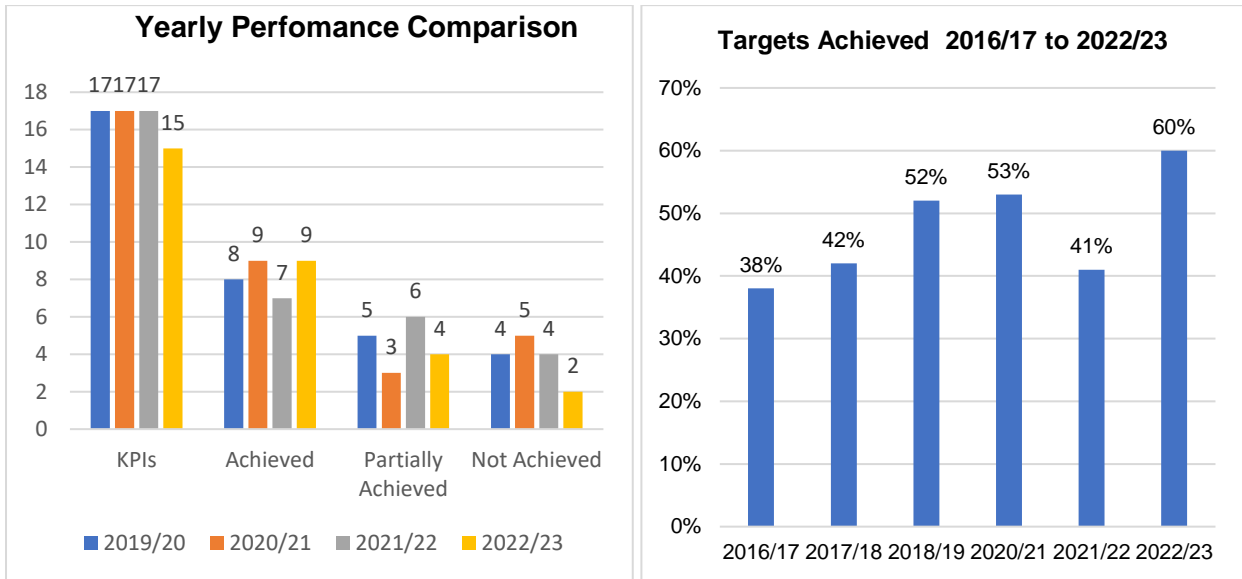


FIGURE 7: YEARLY PERFORMANCE COMPARISON/5 YEARS ACHIEVEMENT TREND

- The entity has managed to get two projects to reach practical completion. The projects are Roodepoort TOD Phase 1 and Lenasia TOD Phase 1
- The JDA with all the challenges that led to some projects suspended for more than three months managed to spend 75% of the allocated capital budget.

Programme	Budget for the FY	Actual	Variance	Annual Budget	%Budget Spent
	R' 000	R' 000	R' 000	R' 000	%
Capex for 2022/23 FY	1088 210 231	883 278 402	(204 931 829)	1165 478 051	75.79%
Total	1088 210 231	883 278 402	(204 931 829)	1165 478 051	75.79%

- 48% and 109% of the total expenditure was utilized on SMMEs and BBBEE, respectively.

SECTION 2: SERVICE DELIVERY CHALLENGES

- The Financial year commenced with the JDA recording the general challenges that emanate from the nature of its business of being an area-based development agency. This included amongst others, poor contractor performance across a number of projects which has resulted in a few contractors being terminated.
- The City faced extreme cashflow issues towards the end of quarter two which affected its ability to allocate the JDA with sufficient weekly and monthly cash flow to pay service provider on time. This meant the JDA could not pay its service providers on time and in turns that affected production rates on all the projects at construction stage. Some projects were suspended by contractors due to delayed payments whereas others were stopped by community members due to non-payment of community based SMMEs and general workers.

- Some projects that were included in the JDA's Business Plan at the beginning of the Financial Year based on approved indicative budgets, did not receive final budget allocations from the City and Client Departments, thus could not be implemented nor could planned performance targets be achieved timeously.
- Given the difficult current economic conditions, in particular delayed payments by project clients and sponsor, the construction industry has been impacted badly, and this has resulted in several contractors contracted by the JDA experiencing cashflow issues, which in turn negatively impacted planned production rates on site – and caused project delays.
- Even though, the JDA has made considerable progress in eradicating the backlog of the payment of invoices from Q3, several service providers have not fully recovered from a cashflow point of view, and this has affected some of the vulnerable and sensitive project stakeholders, such as Community Based Emerging Contractors (SMMEs). The JDA was still dealing with aggrieved SMMEs from various projects who were still experiencing delayed payment by main contractors. The Entity has pro-actively and intensively communicated with all its key stakeholders any payment delays that have a potential to affect the implementation of projects.
- The JDA had to terminate at least three contracts of contractors who had failed to complete the projects as per the agreed conditions of contracts and has put on terms several contractors who have struggled to demonstrate capacity to execute projects as per the agreed schedules. These terminations and lack of progress from several contractors have affected the overall performance of the entity. However, it should be noted that the Entity has put in place recovery plans on challenged projects, and replacement plans for projects where contracts have been terminated.
- Overall, since there are financial improvements that the Entity experienced during the 4th Quarter, consequently there were minimal effects of the City's Cash Flow challenges encountered. This led to a reduction in terms of the cash flow impact when compared to the 2nd and 3rd quarters.
- The entity also encountered vacancy rate challenges throughout the financial year where the financial year ended with number of senior positions under acting incumbent.

SECTION 3: RESPONSE TO STRATEGIC DIRECTION

The JDA forms part of the City's Economic Growth Cluster and plays both a direct and indirect role regarding the following Mayoral Priorities against which it can be measured and held accountable. The JDA's responses to four GDS outcomes, eleven priorities and spatial polices against which it can be measured and held accountable. Chapter one has outlined the strategic objective and in this section the entity demonstrates how it strived to achieve those set objectives.

- Strategic Objective 1 = To support the growth and development of strategic nodes into high quality, investor friendly and sustainable urban environment
 JDA will focus on strengthening the position of key nodes such as the inner city as a critical business and residential node and the primary gateway to transit networks for the city; financial services networks for the City Region; and cross-border trade networks for the African continent. Implementation is more detailed under chapter 3 and 5.

- Strategic Objective 2 = To efficiently, effectively and economically deliver sustainable social and economic infrastructure projects.

The objective is to effectively and efficiently deliver on the City’s priority social and/or economic infrastructure programme. Implementation is detailed under chapter 3 and 5.

- Strategic Objective 3 = To promote economic empowerment and transformation through the structuring and procurement of the JDA developments

The focus was on the develop skills and capacity within the construction industry in Johannesburg, Optimise the JDA’s contribution to inclusive economic growth and empowerment, and the transformation of the construction industry. Implementation details is reported under chapter 3.

- Strategic Objective 4 = To strengthen and improve the JDA's corporate governance and operations to ensure that it remains an effective, efficient, self-sustained and well-governed organization.

The focus was to improve efficiency through Finance, Governance, human capital, Risk and Compliance, Supply Chain Management and IT. Implementation is detailed under chapter 2, 4 and 5.

TABLE 22: STRATEGIC GOALS AND ACHIEVEMENT

Strategic Goal/Objectives	2021/22 Achievements	2022/23 Achievements
Strategic Objective 1	<p>Two projects in the corridors have reached contract stage including:</p> <ul style="list-style-type: none"> - CORR - Louis Botha Transit Oriented Development - Orange Farm PEU - Turfontein clinic <p>One project reached practical completion:</p> <ul style="list-style-type: none"> - Balfour Park Transit Precinct Development (Louis Botha Corridor) <p>Eight pre-feasibility studies were done</p>	<p>Two projects reached practical completion in the financial year.</p> <ul style="list-style-type: none"> -Rooderpoort TOD phase 1 -Lenasia TOD phase 1 <p>Six prefeasibility studies of projects in the nodes were conducted.</p> <p>There are number of concept designs for projects in the corridors that were concluded in the financial year.</p>
Strategic Objective 2	<p>Four projects reached practical completion:</p> <ul style="list-style-type: none"> - PTF: Small Public Transport Facilities: Tshepisoong -Brixton Social Cluster - JRA 5th Road Bridge -JRA – M2 Finger Joint Replacement Works <p>Number of projects in that contribute to sustainable social and economic infrastructure reached contract award stage including:</p> <ul style="list-style-type: none"> -PTF: Upgrading of Sunninghill Public Transport Facilities. -Complete streets: Deep south. -Complete streets: Turfontein. 	<p>Various concept designs of projects that will contribute to sustainable social and economic infrastructure were concluded.</p>

Strategic Goal/Objectives	2021/22 Achievements	2022/23 Achievements
	-Ivory Park Turnkey (Dlamini Drive). -RAMP Community Development. -RAMP Social Development. Twenty concept designs were concluded.	
Strategic Objective 3	412 EPWP jobs created. 44% of total expenditure was spent on SMMEs. 103% of the total expenditure supported BBBEE.	368 EPWP jobs created. 48% of total expenditure was spent on SMMEs. 109% of the total expenditure supported BBBEE.
Strategic Objective 4	-Compliance with applicable legislations assessed and close the financial year at 99% compliant. -The entity had a functional Board and Independent Audit Members to play an oversight role on the entity. -92% of invoices were paid within the prescribed period of 30 days. -92% of Internal Audit findings were resolved. -91% of AG findings were resolved.	-Compliance with applicable legislations assessed and close the financial year at 99.33% compliant. -The entity had a functional Board and Independent Audit Members to play an oversight role on the entity. -75% of invoices were paid within the prescribed period of 30 days. -91% of Internal Audit findings were resolved. -86% of AG findings were resolved.

SECTION 4: PERFORMANCE AGAINST SERVICE STANDARDS

The JDA as a development agency has no service level standards that were agreed upon with the Shareholder for the entity to adhere to since the service is not directly rendered to the citizens of the City.

SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The JDA implemented an approved Business Plan which was later adjusted during mid-year in line with legislation. The scorecard targets, which are set and agreed on by JDA management, the Board, and the Shareholder, aim to improve the JDA's performance and efficiency, and achieve longer-term goals for specific developments, such as area-based revitalization.

The JDA policy and reporting framework define a target as achieved with a 95–100% rating, a target as partially achieved with an 80–94% rating and a target less than a 79% rating.

Performance per programme and per KPA are summarized in the table below:

KPI ACHIEVEMENT RATINGS LEGEND




Achievement	Rating
	Target achieved (95–100% rating)
	Target partially achieved (80–94% rating)
	Target not achieved (<79% rating)

TABLE 23: SCORECARD


Outcome: Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy									
OUTPUT: Sustainable Human Settlement									
JDA STRATEGIC PROGRAMME: Accelerated and visible service delivery and re-introduction of co-production in the delivery of the basic service									
KPI NO	KEY PERFORMANCE INDICATORS	REF NO	BASELINE 2021/22	TARGET 2022/23	ACTUAL 2022/23	VARIANCE	ANNUAL ACHIEVEMENT RATING	EXPLANATION OF PROGRESS AS AT THE END OF 30 JUNE 2023	VARIATIONS AND STEPS TO BE TAKEN TO IMPROVE PERFORMANCE
1.	Number of pre-feasibility studies conducted. ¹	JDA_001	8	0	6	6	-	The pre-feasibility studies of the following: 1. Randburg Transport Masterplan 2. Zandspruit and the surrounding areas Transport Masterplan 3. ICM Corridor Southern Corridor 4. ICM Western Corridor. 5. Orange Farm Urban Agriculture. 6. Parking Stress Management	Though the target was zero, there were Service Provider's that were already appointed to do the work. Commitments were made even though there were financial challenges. Hence, work continued and subsequently the projects reached the pre-feasibility milestone.

¹ Detailed local area plans, detailed local area implementation plans, or area-based studies produced, reviewed or updated.

Outcome: Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy

OUTPUT: Sustainable Human Settlement


JDA STRATEGIC PROGRAMME: Accelerated and visible service delivery and re-introduction of co-production in the delivery of the basic service

KPI NO	KEY PERFORMANCE INDICATORS	REF NO	BASELINE 2021/22	TARGET 2022/23	ACTUAL 2022/23	VARIANCE	ANNUAL ACHIEVEMENT RATING	EXPLANATION OF PROGRESS AS AT THE END OF 30 JUNE 2023	VARIATIONS AND STEPS TO BE TAKEN TO IMPROVE PERFORMANCE
2.	Number of feasibility studies conducted	JDA_002	New KPI	0	0	0	-	-	-
3.	Number of urban development frameworks completed	JDA_003	1	2	2	0		The following urban development framework were developed in the financial year. 1. Ivory Park UDF 2. Kiptown Turnkey Programme	Not Applicable

Outcome: Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy

OUTPUT: Sustainable Human Settlement

JDA STRATEGIC PROGRAMME: Accelerated and visible service delivery and re-introduction of co-production in the delivery of the basic service

KPI NO	KEY PERFORMANCE INDICATORS	REF NO	BASELINE 2021/22	TARGET 2022/23	ACTUAL 2022/23	VARIANCE	ANNUAL ACHIEVEMENT RATING	EXPLANATION OF PROGRESS AS AT THE END OF 30 JUNE 2023	VARIATIONS AND STEPS TO BE TAKEN TO IMPROVE PERFORMANCE
4.	Number of projects at concept design phase.	JDA_004	18	24	25	1		Concept Designs completed in the FY. 1. Chris Hani – Phase 2 2. Community Century 3. Arts and Technology Centre (Drieziek Node) 4. Drieziek Recreation Park 5. Complete streets: NMT links to PTF in Orange Farm 6. Development of an Integrated spatial data portal and spatial plan management/sharing system. 7. PTF: Small Public Transport Facilities: Tshepisong. 8. Soweto SAF: Vilakazi and Kumalo Street. 9. Inner City Walkable Network. 10. Louis Botha Office Upgrade 11. High Court PEU 12. Arts and Technology Centre (civic Node)	Not applicable

Outcome: Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy

OUTPUT: Sustainable Human Settlement

JDA STRATEGIC PROGRAMME: Accelerated and visible service delivery and re-introduction of co-production in the delivery of the basic service

KPI NO	KEY PERFORMANCE INDICATORS	REF NO	BASELINE 2021/22	TARGET 2022/23	ACTUAL 2022/23	VARIANCE	ANNUAL ACHIEVEMENT RATING	EXPLANATION OF PROGRESS AS AT THE END OF 30 JUNE 2023	VARIATIONS AND STEPS TO BE TAKEN TO IMPROVE PERFORMANCE
								13. Driezik Neighbourhood Spine PEU 14. Ivory Park Public Environment – Dlamini Drive Phase 1 15. Ivory Park Urban Renewal Programme (Kopanong MPC) 16. Public Transport Stops: Cosmo City 17. Fleet Africa PTF 18. Chris Hani Phase 1 19. Link Road 20. Moyane Drive 21. Protea South Clinic 22. Diepsloot Phase 3 23. Complete Streets NMT to Linking Phefeni Station 24. Lakeside New Modal Transport Facility 25. South Hills Clinic	

Outcome: Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy

OUTPUT: Sustainable Human Settlement

JDA STRATEGIC PROGRAMME: Accelerated and visible service delivery and re-introduction of co-production in the delivery of the basic service

KPI NO	KEY PERFORMANCE INDICATORS	REF NO	BASELINE 2021/22	TARGET 2022/23	ACTUAL 2022/23	VARIANCE	ANNUAL ACHIEVEMENT RATING	EXPLANATION OF PROGRESS AS AT THE END OF 30 JUNE 2023	VARIATIONS AND STEPS TO BE TAKEN TO IMPROVE PERFORMANCE
5.	Number of projects in detailed design phase	JDA_005	New KPI	16	13	-3	☹️	1. Chris Hani Phase 1 2. Elias Motsoaledi Clinic 3. Jack Mincer PTF 4. Ivory Park Public Environment Upgrade (IPPEU) Dlamini Drive – Phase 2 5. Hikensile Clinic. 6. Complete Streets: NMT to linking Phefeni Station 7. Protea South Clinic 8. Public Transport Stops: Cosmo City 9. Complete Streets: NMT Links to Public Transport Facilities in Tshepisong 10. Fleet Africa PTF – Phase 1 11. Rabie Ridge Clinic 12. Freedom Park Clinic 13. Ivory Park Urban Renewal Programme (Kopanong) Koponong MPC	The annual performance was affected by the City's cash flow that was beyond the JDA. There are ongoing discussions with the City to ensure that there is a contingency plan should similar challenge is experienced.

Outcome: Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy

OUTPUT: Sustainable Human Settlement



JDA STRATEGIC PROGRAMME: Accelerated and visible service delivery and re-introduction of co-production in the delivery of the basic service

KPI NO	KEY PERFORMANCE INDICATORS	REF NO	BASELINE 2021/22	TARGET 2022/23	ACTUAL 2022/23	VARIANCE	ANNUAL ACHIEVEMENT RATING	EXPLANATION OF PROGRESS AS AT THE END OF 30 JUNE 2023	VARIATIONS AND STEPS TO BE TAKEN TO IMPROVE PERFORMANCE
6.	Number of projects reaching contract award stage.	JDA_006	4	15	12	-3	☹️	1.Inner City Core PEU (Including the southern parts) (Phase 1) 2. Melville Activity Street Neighbourhood Development_CoF_Upgrade 3. Alex Depot – Access Road 4. Watt Street Precinct, Wynberg 5. Pennyville Precinct Renewal Precinct Redevelopment PENNYVILLE EXT.1 B City Wide (Phase1) 6. Shelters for Displaced Persons Johannesburg Central Library -Phase 2. 7. Metro Mall Project. 8. BRT Signage and Demarcation. 9. Randburg PEU. 10. Chris Hani – Phase 1. 11. Selby Depot. 12. Protea South Clinic.	TBC

Outcome: Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy

OUTPUT: Sustainable Human Settlement

JDA STRATEGIC PROGRAMME: Accelerated and visible service delivery and re-introduction of co-production in the delivery of the basic service


KPI NO	KEY PERFORMANCE INDICATORS	REF NO	BASELINE 2021/22	TARGET 2022/23	ACTUAL 2022/23	VARIANCE	ANNUAL ACHIEVEMENT RATING	EXPLANATION OF PROGRESS AS AT THE END OF 30 JUNE 2023	VARIATIONS AND STEPS TO BE TAKEN TO IMPROVE PERFORMANCE
7.	Number of projects reaching practical completion stage.	JDA_007	4	5	2	-3		1. Roodepoort TOD Phase 1 2. Lenasia TOD Phase 1	The annual performance was affected by the City's cash flow that was beyond the JDA. There are ongoing discussions with the City to ensure that there is a contingency plan should similar challenge is experienced.
8.	Number of precinct management implementation plans. ²	JDA_008	3	0	0	0	-	-	-
9.	Number of JDA Communication and Media related Initiatives.	JDA_009	410	300	363	63		Achieved	Not applicable
10.	Number of impact performance assessments completed	JDA_010	4	0	0	0	-	-	-

² Includes precinct management plans that are operationalized (implemented) or produced, reviewed or updated.

OUTCOME: A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region

STRATEGIC PRIORITY: A well run City

STRATEGIC PROGRAMME: Governance in the interest of people and reduce corruption

KPI NO	KEY PERFORMANCE INDICATORS	REF NO	BASELINE 2021/22	TARGET 2022/23	ACTUAL 2022/23	VARIANCE	ANNUAL ACHIEVEMENT RATING	EXPLANATION OF PROGRESS AS AT THE END OF 30 JUNE 2023	VARIATIONS AND STEPS TO BE TAKEN TO IMPROVE PERFORMANCE
11.	Percentage resolution of Internal Audit findings.	JDA_011	92%	100%	92%	-8%		The findings that were not resolved was mainly due to that they were dependent on approval of certain reports that unfortunately were not approved on time and these findings will be cleared by end of Q1 2023/24 FY.	All findings will be closed/ resolved before the end of Q1, and all will be monitored on the OPCA meetings.

OUTCOME: A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region

STRATEGIC PRIORITY: A well run City



STRATEGIC PROGRAMME: Governance in the interest of people and reduce corruption

KPI NO	KEY PERFORMANCE INDICATORS	REF NO	BASELINE 2021/22	TARGET 2022/23	ACTUAL 2022/23	VARIANCE	ANNUAL ACHIEVEMENT RATING	EXPLANATION OF PROGRESS AS AT THE END OF 30 JUNE 2023	VARIATIONS AND STEPS TO BE TAKEN TO IMPROVE PERFORMANCE
12.	Percentage resolution of Auditor General findings.	JDA_012	91%	100%	88%	-12%	☹️	Some findings will be cleared after Internal Audit has been concluded the audit of the draft AFS and any remaining findings will be cleared at the end of Q1 2023/24.	All findings will be closed/ resolved before the end of Q1 and be monitored on the OPCA meetings.

OUTCOME: A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region

STRATEGIC PRIORITY: Financially and administratively sustainable and resilient city



STRATEGIC PROGRAMME: Improve and Strengthen Financial Position

KPI NO	KEY PERFORMANCE INDICATORS	REF NO	BASELINE 2021/22	TARGET 2022/23	ACTUAL 2022/23	VARIANCE	ANNUAL ACHIEVEMENT RATING	EXPLANATION OF PROGRESS AS AT THE END OF 30 JUNE 2022	VARIATIONS AND STEPS TO BE TAKEN TO IMPROVE PERFORMANCE
13.	Percentage of budget spent on city-wide infrastructure.	JDA_013	80.49%	35%	76%	41%		Achieved	Not Applicable
14.	Percentage of valid invoices paid within 30 days of invoice date.	JDA_014	92%	50%	75%	25%		Achieved	Not Applicable

OUTCOME: An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens

STRATEGIC PRIORITY: Job opportunity and creation and Economic Development

STRATEGIC PROGRAMME: Job opportunities and creation and Development and support of SMMEs

KPI NO	KEY PERFORMANCE INDICATORS	REF NO	BASELINE 2021/22	TARGET 2022/23	ACTUAL 2022/23	VARIANCE	ANNUAL ACHIEVEMENT RATING	EXPLANATION OF PROGRESS AS AT THE END OF 30 JUNE 2023	VARIATIONS AND STEPS TO BE TAKEN TO IMPROVE PERFORMANCE
15.	Percentage spent on Broad-Based Economic Empowerment through local procurement as a share of total expenditure. ³	JDA_015	104%	100%	109%	9%		Achieved	Not Applicable
16.	Number of Expanded Public Works programmes (EPWP) work opportunities created City-wide ⁴	JDA_016	412	150	368	218		Achieved	Not Applicable

³ The JDA uses various criteria for calculating the BBBEE claimed. Each service provider's individual BBBEE rating affects the amount of expenditure the JDA can claim as being from a BBBEE-compliant service provider when calculating its preferential procurement points. The higher the service provider's rating, the more expenditure can be claimed. If the agency buys from a level 1 service provider, it can claim 135% of the actual expenditure. For example, if the JDA spends R10 000 with a level 1 service provider, it can claim R13 500 as BBBEE spend. If it spends R10 000 with a level 6 service provider, it can only claim R6 000. The JDA only claims 100% for service providers with BBBEE level 1 to 4 and 80 percent, 60 percent, 50 percent and 10 percent for service providers with BBBEE level 5 to 8 respectively. The JDA confirms the validity of BBBEE certificates by verification agencies by tracing the name of the agency to the South African National Accreditation System's list of accredited agencies. Each BBBEE level is translated into a BBBEE score reflected as a percentage. For example, BBBEE level 6 equals 60%, while BBBEE level 1 equals 135%.




B-BBEE Status Level Of Contributor	B-BBEE Recognition	Number of Points	
		Tenders up to R30,000 R50 million	Tenders above R50+ million
1	135%	20	10
2	125%	18	9
3	110%	14	6
4	100%	12	5
5	80%	8	4
6	60%	6	3
7	50%	4	2
8	10%	2	1
Non- Compliant contributor	0%	0	0

⁴ Paid work for an individual for any period of time, the same individual can be employed on different projects and each period will be counted as a work opportunity.

OUTCOME: An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens

STRATEGIC PRIORITY: Job opportunity and creation and Economic Development

STRATEGIC PROGRAMME: Job opportunities and creation and Development and support of SMMEs

KPI NO	KEY PERFORMANCE INDICATORS	REF NO	BASELINE 2021/22	TARGET 2022/23	ACTUAL 2022/23	VARIANCE	ANNUAL ACHIEVEMENT RATING	EXPLANATION OF PROGRESS AS AT THE END OF 30 JUNE 2023	VARIATIONS AND STEPS TO BE TAKEN TO IMPROVE PERFORMANCE
17.	Percentage of SMME expenditure as a share of total expenditure.	JDA_017	44%	5%	48%	43%		Achieved	Not Applicable
18.	Percentage spends on JDA operating budget against approved operating budget.	JDA_018		75%	101%	26%		Achieved	Not Applicable
19.	Percentage of the strategic risk management action plan implemented.	JDA_019	73%	95% (cumulative)	76%	-19%		Not Achieved	Regular follow ups with management will be conducted as part of the corrective measure to ensure target is met.

5.1 Economic Empowerment Programme.

EPWP Performance

The SA government describe the EPWP Programme as one of government's key programmes aimed at providing poverty and income relief through temporary work for the unemployed. The JDA had an annual target of 150 jobs to be created through this programme. The target was revised downwards from an initial target of 500 jobs due to the cashflow challenge that the entity suffered during the first half of the financial year resulting in some of the projects that were intended to create jobs either suspended for a longer period or put on hold. The EPWP job opportunities range from skilled work to manual labour (depending on the type of projects) and the existing skills in the community. The table below presents a breakdown of created jobs per quarter. The JDA has split the Project Implementation into 3 portfolios and this table also shows how portfolios contributed towards reported EPWP jobs.

TABLE 24: EPWP PERFORMANCE FOR A YEAR

JDA Program	Q1 EPWP	Q2 EPWP	Q3 EPWP	Q4 EPWP	YTD
Portfolio 1	23	16	14	37	90
Portfolio 2	42	54	22	30	148
Portfolio 3	33	55	34	8	130
TOTAL	98	125	70	75	368

Enterprise/SMME Development

Small, Medium and Micro enterprise (SMME) sector contributes significantly to the country's gross domestic product (GDP) and also play a critical role in absorbing labour and skills development in the local economies. In an effort to support and sustain this critical sector, the SA government launched number of programmes through relevant departments and entities. With a country that has high unemployment rate, poverty and inequality that affect the youth, SMMEs become one of the critical catalysts to address these challenges.

In response to the national call, the City has a strategic priority on job opportunity and creation where the focus is in ensuring that all job creation efforts are equitable and inclusive. This includes supporting sustainability of the SMMEs.

The JDA has, as part of its economic development programme supported SMME through subcontracting work in the projects that were running throughout the financial year and by ensuring that procurement focuses on empowering SMMEs. As a result, 48% of the JDA total expenditure was spent on SMMEs. The tables below show the JDA contribution to supporting SMMEs.

TABLE 25: SMME CONTRIBUTION

Description	2022/23		
	Total Expenditure	SMME Claimed	SMME %
Capex	790,075,123.65	401,127,699.72	51%
Opex	68,576,703.48	14709147.41	21%
Consolidated Opex and Capex	858,651,827.13	415,836,847.13	48%

Black Economic Empowerment

The JDA uses various criteria for calculating the BBBEE claimed. Each service provider's individual BBBEE rating affects the amount of expenditure the JDA can claim as being from a BBBEE-compliant service provider when calculating its preferential procurement points. The higher the service provider's rating, the more expenditure can be claimed. If the agency buys from a level 1 service provider, it can claim 135% of the actual expenditure. For example, if the JDA spends R10 000 with a level 1 service provider, it can claim R13 500 as BBBEE spend. If it spends R10 000 with a level 6 service provider, it can only claim R6 000. The JDA claims 135% for service providers with BBBEE level 1, 125% for level 2, 110% for level 3, 100% for level to 4, 80% for level 5, and 60% for level 6, 50% for level 7 and 10% for level 8. The JDA confirms the validity of BBBEE certificates by verification agencies by tracing the name of the agency to the South African National Accreditation System's list of accredited agencies. Each BBBEE level is translated into a BBBEE score reflected as a percentage. For example, BBBEE level 6 equals 60%, while BBBEE level 1 equals 135%.

The JDA reports on the BBBEE share of both actual expenditure and contractual commitments for all active contracts. The table below shows the BBBEE share of capital and operating expenditure. For the period 1 July 2022 to 30 June 2023, the overall BBBEE share of expenditure was R932 219 066 is translates into an achievement of 109% BBBEE claimed against quarterly expenditure. The table below reflects the JDA's contribution towards BBBEE.

TABLE 26: SUMMARY OF BBBEE EXPENDITURE

Description	2022/23		
	Total Expenditure	BBBEE Claimed	BBBEE %
Capex	790,075,123.65	892 526 004.3	113%
Opex	68,576,703.48	39 693 061.69	58%
Consolidated Opex and Capex	858,651,827.13	932 219 066	109%

SECTION 6: PUBLIC SATISFACTION IN MUNICIPAL SERVICES

The JDA mandate of area-based development fulfils the entire project development value chain which included project/development planning, facilitation of the development and the construction of the project. Execution of

the development value chain ensures that the JDA support the pre-development and post-development phases to enhance the value added by the capital works interventions and improve the longer-term sustainability of the capital investment. To do so, the JDA gives much emphasis on the co-production of solutions in partnership with local communities and stakeholders to meet local needs and mitigate challenges. The JDA involves the local communities in the implementation of its projects through ensuring that local businesses with relevant skills are subcontracted in the project and that local labourers sourced throughout the project life cycle. As part of predevelopment consultations, the JDA collaborate with all relevant stakeholders including the ward councillors to ensure that the community is well apprised of the opportunities that the projects presents and how the communities will access them.

In the 2022/23 financial year, the JDA continued with the public participation practice in the planning stage, consultations with communities and affected parties during the design stage, and value-adding activities involving community members in projects such as the peoples' history, heritage exhibitions and public art projects that tell the story of the neighbourhood. The public involvement in projects enables JDA to manage expectations and perceptions of all stakeholder groups throughout the project by providing clear and regular communication and mobilization activities, explaining the purpose, scope and outcomes of each project to minimize misunderstanding and misinformation.

As a way of assessing the satisfaction of the public upon completion of the project the JDA always request the Client department that it is implementing project on behalf to sign of satisfaction receipt. The sign off of the project is done after vigorous snagging process of the projects by professionals. Over and above the client department's assertion that the JDA has delivered as per the agreement and commitments made to the public, the JDA randomly conduct impact assessments studies on its projects. This also provide further primary information regarding achievement of objectives that the project was intended to achieve. Based on the assessment conducted to date, the JDA's projects were implemented satisfactorily. The entity will continue to enhance its public satisfaction method for the purpose of covering wider range.

SECTION 7: RECOMMENDATIONS AND PLANS FOR 2023/24

The City of Joburg and its entities embarked in the planning process for the 2023/24 Financial year. The JDA aligned its priorities for the financial year with the City's long – Medium – Short Term plans. Eleven strategic priorities were identified by the City as the backbone of planning under the Government of Local Government term that commenced in February 2023.

In response to the City's priorities, the JDA will respond through driving for set of strategic objectives. The entity further coordinates the implementation of the objective through three substantive programmes and one administrative programme that support the good governance and optimal performance of the substantive programmes. The table below outlines the alignment of the JDA 's Objectives and programmes with the City's priorities.

TABLE 27: ALIGNMENT TO THE PRIORITIES 2023/24

GDS Outcomes	GDS Output	Strategic Priorities	JDA Objectives	JDA Programme	Outcome
1. Improved quality of life and development-driven resilience for all.	<ol style="list-style-type: none"> 1. Reduce poverty and increase productivity 2. Food security that is both improved and safeguarded 3. Access to knowledge and lifelong learning 4. A society characterised by healthy living for all 5. A safe and secure city 6. A city characterised by social inclusivity and enhanced social cohesion 	<p>Safer City</p> <p>Sustainable Economic Growth</p>	To support the growth and development of strategic nodes into high quality, investor friendly and sustainable urban environment	<ol style="list-style-type: none"> 1. Strategic Economic Node Delivery Programme 2. Economic Empowerment Programme. 	<p>The growth and development of strategic economic nodes into high-quality, investor friendly and sustainable urban environments.</p> <p>Efficient delivery infrastructure that produces a socio-economic return.</p>
2. Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy	<ol style="list-style-type: none"> 1. Sustainable and integrated delivery of water 2. Sustainable and integrated delivery of sanitation 3. Sustainable and integrated delivery of energy 4. Sustainable and integrated delivery of waste 5. Improved eco-mobility 6. Climate change resilience and environmental protection 	<p>Sustainable service delivery</p> <p>Energy mix</p> <p>Infrastructure development and refurbishment</p>	To efficiently, effectively and economically deliver sustainable social and economic infrastructure projects	1. Accelerated infrastructure Delivery Programme	Efficient delivery infrastructure that produces a socio-economic return.
3. An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens	<ol style="list-style-type: none"> 1. Job-intensive economic growth 2. Promotion and support to informal and micro businesses 3. Increased competitiveness of the economy 4. A ‘Smart’ City of Johannesburg, which is able to deliver quality services to citizens in an efficient and reliable manner (cross cutting output). 	<p>Sustainable Economic Growth</p> <p>Job opportunity and creation</p> <p>Green Economy.</p> <p>Smart city</p>	To promote economic empowerment and transformation through the structuring and procurement of the JDA developments	<ol style="list-style-type: none"> 1. Economic Empowerment Programme. 2. Good Governance, Management and Administration Programme 	The growth and development of strategic economic nodes into high-quality, investor friendly and sustainable urban environments.

GDS Outcomes	GDS Output	Strategic Priorities	JDA Objectives	JDA Programme	Outcome
4. A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region	1. Partnerships, intergovernmental & international relations 2. A responsive, accountable, efficient and productive metropolitan government 3. Financially sustainable and resilient city 4. Meaningful citizen participation and empowerment 5. Guaranteed customer and citizen care and service	Active and engaged citizenry. Good governance. Financial sustainability.	To strengthen and improve the JDA's corporate governance and operations to ensure that it remains an effective, efficient, self-sustained and well-governed organization.	1. Good Governance, Management and Administration Programme	A financially viable, effective and well-governed development agency.

The JDA has developed an ambitious yet attainable plan for the next financial year, there are a number of projects to be implemented to reach various stages as at end of the financial year. There are 52 planned total as indicated in the table below. It is incumbent upon the shareholder to ensure that the JDA is well positioned, structured and capacitated in order to deliver against committed projects in the City's spatial transformational priority areas, manage expectations and perceptions of all stakeholder groups throughout the development process by focusing on frequent communication, meaningful engagement and a co-creation ethos; and effectively, efficiently and economically oversee the capital budget.

TABLE 28: PROJECTS IMPLEMENTATION PLAN

Projects Deliverables	Number of Projects
Projects pre-feasibility studies conducted	3
Projects feasibility studies conducted	4
Urban Development Frameworks completed	2
Projects at concept design phase	4
Projects in detailed design phase	7
Projects reaching contract award stage	9
Projects reaching practical completion stage	22
Project precincts management implementation plans	1

The above list of projects planned to be implemented in the next financial year, will be implemented at an estimated budget of R1,3 billion. The budget is allocated from different sources which include allocation made directly to the JDA by the City and from client departments that the JDA will be implementing projects on behalf. The following is funding sources representation of the R1.3 billion that will be utilized by the JDA.

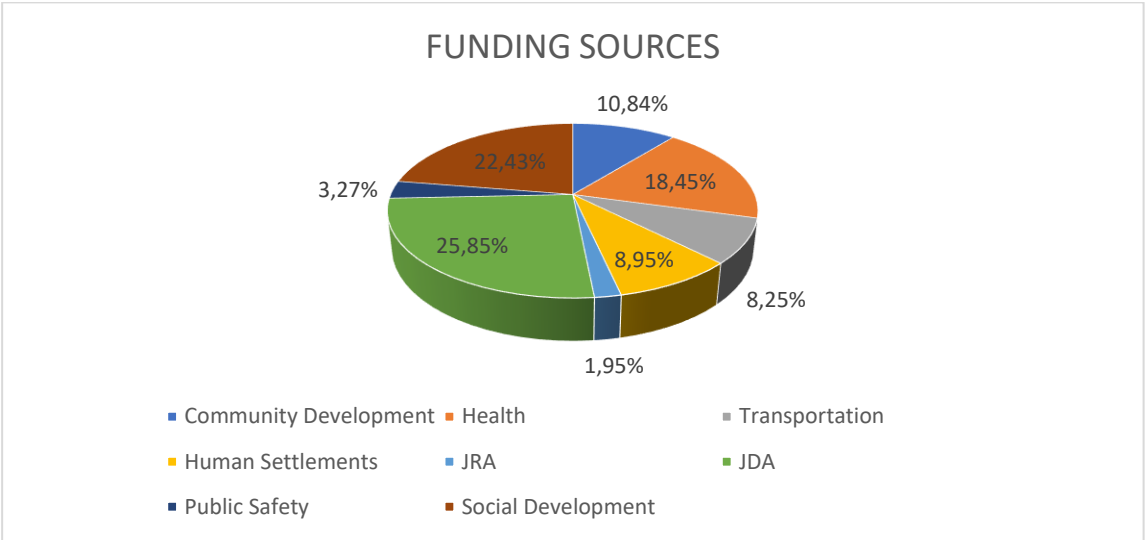


FIGURE 8: FUNDING SOURCES

The JDA has identified shortfalls in its business model that has potential of impacting the sustainability of the entity in the long run. To address these short falls and improve performance going forward, the Board and management have identified strategic areas for implementation effective from the last quarter of the financial year.

CHAPTER 4: HUMAN RESOURCES & ORGANISATIONAL MANAGEMENT

Strategic Objective 4	
Impacted Capitals	Financial, Manufactured, Natural & Human Capital
Stakeholders Interested	Auditor General, JDA Board, JDA staff, Organised Labour

The nature of the human capital function within the JDA is broadly encapsulated in the HR legislative framework. The framework plays an important role in governing the HR processes towards creating, developing and supporting a collaborative culture in the workplace. Furthermore, the human resource department takes care of the employees in terms of recognition, benefits, and many other aspects. To this extent, the Employment Policy emphasises that its employment practices and remuneration policies motivate and retain talented employees and create an attractive work environment.

HR priorities for the year under review and the impact of these priorities

HR priorities for the year under review related to ensuring that there was an efficient and effective workforce within the JDA. The HR department made concerted efforts to ensure implementation of the recruitment and selection policy for the JDA during the financial year with regard to the filling of vacant posts on the structure.

Human capital policies are in place and have been reviewed in 2022/23 financial year to ensure that they were aligned to the Strategic Plan and legislative requirements.

Employee performance management system has been put in place to ensure that the organizational objectives are cascaded down and aligned with individual performance contract. This process is embedded on the following principles:

- Performance management is consistently applied across the JDA to ensure effective alignment of strategic objectives and individual outputs.
- Performance objectives are based on a scorecard of metrics featuring both financial and non-financial indicators, which are aligned with the JDA's strategic imperatives, and
- Performance management is an ongoing process rather than an event.

Since May 2019, the JDA became a two Union workplace, with SAMWU now being the majority Union ahead of IMATU (Independent Municipal and Allied Trade Union).

The JDA has adopted a new structure with new naming conventions and new role profiles.

SECTION 1: EMPLOYEE REMUNERATION (TOTAL COSTS INCLUDING EXECUTIVES)

This section provides the total employee remuneration of all employees that were in the JDA’s employment during the financial year (including the Executive members). The Total Remuneration Costs for the period ending 30 June 2023 amount to R 82 444 938.00 contributing 115.5% of the OPEX for the financial year. Remuneration cost is inclusive of the Pension Fund. The JDA participates in the eJoburg Retirement Fund. The total contribution for Group Life Cover for the JDA employees and directors for the period ending 30 June 2023 amount to R 1 372 051.39.

SECTION 2: EMPLOYMENT AND KEY VACANCIES

Below is a list of key vacancies.

TABLE 29: VACANCY PROGRESS AS AT 30 JUNE 2023

Vacancies	Progress
Chief Financial Officer	Recruitment Stage
Company Secretary	Recruitment Stage
Executive Manager: Corporate Services	Recruitment Stage
Chief Audit Executive	Recruitment Stage
Manager: Risk & Integrity Management	Recruitment Stage
Senior Manager: Internal Audit	On hold due to Budget
Senior Manager : Information, Communication & Infrastructure Management	Recruitment Stage
Senior Project Manager	Recruitment Stage
Senior Manager: Development Planning & Facilitation	On hold due to Budget

SECTION 3: EMPLOYMENT EQUITY

The JDA is committed to the principles of equity, non-discrimination and diversity enshrined in the Constitution and the Employment Equity Act (1998) as amended. It aims to employ a diverse staff complement which is of a geographical representation of our society and create equal employment opportunities to all.

The JDA’s Employment Equity Policy and Plan aims to advance and protect previously disadvantaged individuals by providing opportunities for career advancement, growth, training and development. The Executive Committee and Human Resources and Remuneration Committee provide regular input into the organisation’s employment equity practices, strategies, direction and initiatives.

Structures such as an Employment Equity Committee and Nominated Shop Stewards have been put in place to coordinate and monitor employment equity implementation across the organisation.

The JDA Human Resources undertakes an annual review of its employment equity processes and general employment practices to inform the implementation of the Employment Equity Plan.

The JDA Human Resources plans its annual employment equity targets in terms of its Employment Equity Policy and reports to the Department of Labour in accordance with the provisions of the Employment Equity Act and within legislated timeframes.

TABLE 30: EMPLOYMENT EQUITY DEMOGRAPHICS STATUS FOR PERIOD UNDER REVIEW

Occupational Levels											Total
	Male				Female				Foreign Nationals		
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1	0	0	0	0	0	0	0	0	0	1
Executive Management	3	0	0	0	0	0	0	0	0	0	3
Senior Management	5	0	0	0	6	0	0	0	0	0	11
Professionally qualified and experienced specialists and mid-management	13	0	0	0	21	1	0	0	0	1	36
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	7	0	0	0	14	0	1	0	0	0	22

Semi-skilled and discretionary decision making	3	0	0	0	7	0	0	0	0	0	10
Unskilled and defined decision making	5	0	0	0	3	0	0	0	0	0	8
TOTAL PERMANENT	37	0	0	0	51	1	1	0	0	1	91
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	37	0	0	0	51	1	1	0	0	1	91

The JDA targets and achievements for period under review:

- 96,7% of its employees are Black African.
- 59,3% of its staff members are Female.
- 40% of Executive and Senior Management positions are held by black women.
- The JDA has employees with physical disabilities of 1%. The JDA is committed to improve the percentage representation of people from designated groups across all occupational categories.

Table 31: EE PERFORMANCE AGAINST THE TARGET

City Targets (JDA)		JDA Achievements
Black African employees	80.9%	96,7%
Senior Management Female	35.9%	40%
Disability	2%	1%

TABLE 32: WORKFORCE PROFILE IN TERMS OF AGE, RACE, GENDER AND FOREIGN NATIONAL STATUS AS AT JUNE 2023

Occupational Level (Below EAP row)	Age Group	Male				Female				Foreigner		Total
		A	C	I	W	A	C	I	W	M	F	
Top Management	18-34	0	0	0	0	0	0	0	0	0	0	0
(Level 1-2)	>35	4	0	0	0	0	0	0	0	0	0	4
	Total	4	0	0	0	0	0	0	0	0	0	4
Senior Management	18-34	0	0	0	0	0	0	0	0	0	0	0
(Level 3-4)	>35	5	0	0	0	6	0	0	0	0	0	11
	Total	5	0	0	0	6	0	0	0	0	0	11
Professional Qualified	18-34	4	0	0	0	4	0	0	0	0	0	8
(Level 5-6)	>35	9	0	0	0	17	1	0	0	0	1	28
	Total	13	0	0	0	21	1	0	0	0	1	36
Skilled Technical	18-34	3	0	0	0	5	0	0	0	0	0	8
(Level 7-8)	>35	4	0	0	0	9	0	1	0	0	0	14
	Total	7	0	0	0	14	0	1	0	0	0	22
Semi-Skilled	18-34	1	0	0	0	2	0	0	0	0	0	3
(Level 9-10)	>35	2	0	0	0	5	0	0	0	0	0	7
	Total	3	0	0	0	7	0	0	0	0	0	10
Unskilled	18-34	3	0	0	0	0	0	0	0	0	0	3
(Level 11)	>35	2	0	0	0	3	0	0	0	0	0	5
	Total	5	0	0	0	3	0	0	0	0	0	8
Temporary	18-34	0	0	0	0	0	0	0	0	0	0	0
	>35	0	0	0	0	0	0	0	0	0	0	0
	Total	0	0	0	0	0	0	0	0	0	0	0

TABLE 33: PERCENTAGE STANDING ON RACE AND GENDER

Occupational Level (Below EAP row)	Age Group	Male				Female				Foreigner		Total
		A	C	I	W	A	C	I	W	M	F	
Top Management	18-34	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
(Level 1-2)	>35	4,4%	0%	0%	0%	0%	0%	0%	0%	0%	0%	4,4%
	Total	4,4%	0%	0%	0%	0%	0%	0%	0%	0%	0%	4,4%
Senior Management	18-34	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
(Level 3-4)	>35	5,5%	0%	0%	0%	6,6%	0%	0%	0%	0%	0%	12,1%
	Total	5,5%	0%	0%	0%	6,6%	0%	0%	0%	0%	0%	12,1%
Professional Qualified	18-34	4,4%	0%	0%	0%	4,4%	0%	0%	0%	0%	0%	8,8%
(Level 5-6)	>35	9,9%	0%	0%	0%	18,6%	1,1%	0%	0%	0%	1,1%	30,7%
	Total	14,3%	0%	0%	0%	23%	1,1%	0%	0%	0%	1,1%	39,5%
Skilled Technical	18-34	3,3%	0%	0%	0%	5,5%	0%	0%	0%	0%	0%	8,8%
(Level 7-8)	>35	4,4%	0%	0%	0%	9,9%	0%	1,1%	0%	0%	0%	15,4%
	Total	7,7%	0%	0%	0%	15,4%	0%	1,1%	0%	0%	0%	24,2%
Semi-Skilled	18-34	1,1%	0%	0%	0%	2,2%	0%	0%	0%	0%	0%	3,3%
(Level 9-10)	>35	2,2%	0%	0%	0%	5,5%	0%	0%	0%	0%	0%	7,7%
	Total	3,3%	0%	0%	0%	7,7%	0%	0%	0%	0%	0%	11%
Unskilled	18-34	3,3%	0%	0%	0%	0%	0%	0%	0%	0%	0%	3,3%
(Level 11)	>35	2,2%	0%	0%	0%	3,3%	0%	0%	0%	0%	0%	5,5%
	Total	5,5%	0%	0%	0%	3,3%	0%	0%	0%	0%	0%	8,8%
Temporary	18-34	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	>35	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

SECTION 4: SKILLS DEVELOPMENT AND TRAINING

The JDA is committed to employee training and development, ensuring variety of skills set, thus building a pool of competent employees. It aims to provide an integrated learning experience to its employees that will strengthen their commitment to the organisation's values, enhance leadership capability and improve the JDA's capacity to meet current and future business requirements.

The JDA's Learning Strategy is based on four pillars:

- Understanding the educational requirements of the organisation, based on competency assessments and pivotal training.
- Best practice learning design
- Timely and appropriate learning delivery
- Assessment of the impact of learning interventions on overall company performance.

The JDA has created a culture of both on-the-job and off-the-job learning, which is embraced by all employees. Training is an on-going process of improving employees' knowledge, skills and attitude to enhance job performance, create opportunities for growth and advance careers.

An ILP is both a document and a process that employees use – with support from Line management and Human Resources to address areas of development and to define their career goals throughout their employment at the JDA. Training, which is part of Human Resources Development, is an on-going process of improving employees' knowledge, skills and attitude to enhance job performance, create opportunities for growth and advance careers.

The JDA funds appropriate training and development programmes that are practical and outcomes based. It also supports employees who wish to attain further qualifications to improve their productivity and career enhancement.

A budget of R 613 000 has been allocated for training and development for the 2022/2023 financial year. The actual expenditure stands at R 197, 794.70, this financial year we experienced a lower expenditure due to the conflicting educational institution timelines and JDAs bursary approval window, this has been reviewed for the following financial year. the JDA supports the attainment of further educational qualifications by employees in order to improve their productivity. All training interventions were provided as part and parcel of the approved individual learning plans.

TABLE 34: SKILLS DEVELOPMENT AND TRAINING

Occupational category	Number of employees	Training provided within the reporting period		
		Professional Memberships	Short Courses/Seminars	Bursaries
Top Management	0	1	0	0
Senior Management	0	2	0	0
Middle Management		4	3	2
Skilled Technical and academically Qualified	0	7	2	3
Semi-Skilled	0	0	0	0
Unskilled	0	0	1	0

SECTION 5: PERFORMANCE MANAGEMENT

The JDA views performance management as an integral part of the JDA 's business strategy which ensure that employees deliver on the agreed scorecard and excellent performers are rewarded accordingly.

The JDA uses a scorecard to evaluate employee performance. Individual performance indicators are linked to the JDA's objectives and the CoJ's integrated development plan scorecard. Objectives that reinforce the culture of governance and risk management among managers are also included. As part of continuous employee development, coaching, mentorship and training interventions are implemented to assist employee to perform to the required performance standard.

TABLE 35: PERFORMANCE MANAGEMENT 2022/23 FINANCIAL YEAR

Department	Eligible Staff	Performance Agreements Submitted	Outstanding
Office of the CEO	5	3	2
Company Secretary	2	0	2
Internal Audit	5	5	0
Finance	12	10	2
Corporate Services	14	5	9
Project Implementation	30	5	25
Development Planning & Facilitation	8	7	1
Total	76	35	41

SECTION 6: DISCIPLINARY MATTERS AND OUTCOMES

The following table summarises the outcome of disciplinary hearings conducted within the entity for the period under review:

TABLE 36: MISCONDUCT AND DISCIPLINARY HEARINGS FINALISED FOR JULY 2022 – JUNE 2023

Outcome	Number
Dismissal	1

TABLE 37: TYPES OF MISCONDUCT ADDRESSED AT DISCIPLINARY HEARINGS FINALISED FOR THE YEAR TO DATE

Type of misconduct	Number
Dishonesty	0
Absenteeism	0
Insubordination	0
Negligence	1
Total	1

SECTION 7: LEAVE & PRODUCTIVITY MANAGEMENT

JDA is committed to the effective management of leave for its employees to ensure sufficient rest for employees as legislated and manage the liability to the organisation, and all Line Managers have an obligation to ensure effective planned leave management within their respective Departments.

The following table gives an annual analysis of the various leave types and how they were utilised by JDA employees up to the period under review.

The most highly utilised leave type is Annual leave with a total of 817,5 days, with Maternity leave being the second most utilised leave type with a total of 250 days, followed by Sick Leave with 80 days.

TABLE 38: LEAVE ANALYSIS FOR JUL 2022 – JUNE 2023

Type of Leave	July	August	September	October	November	December	January	February	March	April	May	June	Total
Annual Leave	57,5	71	9	82	51	18	180	74	69	85	64	65	825,5
Sick Leave	6	4	11	16	5	0	5	5	1	14	13	0	80
Family Responsibility	0	5	2	0	0	0	0	0	0	0	0	0	7
Maternity Leave	0	15	22	20	22	26	40	40	44	10	0	11	250
Paternity Leave	0	0	0	0	10	0	0	0	0	0	0	0	10
Study Leave	0	2	0	6	4	0	0	0	0	0	8	2	22
TOTAL	63,5	97	44	124	92	44	225	119	114	109	85	78	1194,5

SECTION 8: EMPLOYEE WELLNESS

JDA fully recognises the central importance of its employees and remains committed to the highest standards of employee wellness. Various programmes that aim to address employee wellness such as boosting the staff morale and HIV and AIDS programme were implemented during the FY. The entity has also collaborated with various professionals to provide health, mainly mental health sessions and motivational talks

SECTION 9: EMPLOYEE BENEFITS

The Total Remuneration Costs for the period ending 27 June 2023 amount to R 82 444 938.00. This figure is inclusive of the Pension Fund. The JDA participates in the eJoburg Retirement Fund. The total contribution for Group Life Cover for the JDA employees and directors for the period ending 27 June 2023 amount to R 1 372 051.39.

SECTION 10: OCCUPATIONAL HEALTH & SAFETY PROGRAMMES

HIV/AIDS in the Workplace

The JDA's HIV/AIDS Policy is aligned with the CoJ's policy, and its HIV/AIDS coordinator attends the CoJ HIV and AIDS Committee meetings. The policy ensures that no employee is discriminated against based on their HIV status. All employees must respect the confidentiality of information regarding existing or potential employees with life-threatening illnesses. Any employee who divulges information without the employee's knowledge or consent will be disciplined in accordance with the disciplinary code and procedure of the JDA. The JDA reserves the right to request medical advice or intervention in instances where an employee's illness adversely affects performance, or where an employee claims that he/she cannot work in certain situations due to illness. All employees are encouraged to know their HIV status and to remain healthy if they are living with HIV.

The HIV/AIDS Programme runs awareness and educational campaigns, provides free condoms, shares videos and offers free helplines. The programme ensures that employees with HIV/AIDS are treated in a fair, consistent manner and are informed about their rights and employee benefits.

Occupational Health and Safety

The service provider is now appointed for the thirty-six-month period, to ensure compliance at the Bus Factory through quarterly OHASA audits. The Safety, Health and Environmental Legal compliance audit was conducted, it concluded with the average audit score of 94.57% for the quarter. A planned evacuation was conducted to ensure emergency preparedness.

This includes the noted water leakage problem at the JDA that are posing a significant high safety, health and environmental risk to the JDA employees, tenants and visitors.

The safety audit is meant to identify risks and cases of non-compliance with the Occupational Health and Safety Act (1993), enabling the JDA to implement risk mitigation plans to reduce the risks and address cases of non-compliance.

OHS COVID-19

As the employer, JDA has an obligation to ensure compliance with COVID-19 Occupational Health and Safety Measures in Workplaces (C19 OHS), 2020, and Disaster Management Act, 2002. To ensure compliance with the above-mentioned

regulations a compliance manual informed by OHS COVID-19 regulations has been communicated to all staff, which states health and safety protocols. As per para. 47 of regulations, a COVID-19 compliance manager has been appointed, to among other things, ensure adherence to the standards of hygiene, safety, and health protocols relating to COVID-19 at the workplace.

Despite the fact that there was a general relaxation of COVID 19 preventive measures at the workplace nationally, it remains prudent to be proactive and ensure that the risk of contagion is controlled at all times.

SECTION 11: CORPORATE SOCIAL RESPONSIBILITY

The entity had identified three projects for CSR purposes in the financial year. However, lack of budget resulted in the entity being unable to implement. The following are projects identified.

- 1.1 ALEXANDRA CAMPUS supported with Smart Boards.
- 1.2 SEDILAKA PRIMARY SCHOOL, Kalkfontein – Ivory Park requested Sport Kit.
- 1.3 SOWETO INFRASTRUCTURE AND CONSTRUCTION CHAMBER, for Technical Equipment.

The proposed solution was to issue new RFQs to get up to date costs from suppliers. A new RFQ was issued on the 5th of June and closed 12 June 2023 for the supply and delivery of Smartboards for Alexandra Campus mentioned above. Implementation is anticipated for the first quarter of the new financial year.

CHAPTER 5: FINANCIAL PERFORMANCE

Strategic Objective 1,2,3,4	
Impacted Capitals	Financial, Intellectual & Human Capital
Stakeholders Interested	Auditor General, JDA Board, City of Joburg, MMC, Community

SECTION 1: STATEMENT OF FINANCIAL POSITION AND HIGH-LEVEL NOTES

TABLE 39: STATEMENT OF FINANCIAL POSITION FOR THE QUARTER ENDED 30 JUNE 2023

	Year ended 30 June 2023			
	Actual	Budget	Variance	
	R'000	R'000	R'000	
Non-current assets	26 967	28 000	(1 033)	1
Property plant and equipment	5 392	10 000	(4 608)	
Deferred tax	3 949	0	3 964	
Intangible assets	17 623	18 000	(377)	
Current assets	951 591	1 050 010	(98 419)	2
Trade and other receivables	667 786	800 000	(129 570)	
Prepayments	0	0	0	
Vat Receivable	283 795	250 000	33 795	
Cash and cash equivalents	10	10	0	
Total assets	981 202	1 078 010	(96 808)	
EQUITY AND LIABILITIES				
Capital and reserves	1 287	168 816	(167 529)	3
Contribution from owner	16 278	16 278	0	
Accumulated surplus/(deficit)	(14 990)	152 538	(137 548)	
Non-current liabilities	4 448	4 400	48	
Deferred taxation	4 448	4 400	53	4
Current liabilities	973 449	904 794	68 655	
Loans from shareholders	670 612	640 000	30 612	5
Trade and other payables	288 342	250 000	38 342	6

VAT payable	-	-	0
Finance lease obligation	0	294	(294)
Project fund payable	6 586	7 500	(913)
Provisions – bonus	7 283	7 000	(283)
Total equity and liabilities	981 202	1 078 010	(96 808)

Notes	
1	The decreases on the property plant and equipment it is due to depreciation
2	The unfavourable variance it due to stoppages in sites due to cash flow challenges which had impact on revenue claims.
3	Changes on the Reserve/Net Assets it is due to the deficit of R34 million
4	The movement of the non-current liability is immaterial
5	The variance is above the target overdraft of R300 million. This is mainly due to invoices that were raised /accrued in May 2023 and June 2023 that were paid before end of financial year. However, JDA contracts with suppliers with regards to the development projects implemented by the JDA on behalf of the City of Johannesburg and pays these suppliers within the legislated period of 30 days. These expenditure items are then claimed from the City with the inclusion of the JDA management fee. Majority of the long outstanding claims related to the City of Johannesburg. Although the recovery time for claims has reduced, the JDA still incurs capital expenditure during the claims recovery period which results in final overdraft balance on the treasury sweeping account.
6	The increases on the payables it due to invoices that were received in June 2023.

SECTION 2: STATEMENT OF FINANCIAL PERFORMANCE AND HIGH-LEVEL NOTES

TABLE 40: STATEMENT OF FINANCIAL PERFORMANCE FOR THE QUARTER ENDED 30 JUNE 2023

	Original approved	Year to date			Notes
	Budget	Actual	Budget	Variance	
	R'000	R'000	R'000	R'000	
Gross revenue	118 249	119 729	118 249	1 479	7
Operating costs	(111 385)	(121 862)	(111 385)	10 477	8
Gross surplus/(deficit)	6 864	(2 754)	6 864	4 110	
Other operating Income and expenditure	(6 864)	(45 611)	(6 864)	(38 747)	
Interest expense	(6 864)	(45 611)	(6 864)	(38 747)	9
Interest income	0	0	0	0	
Deficit before tax	0	(47 744)	0	(47 744)	
Taxation	0	(13 979)	0	(7 190)	
Surplus/(Deficit) after tax	0	(33 760)	0	(33 760)	

0

Notes	
7	Management fees are budgeted for in accordance with the capital project expenditure. The overall actual revenue is above the budget revenue by 1% because of Refund from SARS for Income Tax Expense and LG SETA received during the year.
8	Th negative variance it mainly due budget cuts that were implemented during there year which resulted in overspending due to commitment already made.
9	The interest expenditure incurred relates to interest charged on an overdrawn treasury account balance. The overdrawn balance is mainly due to long outstanding claims that was received late or still outstanding from the various departments. The JDA contracts with suppliers with regards to the development projects implemented by the JDA on behalf of the City of Johannesburg and pays these suppliers within the legislated period of 30 days. These expenditure items are then claimed from the City with the inclusion of the JDA management fee. Majority of the long outstanding claims related to the City of Johannesburg. Although the recovery time for claims has reduced, the JDA still incurs capital expenditure during the claims recovery period which results in final overdraft balance on the treasury sweeping account. The outstanding balance as at the end of the first quarter relates to balances that were owing from the 2022/23 financial year.

SECTION 3: CASH FLOW STATEMENT

TABLE 41: CASH FLOW STATEMENT FOR THE QUARTER ENDED 30 JUNE 2023

	Year to date			
	Actual	Budget	Variance	
	R'000	R'000	R'000	
Cash flows from operating activities	1 092 136	990 236	101 900	
	-	-	-	
<i>Receipts</i>				
Grants	40 286	40 286	0	
Other Receipt	0	0	0	
Cash receipts from CAPEX funding	1 030 775	950 000	80 939	10
Other receipts	21 075	150	20 925	
		0	0	
<i>Payments</i>				
Employee cost	(84 318)	(85 775)	(1 457)	11
Suppliers	(1 025 346)	(1 165 478)	(140 132)	12
Finance Cost	0			
Tax paid	0			
Net cash flow from Operating Activities	(17 527)	-261 017	243 490	
<i>Expenditure to maintain operating capacity</i>				
Property, plant, and equipment acquired		0	0	
Proceeds from sale of property, plant, and equipment	0		0	
Purchase of intangible assets	0		0	
Cash flows from financing activities				
Movement in project funds payable	(-27 971)	(70 000)	(49 029)	
Proceeds from Shareholders' loan	45 550	90 788	(45 238)	13
Finance lease repayments	(42)	(45)	(3)	
Net Cash Flow from Investing Activities	384	216 032	215 648	
Net increase/(decrease) in cash and cash equivalents	9	15	4	
Cash and cash equivalents at beginning of the year	1	5	-4	
Cash and cash equivalents at the end of the year	10	10	0	

Notes	
10	The positive it is mainly due to the refunds received from SARS for income tax expense paid and LG SETA.
11	The variance it mainly due to budget cuts that happen during there year.
12	The variance it mainly due decreases on the capex invoice due to target not being meet/not achieved
13	The variance it due to money borrowed from loan to shareholder since there is a delay in the settlement of debtors by COJ departments.

3.1: Net Assets

TABLE 43: STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED 30 JUNE 2023

	Share capital	Share premium	Total share capital	Accumulated surplus	Total net assets
	R'000	R'000	R'000	R'000	R'000
Opening balance as previously reported	60	16 278	16 278	67 640	83 918
Adjustments	0	0	0	(17 082)	(17 082)
Prior year adjustments				0	0
Balance on 01 July 2021	60	16 278	16 278	50 558	66 836
Changes in net assets					
Surplus for the year	0	0	0	(31 788)	(31 788)
Total changes	0	0	0	(31 788)	(31 788)
Balance on 01 July 2022	60	16 278	16 278	18 770	67 119
Changes in net assets					
Profit/(deficit) for the year	0	0	0	(33 760)	(33 760)
Total changes	0	0	0	(33 760)	(33 760)
Balance on 30 June 2023	60	16 278	16 278	(14 990)	1 287

SECTION 4: CAPITAL PROJECTS & EXPENDITURE

TABLE 42 CAPEX EXPENDITURE FOR THE YEAR

PROJECTS PER FUNDING SOURCE	CAPEX FOR THE QUARTER			CAPEX FOR THE YEAR				ANNUAL	BUDGET
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	VAR	BUDGET	USED
	R	R	R	R	R	R	%	R	%
JDA ON BUDGET									
INNER CITY EASTERN GATEWAY_TOD AND MOVEMENT CORRIDORS	4 550 851	3 750 000	800 851	4 550 851	4 750 000	(199 149)	(4,19%)	5 000 000	91,02 %
REGENERATION OF LENASIA CBD AND ANCHORVILLE INDUSTRIAL HUB – REGION	3 647 735	4 500 000	(852 265)	3 647 735	5 700 000	(2 052 265)	(36,00%)	6 000 000	60,80 %
PENNYVILLE PRECINCT RENEWAL	9 557 633	6 000 000	3 557 633	9 557 633	7 600 000	1 957 633	25,76%	8 000 000	119,47%
RANDBURG CBD REGENERATION RENEWAL	1 833 917	1 500 000	333 917	1 833 917	1 900 000	(66 083)	(3,48%)	2 000 000	91,70 %
MELVILLE ACTIVITY STREET	18 534 686	15 000 000	3 534 686	18 534 686	19 000 000	(465 314)	(2,45%)	20 000 000	92,67 %
REVITALISATION OF PAGEVIEW AND VREDEDORP	119 280	375 000	(255 720)	119 280	475 000	(355 720)	(74,89%)	500 000	23,86 %
CORR - LOUIS BOTHA CORRIDOR OF FREEDOM TRAFFIC IMPACT ASSESSMENT	45 541 020	33 750 000	11 791 020	45 541 020	42 750 000	2 791 020	6,53%	45 000 000	101,20 %
IVORY PARK UDF_ DEVELOPMENT CATALYTIC NODE	0	19 000 000	(19 000 000)	0	19 000 000	(19 000 000)	(100,00 %)	20 000 000	0,00%
Alexandra Sports and Youth Development: SAFA Safe Hub Facility	0	760 000	(760 000)	0	760 000	(760 000)	(100,00 %)	800 000	0,00%
DIEPSLOOT DEVELOPMENT RENEWAL PRECINCT REDEVELOPMENT DIEPSLOOT	7 841 619	7 600 000	241 619	7 841 619	7 600 000	241 619	3,18%	8 000 000	98,02 %
Banakekelen Hospice New Clinic ALEXANDRA EXT.38 E Ward	368 487	361 000	7 487	368 487	361 000	7 487	2,07%	380 000	0,00%
IVORY PARK TURNKEY PROG DLAMINI DRIVE	42 944 576	6 650 000	36 294 576	42 944 576	6 650 000	36 294 576	545,78%	7 000 000	613,49%
WATT STREET PRECINCT, WYNBERG	4 124 124	7 600 000	(3 475 876)	4 124 124	7 600 000	(3 475 876)	(45,74%)	8 000 000	51,55 %
JABULANI TOD: PHASE 6A - SAFE HUB	29 344 100	32 300 000	(2 955 900)	29 344 100	32 300 000	(2 955 900)	(9,15%)	34 000 000	86,31 %
ORANGE FARM TURNKEY PROJECT	174 706 949	181 578 250	(6 871 301)	174 706 949	181 578 250	(6 871 301)	(3,78%)	191 135 000	91,41 %

PROJECTS PER FUNDING SOURCE	CAPEX FOR THE QUARTER			CAPEX FOR THE YEAR				ANNUAL	BUDGET
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	VAR	BUDGET	USED
	R	R	R	R	R	R	%	R	%
KLIPTOWN URBAN RENEWAL PROGRAMME	0	1 425 000	(1 425 000)	0	1 425 000	(1 425 000)	(100,00%)	1 500 000	0,00%
23775_IVORY PARK URBAN RENEWAL PROGRAMME	0	13 556 500	(13 556 500)	0	13 556 500	(13 556 500)	(100,00%)	14 270 000	0,00%
SOWETO STRATEGIC AREA FRAMEWORK	701 083	760 000	(58 917)	701 083	760 000	(58 917)	(7,75%)	800 000	87,64%
OPERATIONAL CAPEX NEW OPERATIONAL CAPEX NEWTOWN F	0	6 650 000	(6 650 000)	0	6 650 000	(6 650 000)	(100,00%)	7 000 000	0,00%
INNERCITY CORE	7 019 963	1 425 000	5 594 963	7 019 963	1 425 000	5 594 963	392,63%	1 500 000	468,00%
BRIXTON SOCIAL CLUSTER: WORK PACKAGE 1 NEW MULTIPURPOSE	7 734 283	11 400 000	(3 665 717)	7 734 283	11 400 000	(3 665 717)	(32,16%)	12 000 000	64,45%
NEW TURFONTEIN CLINIC AND MULTIPURPOSE	12 644 547	10 450 000	2 194 547	12 644 547	10 450 000	2 194 547	21,00%	11 000 000	114,95%
INNER CITY PARTNERSHIP FUND - ROUND 1: YEOVILLE	4 779 204	15 200 000	(10 420 796)	4 779 204	15 200 000	(10 420 796)	(68,56%)	16 000 000	29,87%
KLIPFONTEIN WELLNESS CENTRE	14 703 787	23 750 000	(9 046 213)	14 703 787	23 750 000	(9 046 213)	(38,09%)	25 000 000	58,82%
ROODEPORT CBD REGENERATION RENEWAL PRECINCT	4 800 262	2 850 000	1 950 262	4 800 262	2 850 000	1 950 262	68,43%	3 000 000	160,01%
BRAAMFICHER GRAVEL ROAD	18 638 973	22 800 000	(4 161 027)	18 638 973	22 800 000	(4 161 027)	(18,25%)	24 000 000	77,66%
SUB-TOTAL	414 137 070	430 990 750	(16 853 671)	414 137 070	448 290 750	(34 153 671)	(7,62%)	471 885 000	87,76%

PROJECTS PER FUNDING SOURCE	CAPEX FOR THE QUARTER			CAPEX FOR THE YEAR				ANNUAL	BUDGET
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	VAR	BUDGET	USED
	R	R	R	R	R	R	%	R	%
COMMUNITY DEVELOPMENT (COMM DEV)									
LEHAE MPC NEW CONSTRUCTION	3 442 387	3 800 000	(357 613)	3 442 387	3 800 000	(357 613)	(9,41%)	4 000 000	86,06
JOHANNESBURG LIBRARY F	1 799 864	10 450 000	(8 650 136)	1 799 864	10 450 000	(8 650 136)	(82,78%)	11 000 000	16,36
KAALFONTEIN MPC NEW	14 433 786	14 250 000	183 786	14 433 786	14 250 000	183 786	1,29%	15 000 000	96,23
PUBLIC ART FOUNTAINS	2 261 859	0	2 261 859	2 261 859	0	2 261 859	0,00%	0	0,00%
IVORY PARK SWIMMING POOL	27 365	0	27 365	27 365	0	27 365	0,00%	0	0,00%
MPC MATHOLESVILLE	12 035 073	14 250 000	(2 214 927)	12 035 073	14 250 000	(2 214 927)	(15,54%)	15 000 000	80,23
DRIEZIEK MPC	3 828 347	1 900 000	1 928 347	3 828 347	1 900 000	1 928 347	101,49%	2 000 000	191,4
REPAIRS TO COMM DEV FACILITIES	22 304 397	27 645 000	(5 340 603)	22 304 397	27 645 000	(5 340 603)	(19,32%)	29 100 000	76,65
SUB-TOTAL	60 133 078	72 295 000	(12 161 922)	60 133 078	72 295 000	(12 161 922)	(16,82%)	76 100 000	79,02
DEPARTMENT OF HEALTH									
ELIAS MOTSOALEDI CLINIC	1 322 161	0	1 322 161	1 322 161	0	1 322 161	0,00%	0	0,00%
SOUTH HILLS CLINIC	1 583 475	0	1 583 475	1 583 475	0	1 583 475	0,00%	0	0,00%
NALEDI CLINIC	30 383 240	27 993 650	2 389 590	30 383 240	27 993 650	2 389 590	8,54%	29 467 000	103,1
RABIE RIDGE CLINIC	2 164 579	0	2 164 579	2 164 579	0	2 164 579	0,00%	0	0,00%
HIKHENSILE CLINIC	926 625	361 950	564 675	926 625	361 950	564 675	156,01%	381 000	243,2
PROTEA SOUTH CLINIC	1 057 900	0	1 057 900	1 057 900	0	1 057 900	0,00%	0	0,00%
FREEDOM PARK CLINIC	1 433 366	361 950	1 071 416	1 433 366	361 950	1 071 416	296,01%	381 000	376,2
SUB-TOTAL	38 871 346	28 717 550	10 153 796	38 871 346	28 717 550	10 153 796	35,36%	30 229 000	128,5
									9%

	CAPEX FOR THE QUARTER			CAPEX FOR THE YEAR				ANNUAL	BUDGET
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	VAR	BUDGET	USED
PROJECTS PER FUNDING SOURCE	R	R	R	R	R	R	%	R	%
HOUSING									
BRAAMFISCHERVILLE EXT 12&13:		9 500 000	(9 500 000)		9 500 000	(9 500 000)	(100,00%)	10 000 000	0,00%
FINETOWN PROPER GRAVEL	276 368	11 875 000	(11 598 632)	276 368	11 875 000	(11 598 632)	(97,67%)	12 500 000	2,21%
LAKESIDE EXT 5 GRAVEL ROADS	17 158 977	14 250 000	2 908 977	17 158 977	14 250 000	2 908 977	20,41%	15 000 000	113,10%
DRIEZIEK 3, 4 AND 5 UPGRADE GRAVEL ROAD	30 826 231	42 750 000	(11 923 769)	30 826 231	42 750 000	(11 923 769)	(27,89%)	45 000 000	69,28%
ENNERDALE SOUTH	331 079	9 500 000	(9 168 921)	331 079	9 500 000	(9 168 921)	(96,51%)	10 000 000	3,31%
KANANA PARK EXT	0	4 750 000	(4 750 000)	0	4 750 000	(4 750 000)	(100,00%)	5 000 000	0,00%
SUB-TOTAL	48 592 655	92 625 000	(44 032 345)	48 592 655	92 625 000	(44 032 345)	(47,54%)	97 500 000	49,84%
TRANSPORTATION									
COMPLETE STREETS: (KFW - GERMAN DEVELOPMENT BANK):	4 387 450	0	4 387 450	4 387 450	0	4 387 450	0,00%	0	0,00%
PTF: SMALL PUBLIC TRANSPORT FACILITIES: TSHEPISONG:	207 592	475 000	(267 408)	207 592	475 000	(267 408)	(56,30%)	500 000	41,52%
COMPLETE STREETS: NMT FACILITIES LINKING RAILWAY	2 544 277	7 600 000	(5 055 723)	2 544 277	7 600 000	(5 055 723)	(66,52%)	8 000 000	31,80%
PTF: SMALL PUBLIC TRANSPORT FACILITY DESIGN KYA SAND NEW	712 311	1 615 000	(902 689)	712 311	1 615 000	(902 689)	(55,89%)	1 700 000	41,90%
PARKING STRESS (MABONENG)	831 137	921 913	(90 776)	831 137	921 913	(90 776)	(9,85%)	970 435	85,65%
CARR STREET PUBLIC TRANSPORT	2 808 095	4 750 000	(1 941 905)	2 808 095	4 750 000	(1 941 905)	(40,88%)	5 000 000	56,16%
JACK MINCER PUBLIC TRANSPORT	1 355 225	1 900 000	(544 775)	1 355 225	1 900 000	(544 775)	(28,67%)	2 000 000	67,76%
FLEET AFRICA PUBLIC TRANSPORT	2 258 369	2 185 000	73 369	2 258 369	2 185 000	73 369	3,36%	2 300 000	98,19%
METRO MALL PUBLIC TRANSPORT FACILITY	618 349	950 000	(331 651)	618 349	950 000	(331 651)	(34,91%)	1 000 000	61,83%
PTF SMALL PUBLIC TRANSPORT	42 294	190 000	(147 706)	42 294	190 000	(147 706)	(77,74%)	200 000	21,15%
PTF: SMALL PUBLIC TRANSPORT	15 523 627	19 000 000	(3 476 373)	15 523 627	19 000 000	(3 476 373)	(18,30%)	20 000 000	77,62%
SMALL: PUBLIC TRANSPORT	4 906 558	4 750 000	156 558	4 906 558	4 750 000	156 558	3,30%	5 000 000	98,13%
COMPLETE STREETS: NMT LINKS	255 658	285 000	(29 342)	255 658	285 000	(29 342)	(10,30%)	300 000	85,22%
COMPLETE STREETS DEEP SOUTH	17 374 302	23 750 000	(6 375 698)	17 374 302	23 750 000	(6 375 698)	(26,85%)	25 000 000	69,50%
PTF ROSEBANK	2 764 278	6 650 000	(3 885 722)	2 764 278	6 650 000	(3 885 722)	(58,43%)	7 000 000	39,49%
COMPLETE STREETS TURFONTEIN	14 428 623	14 250 000	178 623	14 428 623	14 250 000	178 623	1,25%	15 000 000	96,19%

PUBLIC TRANSPORT STOPS: COSMO	782 220	760 000	22 220	782 220	760 000	22 220	2,92%	800 000	97,78%
COMPLETE STREETS: NMT LINKING	645 945	760 000	(114 055)	645 945	760 000	(114 055)	(15,01%)	800 000	80,74%
	CAPEX FOR THE QUARTER			CAPEX FOR THE YEAR				ANNUAL	BUDGET
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	VAR	BUDGET	USED
PROJECTS PER FUNDING SOURCE	R	R	R	R	R	R	%	R	%
SMALL: PTF LAKESIDE NEW NODAL	0	760 000	(760 000)	0	760 000	(760 000)	(100,00%)	800 000	0,00%
PTF SUNNINGHILL	171 720	950 000	(778 280)	171 720	950 000	(778 280)	(81,92%)	1 000 000	17,17%
RANDBURG CBD TRANSPORT MASTERPLAN	943 750	904 565	39 185	943 750	904 565	39 185	4,33%	952 174	99,12%
ZANDSPRUIT AND SURROUNDING AREAS TRANSPORT MASTERPLAN	1 622 147	1 728 174	(106 027)	1 622 147	1 728 174	(106 027)	(6,14%)	1 819 130	89,17%
TRAVEL DEMAND MANAGEMENT	2 313 957	2 478 261	(164 304)	2 313 957	2 478 261	(164 304)	(6,63%)	2 608 696	88,70%
PARKING MANAGEMENT POLICY	0	1 239 131	(1 239 131)	0	1 239 131	(1 239 131)	(100,00%)	1 304 348	0,00%
COMPLETE STREETS: NMT LINKING ORANGE FARM	0	665 000	(665 000)	0	665 000	(665 000)	(100,00%)	700 000	0,00%
LENASIA SCHOLAR TRANSPORT MASTERPLAN	44 612	380 000	(335 388)	44 612	380 000	(335 388)	(88,26%)	400 000	11,15%
ROODEPOORT CBD TRANSPORT MASTERPLAN	3 161 762	0	3 161 762	3 161 762	0	3 161 762	0,00%	0	0,00%
FRANK BROWN PARK SOCIAL HOUSING DEVELOPMENT	1 119 874	380 000	739 874	1 119 874	380 000	739 874	194,70%	400 000	279,97%
HIGH COURT PEU	588 202	3 634 783	(3 046 581)	588 202	3 634 783	(3 046 581)	(83,82%)	3 826 087	15,37%
HILLBROW HEALTH PRECINCT UPGRADE	309 946	475 000	(165 054)	309 946	475 000	(165 054)	(34,75%)	500 000	61,99%
FORDSBURG PEU	0	760 000	(760 000)	0	760 000	(760 000)	(100,00%)	800 000	0,00%
INNER CITY WALKABLE NETWORK	422 409	475 000	(52 591)	422 409	475 000	(52 591)	(11,07%)	500 000	84,48%
FEASIBILITY STUDY FOR THE IMPLEMENTATION OF THE ICM		2 815 304	(2 815 304)	0	2 815 304	(2 815 304)	(100,00%)	2 963 478	0,00%
FEASIBILITY STUDY FOR THE IMPLEMENTATION OF THE ICM	1 487 831	2 326 261	(838 430)	1 487 831	2 326 261	(838 430)	(36,04%)	2 448 696	60,76%
HIGH COURT PRECINCT	172 495	330 435	(157 940)	172 495	330 435	(157 940)	(47,80%)	347 826	49,59%
DESMOND TUTU	0	1 239 132	(1 239 132)	0	1 239 132	(1 239 132)	(100,00%)	1 304 349	0,00%
SUB-TOTAL	84 805 015	112 332 958	(27 527 943)	84 805 015	112 332 958	(27 527 943)	(24,51%)	118 245 219	71,72%

PROJECTS PER FUNDING SOURCE	CAPEX FOR THE QUARTER			CAPEX FOR THE YEAR				ANNUAL	BUDGET
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	VAR	BUDGET	USED
	R	R	R	R	R	R	%	R	%
SOCIAL DEVELOPMENT									
SHELTER FOR DISPLACED PEOPLE	1 135 041	4 750 000	(3 614 959)	1 135 041	4 750 000	(3 614 959)	(76,10%)	5 000 000	22,70%
BETRAMS MULTIPURPOSE CENTRE	35 763 661	40 850 000	(5 086 339)	35 763 661	40 850 000	(5 086 339)	(12,45%)	43 000 000	83,17%
YETTA NATHAN SOCIAL	13 575 357	33 250 000	(19 674 643)	13 575 357	33 250 000	(19 674 643)	(59,17%)	35 000 000	38,79%
NORTHERM, FLEURHOF FARM AND EIKENHOF FARM	0	950 000	(950 000)	0	950 000	(950 000)	(100,00%)	1 000 000	0,00%
REPAIRS AND MAINTANANCE OF FACILITIES	5 546 713	0	5 546 713	5 546 713	0	5 546 713	0,00%	0	0,00%
LOUIS BOTHA - CO - PRODUCTION ZONE FOR SOCIAL INTERVENTIONS RENEWAL CORRIDORS OF FREEDOM	856 022	3 325 000	(2 468 978)	856 022	3 325 000	(2 468 978)	(74,25%)	3 500 000	24,46%
MINOR UPGRADES OF ALL SOCIAL DEVELOPMENT FACILITIES IN ALL THE REGIONS	0	2 375 000	(2 375 000)	0	2 375 000	(2 375 000)	(100,00%)	2 500 000	0,00%
SUB-TOTAL	56 876 794	85 500 000	(28 623 206)	56 876 794	85 500 000	(28 623 206)	(33,48%)	90 000 000	63,20%
TRANSPORTATION PTNG									
PHASE 1C STATIONS	43 105 601	38 000 000	5 050 208	43 050 208	38 000 000	5 105 601	13,44%	40 000 000	107,76
ALEXANDRA DEPOT	21 485 272	26 305 500	(3 005 790)	23 299 710	26 305 500	(4 820 228)	(18,32%)	27 690 000	77,59%
SECTION 15K (WATT INTERCHANGE STATION ROAD WORKS AND BRIDGES)	0	2 850 000	(2 850 000)		2 850 000	(2 850 000)	(100,00%)	3 000 000	0,00%
OTHER: LAND	485 570	2 850 000	(2 364 430)	485 570	2 850 000	(2 364 430)	(82,96%)	3 000 000	16,19%
GUARD HOUSES AND CUSTOMER	14 904 143	13 300 000	1 604 143	14 904 143	13 300 000	1 604 143	12,06%	14 000 000	106,46
SELBY DEPOT 2C	29 392 769	47 500 000	(18 107 231)	29 392 769	47 500 000	(18 107 231)	(38,12%)	50 000 000	58,79%
OTHER: PASSENGER INFORMATION SIGNAGE (FINGER BOARDS - "ON STREET)	691 733	26 600 000	(25 908 267)	691 733	26 600 000	(25 908 267)	(97,40%)	28 000 000	2,47%
SUB-TOTAL	110 065 088	157 405 500	(47 340 412)	110 065 088	157 405 500	(47 340 412)	(30,08%)	165 690 000	66,43%

PROJECTS PER FUNDING SOURCE	CAPEX FOR THE QUARTER			CAPEX FOR THE YEAR				ANNUAL	BUDGET
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	VAR	BUDGET	USED
	R	R	R	R	R	R	%	R	%
OTHER									
TEST ECO DISTRICT PROTOTYPES TOD CORRIDORS	R 1 016 591	R 8 046 109	(R 7 029 518)	R 1 016 591	R 8 046 109	(R 7 029 518)	(87,37%)	R 8 469 588	12,00%
CENTRAL FIRE STATION	30 988 489	38 000 000	(7 011 511)	30 988 489	38 000 000	(7 011 511)	(18,45%)	40 000 000	77,47%
ALEXANDER AUTO HUB SECURITY	1 167 458	743 479	423 979	1 167 458	743 479	423 979	57,03%	782 609	149,18%
REVIEW KLIPTOWN BUSINESS PLAN & URBAN DESIGN	735 729	0	735 729	735 729	0	735 729	0,00%	0	0,00%
5TH ROAD BRIDGE	601 650	807 500	(205 850)	601 650	807 500	(205 850)	(25,49%)	850 000	70,78%
MODDERFONTEIN BRIDGE	4 531 748	24 981 648	(20 449 900)	4 531 748	24 981 648	(20 449 900)	(81,86%)	26 296 472	17,23%
M2 FINGER JOINTS	30 837	620 852	(590 015)	30 837	620 852	(590 015)	(95,03%)	653 528	4,72%
FORMULATION OF ZANDSPRUIT URBAN DEVELOPMENT FRAMEWORK	322 500	950 000	(627 500)	322 500	950 000	(627 500)	(66,05%)	1 000 000	32,25%
ADDITIONAL MARKET FLOOR SPACE	8 407 626	11 400 000	(2 992 374)	8 407 626	11 400 000	(2 992 374)	(26,25%)	12 000 000	70,06%
CONSTRUCTION OF NOORDWYK SPORT GROUND	1 000 005	712 500	287 505	1 000 005	712 500	287 505	40,35%	750 000	133,33%
UPGRADING OF MEADOWLANDS STADIUM RENEWAL COMMUNITY	2 239 546	712 500	1 527 046	2 239 546	712 500	1 527 046	214,32%	750 000	298,61%
MAYFAIR PEU	294 538	285 000	9 538	294 538	285 000	9 538	3,35%	300 000	98,18%
CONSTRUCTION OF PHIRI MULTIPURPOSE CENTRE	1 972 611	1 045 000	927 611	1 972 611	1 045 000	927 611	88,77%	1 100 000	179,33%
MASINGITA DEVELOPMENT BULK SERVICES	2 158 713	4 275 000	(2 116 287)	2 158 713	4 275 000	(2 116 287)	(49,50%)	4 500 000	47,97%
INNER CITY TRANSPORT MASTERPLAN`	679 213	0	679 213	679 213	0	679 213	0,00%	0	0,00%

PRIORITY ECONOMIC ZONES	754 235	0	754 235	754 235	0	754 235	0,00%	0	0,00%
FEASIBILITY IVORYPARK TO SANDTON	1 992 116	1 951 350	40 766	1 992 116	1 951 350	40 766	0,00%	2 054 053	96,98%
FEASIBILITY STUDY SOWETO TO SANDTON	2 249 465	1 731 453	518 012	2 249 465	1 731 453	518 012	0,00%	1 822 582	123,42%
BALFOUR PARK TRANSIT	0	0	0	0	0	0	0,00%	0	0,00%
WESTBURT TRANSFORMATION	483 750	0	483 750	483 750	0	483 750	0,00%	0	0,00%
KLIPTOWN TURNKEY	177 375	0	177 375	177 375	0	177 375	0,00%		0,00%
UN HABIT	19 803	0	19 803	19 803	0	19 803	0,00%	0	0,00%
GIS INTEGRATED SPATIAL DATA	3 928 481	4 275 000	(346 519)	3 928 481	4 275 000	(346 519)	0,00%	4 500 000	87,30%
SUB-TOTAL	33 747 399	46 533 479	(12 786 080)	33 747 399	54 491 282	(20 743 883)	(38,07%)	57 359 244	58,84 %
TOTAL	879 233 534	865 331 497	(201 018 894)	879 233 534	1 105 510 231	(226 276 697)	(20,47%)	1 165 478 051	75,44 %

SECTION 5: RATIO ANALYSIS (MINIMUM: LIQUIDITY, SOLVENCY, COST COVERAGE)

TABLE 44: RATIO ANALYSIS FOR THE PERIOD ENDED 30 JUNE 2023

Key Performance Area	Targets	Actual 30 June 2022	Actual 30 June 2023
Current ratio	Above 1.5: 1	1.01:1	0.98:1
Solvency ratio	Above 2: 1	1:1	1 : 1
Salaries to expenditure ratio	Below 60%	62%	52%
Revenue	R112.8 million	R109.8 million	R119.7 million
Expenditure (including taxation)	112.8 million	R129 million	R174.9 million
Surplus / (Deficit)	R nil	(R31.7 million)	(R34 million)
Total net assets	R47.4 million	R31.8 million	R662 Thousand
Capital expenditure	95%	68%	75.44%

Notes	
1	Current ratio is below to the target and below last year quarter. Included in current liabilities is the sweeping account with the shareholder which increases with the interest monthly and its amounts to R670 million
2	Solvency ratio is below the target and below to last year quarter mainly due to cash flow challenges. The continued pressure on the overall loan from shareholder due to outstanding debtors still puts pressure on the solvency ratios.
3	Remuneration to expenditure ratio is below target and below to the last year quarter due to an overall in the operational expenditure and interest sweeping which affects the denominator of the ratio.
4	The target is above 68% of previous financial year and was not achieved since it below the target of 95%.

SECTION 6: SUPPLY CHAIN MANAGEMENT AND BBBEE (DEVIATIONS, PAYMENTS WITHIN 30 DAYS, REPORT ON IRREGULAR, UNAUTHORISED, FRUITLESS AND WASTEFUL EXPENDITURE AND DUE PROCESSES)

The JDA's supply chain management policy uses committee systems for the procurement of services and goods above specified limits. Existing committees include the:

- Bid Specification Committee.
- Bid Evaluation Committee.
- Bid Adjudication Committee.

There are two bid adjudication committees, capital expenditure and the other for operating expenditure:

- The Capital Expenditure Bid Adjudication Committee members include the Chief Financial Officer (chairperson), two Senior Development Managers (whose bid is not being adjudicated on), the Risk and Compliance Manager, the Executive Manager: Project Implementation, Company Secretary/Legal Manager and the Supply Chain Manager.
- The Operating Expenditure Bid Adjudication Committee includes the Chief Financial Officer (chairperson), the Supply Chain Manager, and the Senior Manager: Marketing, the IT Manager, Company Secretary/Legal Manager and the Risk and Compliance Manager. Neither committee is authorized to make procurement decisions above R10 million.

Tender Awarded

For the period 1 January 2023 to March 2023 a total of 33 Capex Contracts with a total value of R111.6 million were awarded. The awards made in the period under review were 4 contractors' appointments and 29 professional teams' appointment. The majority of the awarded contracts are multi-year contracts.

From the appointment above, all 4 contractors were appointed through the approved panels with a total value of R91.9 million.

The 29 Consultants were appointed through approved panels with a total of R19.6 million.

There was only 1 OPEX contract awarded during 1 January 2023 to 31 March 2023 with a contract value of R117 000. The contract is for a duration of 36 months. The service provider was appointed through a public tender process.

Supply chain deviations and approval

According to regulation 36(1) of the Municipal Supply Chain Management Regulations, the accounting officer -

(a) may dispense with the official procurement processes established by the SCM policy and procure any required goods or services through any convenient process, which may include direct negotiations, but only:

- i. In an emergency.
- ii. If such goods or services are produced or available from a single supplier only.
- iii. If acquiring special works of art or historical objects where specifications are difficult to compile.
- iv. If acquiring animals for zoos; or
- v. In any other exceptional case where it is impossible or impractical to follow official procurement processes; and

(b) Ratify any minor breaches of the procurement processes by an official or a committee acting in terms of delegated powers that are of a purely technical nature.

Reg. 36(2) requires the accounting officer to record the reasons for any deviation in terms of sub regulation (1) (a) and (b) above and report them to the Board of Directors in the case of a municipal entity.

To give effect to regulation 36, the Col's supply chain management policy allows the accounting officer to deviate from normal procurement processes under the circumstances outlined above. In terms of regulation 36(1) (b), the accounting officer may ratify any minor breaches of the procurement processes by an official or a committee acting in terms of delegated powers that are of a purely technical nature.

The accounting officer ratified the following deviations for the year to date:

The deviation from obtaining at least a minimum of three written quotations in terms of Regulation 16, 17 and 18 of the MFMA Act 56 of 2003. The accounting officer ratified a minor breach in the supply chain process for the appointment of service providers through the request for quotation process where less than the minimum three quotations were received. For the period 1 July 2022 to 30 June 2023 there were 11 service providers appointed where less than three quotations were returned or obtained to a combined value of R 528 346.51 (Excluding VAT).

According to Regulation 44 of the Municipal Supply Chain Management Regulations the regulation prohibits municipal entities from awarding contracts to a person who is in the service of the State. For the period 1 July 2022 to 30 June 2023 the JDA has not awarded any contract to a person who is in the employment of the State.

Black Economic Empowerment

The JDA reports on the BBBEE share of both actual expenditure and contractual commitments for all active contracts. The table below shows the BBBEE share of capital and operating expenditure. For the period 1 July 2022 to 30 June 2023, the overall BBBEE share of expenditure was R932 219 066 is translates into an achievement of 109% BBBEE claimed against quarterly expenditure.

TABLE 45: SUMMARY OF BBBEE EXPENDITURE⁵

Description	Q4 2022/23		
	Total Expenditure	BBBEE Claimed	BBBEE %
Capex	790,075,123.65	892526004.3	113%
Opex	68,576,703.48	39693061.69	58%
Consolidated Opex and Capex	858,651,827.13	932219066	109%

Payment within 30 days

The MFMA requires that Municipal entities pay suppliers within a 30-day period. In the year to June 2023, a significant number of suppliers were not paid within the prescribed period due to cashflow challenges that the City as a whole experienced. 75% of invoices were paid within the prescribed period of 30 days.

Report in Irregular, Fruitless and Wasteful Expenditure and Due Process

For the period 1 July 2022 to 30 June 2023 there is irregular expenditure identified with a value of R 109 million, fruitless and wasteful expenditure is R752 703 and there is no unauthorized expenditure.

SECTION 7: PENDING LITIGATIONS AND POSSIBLE LIABILITIES

TABLE 46: PENDING LITIGATIONS

CASE / MATTER	AMOUNT CLAIMED	DATE INSTITUTED	DISCRIPTION	CURRENT STATUS	ANTICIPATE COMPLETIO	CHANCES OF SUCCESS
Grayston Bridge Collapse (scaffolding)		2015	<p>The scaffolding supporting the bridge collapsed in 2015 resulting in 2 fatalities and additional 9 people injured because of the collapse.</p> <p>The matter was investigated by the department of labour and a hearing commenced in 2016 and concluded in July 2018</p>	<p>The outcome from the Department of Labor has been received 19 November 2019. The Presiding Officer has issued findings against various parties in this matter including the JDA. The findings against the JDA relate to contravention of the construction regulations. The JDA has since sought legal advice on the outcome of the Department of Labor’s findings. The JDA has been advised that there has been omission on the part of the Presiding Officer to consider the provisions of section 37(2) Of the Occupational Health and Safety Act. Accordingly, the JDA has Addressed a letter to the Chief Presiding inspector indicating its intention to appeal the matter, first with the Department of Labour as dictated by the rules. Since having lodged an appeal to the Labour Court against the decision of the Chief Inspector, we received a Notice to Oppose from the State Attorney, who is representing the Chief Inspector in the above matter.</p> <p>In addition, we received the written record of proceedings forming the subject of the appeal from the State Attorney on 30 June 2020. In accordance with the Labour Court Rules, we extracted certain portions of the record for purposes of the appeal proceedings and served a certified copy thereof on the State Attorney and filed another copy at the Labour Court on 16 July 2020.</p>	Grayston Bridge Collapse (scaffolding)	

CASE / MATT	AMOUNT CLAIMED	DATE INSTITUTED	DISCRIPTION	CURRENT STATUS	ANTICIPATED COMPLETION DATE	CHANCES OF SUCCESS
Bertram's Priority Block vs JDA	Not applicable	February 2008	Relocation of illegal occupants in various buildings around Bertram's Priority Block.	The JDA has through its Attorneys (Edward Nathan Sonnenburg ENS) entered legal proceedings regarding the relocation of illegal occupants in various buildings around Bertrams Priority Block. Eviction proceedings have been instituted in the South Gauteng High Court. Negotiations are underway with the occupants to settle the matter out of court. Progress made since 2012, some occupants have agreed to be reallocated to properties operated by the Johannesburg Social Housing Company. The Few that would be left would, due to inability to meet monthly rentals will be accommodated by the Department of Housing. The parties are working together to reach the agreement without a protracted litigation process.	On-going	Good

<p>Grayston Bridge Collap (scaffolding)</p>		<p>2015</p>	<p>The scaffolding supporting the bridge collapsed in 2015 resulting in 2 fatalities and additional 9 people injured because of the collapse.</p> <p>The matter was investigated by the department of labour and a hearing</p>	<p>The outcome from the Department of Labour has been received 19 November 2019. The Presiding Officer has issued findings against various parties in this matter including the JDA. The findings against the JDA relate to contravention of the Construction regulations. The JDA has since sought legal advice on the outcome of the Department of Labour’s findings. The JDA has been advised that there has been omission on the part of the Presiding Officer to consider the provisions of section 37(2) of the Occupational Health and Safety Act. Accordingly, the JDA has addressed a letter to the Chief Presiding inspector indicating its intention to appeal the matter, first with the Department of Labour as dictated by the rules. Since having lodged an appeal to the Labour Court against the decision of the Chief Inspector, we received a Notice to oppose from the State Attorney, who is representing the Chief Inspector in the above matter.</p> <p>In addition, we received the written record of proceedings forming the subject of the appeal from the State Attorney on 30 June 2020. In accordance with the Labour Court Rules, we extracted certain portions of the record for purposes of the appeal proceedings and served a certified copy thereof on the State Attorney and filed another copy at the Labour Court on 16 July 2020. In the circumstances, the Appellants’ concise written representations were received on Thursday, 30 July 2020. Now that both parties have submitted their written representations, the Registrar of the Labour Court, will set the matter down. To date, we have not been provided a date by the Registrar. The matter will be heard in the labour court on a date yet to be set by the court.</p>		<p>Not yet determined at this stage.</p>
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CASE / MATTER	AMOUNT CLAIMED	DATE INSTITUTED	DISCRIPTION	CURRENT STATUS	ANTICIPATED COMPLETION DATE	CHANCES OF SUCCESS
Bona Electronic Solutions (Pty) Ltd/Naledi Consortium	Not yet confirmed	December	<p>The applicant sought an order interdicting and restraining the City of Johannesburg and the JDA from proceeding with the tender process and implementing the contract in respect of the tender in relation to the BRT Bus Monitoring system.</p> <p>The applicant seeks an order, amongst others, reviewing and setting aside the JDA's decision to award the tender to the Naledi consortium. Naledi also opposes this relief.</p> <p>Mkhabela Huntley Attorneys are representing the City of Johannesburg and the JDA in this matter.</p>	<p>The matter is currently at pleadings stage with the JDA having filed its answering affidavit in July 2020. The Applicant (Bona) has not taken steps since September 2020 to ensure that the matter is ready for hearing. They are required to file heads of argument, after which the rest of the respondents (JDA and Naledi) would file theirs and the matter be allocated a date for hearing.</p> <p>The JDA and City have since decided to file our own heads of arguments despite the failure by the applicant to do so. The matter will be held in court on 31 January 2022.</p>	Not yet determined at this stage.	

SECTION 8: INSURANCE CLAIMS AGAINST/TO MOE

The table below outlines the insurance claims that were still pending by the end of the financial year. The first three claims cited on the table were previously closed by the insurance company on the 28 August 2020, however the reasons for rejection of these claims were not reasonable. The reason that was provided by the insurance company was that the claimant did not follow up on the claim. Therefore, the claims were resubmitted for a proper assessment. Insurance Brokers are currently directly liaising with the claimants. A progress report with regards to the status of each claim is provided to the JDA by the insurance broker/administrator company on a monthly basis.

TABLE 47: INSURANCE CLAIMS

#	Insured Year	Claim Number	Date of Loss	Date Notified	Risk Descriptor	Value of the Claim	Risk Category	Claim's status
1	2017/18	51581697	01/11/2017	03/04/2019	Accidental damage	R250 000.00	Contractors all risk	Claim Settled
2	2017/18	51574102	01/11/2017	03/04/2019	Accidental damage	R7 500.00	Contractors all risk	The insurance is waiting for the claimant to approach them.
3	2017/18	51581695	01/11/2017	03/04/2019	Accidental damage	R49 680.00	Contractors all risks	The insurance is in contact with the claimants. They are waiting for the claimant to submit all the requested documentation.
4	2021/22	ADRS000 08010	02/10/21	04/10/21	Hailstorm damage	R1 471 729,96	Contractor's all risk	The claim was approved, repairs are underway.

SECTION 10: STATEMENT ON AMOUNTS OWED BY AND TO GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES

This measures effective debtor management and an assessment of the amounts owing by the various Government departments and entities.

TABLE 48: AMOUNTS OWED BY GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES

Name of department	Balance	Comments
	R' 000	
City of Johannesburg - CAM & USDG	71 708	The Balance relates to amount outstanding from May 2023 which are current invoices.
City of Johannesburg- Transport	155 693	Balance mainly relates to amounts outstanding from November 2022 claims and claims that were submitted till May 2023.
City of Johannesburg - Department of Economic Development	23900	Balance mainly relates to amounts outstanding from June 2022 claims and claims that were submitted till May 2023.
City of Johannesburg - EMS	49 790	Balance mainly relates to amounts outstanding from November 2022 claims and claims that were submitted till May 2023.
City of Johannesburg - Department of Health	8 344	Balance mainly relates to amounts outstanding from November 2022 claims and claims that were submitted till May 2023.
City of Johannesburg - Department of Housing	38 632	Balance mainly relates to amounts outstanding from November 2022 claims and claims that were submitted till May 2023.
City of Johannesburg - Department of Social Development	2 824	The Balance relates to amount outstanding from May 2023 which are current invoices.
City of Johannesburg - Department of Community Development	31 219	Balance mainly relates to amounts outstanding from November 2022 claims and claims that were submitted till May 2023.

City of Johannesburg - GSPCR	3 850	Balance mainly relates to amounts outstanding from June 2021 claims and claims that were submitted.
City of Johannesburg - COO	89 476	Balance mainly relates to amounts outstanding from November 2022 claims and claims that were submitted till May 2023.
Johannesburg Road Agency	4 633	The Balance relates to amount outstanding from May 2023 which are current invoices
Total	480 069	

CHAPTER 6: AUDITOR-GENERAL AND INTERNAL AUDIT FINDINGS

Strategic Objective 4	
Impacted Capitals	Financial, Intellectual & Human Capital
Stakeholders Interested	Auditor General, JDA Board, City of Joburg, MMC

SECTION 1: PROGRESS ON INTERNAL AUDIT PLAN

The Internal Audit function provides independent assurance that the entity's risk management, governance, and internal control processes are operating effectively. This function is governed through Sec 165 of the MFAM together with its charter. According to sec 165 of the MFMA Internal Audit prepares a risk-based audit plan and an internal audit program for each financial year. The ARC approves the internal audit plan and also considers progress made in its implementation on a quarterly basis. The chart below presents an overview of the audit conclusion made regarding the control environment based on the audits undertaken by internal audit in the 2022/23 financial year. The Audit Plan for the financial year was approved with 29 audits to be conducted throughout the financial year. Of the 29 planned audits, 22 were completed, 5 were still in progress by end of the financial year and 2 were deferred to the next financial year. The entity has seen regression when comparing the overall conclusion of the audit with previous financial year. Only 1 out of the 22 completed audit's conclusion was satisfactory in terms of effectiveness and adequacy of control as compared to 7 that were reported on the end of 2022. The Interna Audit further conducted and completed 17 probity audits of contracts that were above 5 million.

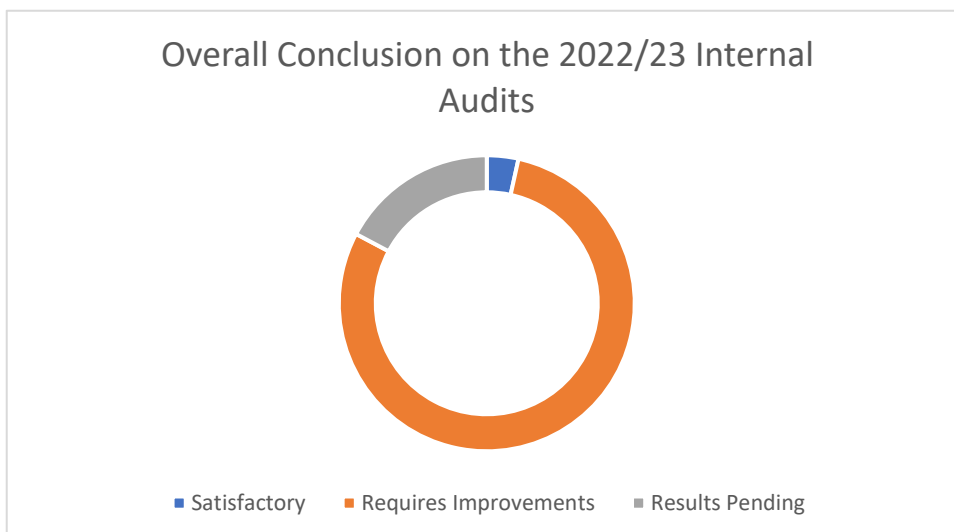


FIGURE 9: OVERALL CONCLUSION OF 2022/23 AUDITS

TABLE 49 : CONTROL ENVIRONMENT CONCLUSION EXPLANATION

Control Environment	Definition	Indicator
Unsatisfactory	Audit results indicate that insufficient reliance can be placed on the design and operational effectiveness of internal controls to mitigate the risks to which the activity under review is exposed.	<ul style="list-style-type: none"> -A breakdown in the overall management of a part of the business or the process being reviewed. -Primarily "Catastrophic" risk findings. -Actions are likely to bring JDA's brand and reputation into disrepute. -A breakdown in accounting, reporting and other key financial and operating controls. -Non-existent financial and operating controls. -Non-compliance to laws and regulations.
Requires improvement	Audit results indicate that limited reliance can be placed on the design and operation of internal controls to mitigate the risks to which the activity under review is exposed.	<ul style="list-style-type: none"> -Primarily "Major or moderate" risk findings. -Inadequate compensating controls. -Overall control environment of the audited process/focus area is of a vulnerable standard. -Overall control environment for the audited process/focus area is of an adequate standard.
Satisfactory	Audit results indicate that sufficient reliance can be placed on the design and operation of internal controls to mitigate the risks to which the activity under review is exposed.	<ul style="list-style-type: none"> -Primarily "Minor or insignificant" risk findings. -Overall control environment for the audited process/focus area is of the required standard. -Adequate compensating controls in place.

TABLE: 50: PROGRESS MADE AGAINST THE 2022/23 AUDIT PLAN

No.	Audit Description	Planned Quarter	Status	Overall Conclusion
1	1st Quarter (2022/23) Follow-up on Internal and External Audit findings.	Q1	Completed	Requires improvements
2	Audit of the 2021/22 Commitments schedule.	Q1	Completed	Requires improvements
3	Review of the draft 2021/22 Annual Financial Statements	Q1	Completed	Requires improvements
4	Review of the 2021/22 annual report – performance information review for completeness and reliability	Q1	Completed	Requires improvements
5	2021/22 4th Quarter - Audit of performance information (Audit of the Pre- Determined Objectives)	Q1	Completed	Requires improvements
6	Audit of the Risk Management processes	Q2	Completed	Requires improvement
7	Budget and Expenditure Management	Q2	Completed	Requires improvement
8	Compliance and Ethics Management Review	Q2	Completed	Requires improvement
9	1st Quarterly Audit of performance information (Audit of the Pre-Determined Objectives)	Q2	Completed	Requires improvement
10	Payroll and leave management audit	Q2	Completed	Requires improvement
11	Review Recruitment and Terminations processes	Q2	Completed	Satisfactory
12	Audit of the bill of quantities and capital projects	Q2	In progress	Pending
13	SAP finance and SCM data migration	Q2	Not done	Deferred to the next financial year
14	2nd Quarter (2022/23) Follow-up on Internal and External Audit findings.	Q2	Completed	Requires improvement
15	3rd Quarter (2022/23) Follow-up on Internal and External Audit findings.	Q3	Completed	Requires improvement
16	Financial Discipline Review	Q3	Completed	Requires improvements
17	Audit of the SCM Processes Performance Audit of the SCM processes(3E's)	Q3	Completed	Requires improvements
18	Contract Management Review and variation orders	Q3	Completed	Requires improvements
19	2022/23 2nd Quarterly Audit of performance information (Audit of the Pre- Determined Objectives)	Q3	Completed	Requires improvement
20	JDA internal project due diligence/feasibility assessment.	Q3	Completed	Requires improvements
21	Performance Bonus Review	Q3	Completed	Requires improvements
22	Security Management Audit	Q3	Completed	Requires improvements
23	Physical Project Verifications	Q2	Completed	Requires improvements
24	IT Governance General and application controls	Q3	In progress	Pending
25	3rd Quarterly Audit of performance information (Audit of the Pre-Determined Objectives)	Q4	Completed	Requires improvements
26	Audit of records management processes	Q4	Not completed	Deferred to the next financial year

27	Audit of the capital project management processes value for Money audit on completed projects	Q4	In progress	Pending
28	SMME development process review	Q4	In progress	Pending
29	Cybersecurity audit Information Security Review	Q4	In progress	Pending

SECTION 2: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS

Internal Audit conducts follow-up reviews monthly on the status of unresolved findings and then provides these monthly reports on the status of unresolved findings to the Chairperson of the Operation Clean Audit (OPCA) Committee and the Group Risk Assurance Services for discussion with the City Manager. On a quarterly basis Internal Audit, these reports are presented to the Audit and Risk Committee, which monitors the progress made by management on the implementation of recommendations and action plans.

On a quarterly basis, management reports to the Audit and Risk Committee on the progress made towards resolving audit findings raised by Internal Audit and the Auditor General. Internal Audit also provides independent assurance to the Audit and Risk Committee on the progress made by management in resolving audit findings.

A schedule of audit findings raised has been maintained since the 2014/15 financial year. Monthly follow-up on the resolution of audit finding is done on this schedule. As of 30 June 2023, Internal Audit verified that ninety two percent (92%) of internal audit findings and eighty eight percent (88%) of external audit findings were resolved and eight (8%) and twelve percent (12%) respectively remained unresolved.

The table below provides a summary of Internal Audit Findings raised from 2014/2015 to 2022/23 financial period:

TABLE 51: INTERNAL AUDIT FINDINGS

Financial Period	Total Unresolved Findings	Total Resolved Findings	Total Findings
2013/14	0	2	2
2014/15	0	17	17
2015/16	0	45	45
2016/17	0	58	58
2017/18	2	38	40
2018/19	0	33	33
2019/20	0	20	20

2020/21	5	19	24
2021/22	18	34	54
Total	23	270	293
Percentage	8%	92%	100%

SECTION 3: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS

On a quarterly basis, management reports to the Audit and Risk Committee on the progress made towards resolving audit findings raised by Internal Audit and the Auditor General. Internal Audit also provides independent assurance to the Audit and Risk Committee on the progress made by management in resolving audit findings.

The Audit and Risk Committee has in recent meetings, requested management to provide a report outlining action plans to ensure that all unresolved findings outstanding from the previous financial years are resolved promptly.

The table below provides a summary of AG Findings raised from 2014/15 to 2021/22 financial period:

TABLE 52: AUDITOR GENERAL FINDINGS

Financial Period	Total Unresolved Findings	Total Resolved Findings	Total Findings
2014/15	0	11	11
2015/16	0	34	34
2016/17	0	6	6
2017/18	0	5	5
2018/19	0	5	5
2019/20	0	21	21
2020/21	1	10	11
2021/22	14	21	35
Total	15	113	128
Percentage	12%	88%	100%

SECTION 4: OVERALL STATE OF INTERNAL CONTROLS

Effective risk management and compliance with government regulations are driving the need for ongoing auditing. JDA is subjected to internal and external audits each year, thus making audit coordination and management vitally important by ensuring timeous implementation of corrective action to clear audit findings and strengthen risk management and compliance. Regular audits are essential to reduce the risk of non-compliance.

Internal controls refer to the policies, practices, and systems that the entity has put in place, to provide reasonable assurance that the organisation will achieve its objectives, prevent fraud and corruption from occurring, protect resources from waste, loss, theft, or misuse, and ensure that resources are used efficiently and effectively.

The JDA has a system of internal control to provide cost-effective assurance that the entity's goals will be economically, effectively, and efficiently achieved. In line with the MFMA, the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors, and the King Code Report on Corporate Governance, Internal Audit provided the Audit and Risk Committee and Management with quarterly internal audit reports in terms of its approved annual Internal Audit Plan.

From the Internal Audit reports, it was noted that there were no material deficiencies in the system of internal control for the reporting period.

The entity also has various functional and effective management structures, such as the Executive Management Committee, Programme Project Management Committees, and Operation Clean Audit Committee, to review, monitor, and evaluate programme performance and take corrective measures where necessary.

Management is committed to addressing control weaknesses identified by internal and external audits through the implementation of audit recommendations and monitoring of action plans. However, there is still room for improvement as stricter commitment is required from management to ensure those audit findings are promptly resolved. Based on the internal audits completed in this financial year, the internal audit's overall conclusion on the state of internal controls is that controls currently in place are **adequate**; however **partially effective** to provide reasonable assurance that JDA objectives will be achieved. The overall JDA control environment requires improvement.

SECTION 5: AUDITOR-GENERAL'S REPORT FOR THE CURRENT YEAR

The Auditor General has been appointed to be an external Auditor for the JDA since its inception through annual AGM resolutions. Section 188 (1) (b) of the Constitution provides 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. The table below reflects the AG audit outcomes for the past five years and the current financial year.

TABLE 53: AUDIT OPINIONS

Audit opinion	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Clean	Clean	Unqualified	Unqualified	Unqualified	Unqualified

SECTION 6: HISTORICAL AUDIT FINDINGS AND REMEDIAL ACTION

In 2021/22, the JDA received an unqualified audit opinion. The Auditor-General also identified areas of improvement for management. Recommendations included improved non-financial performance information controls and reporting. Remedial action has since been taken. This include holding monthly Operation Clean Audit meetings (OPCA) where progress on resolution of Audit Findings is reported.

In the 2021/22, the AGSA raised 35 findings against the JDA that needed management action plan, of the 35 findings raised management resolved 21 findings to date. This represents 60% of action implemented and also indicates commitment by management to address the finding.

APPENDICES

APPENDIX A: BOARD OF DIRECTORS; COMMITTEE ALLOCATION AND ATTENDANCE

The Board composition as at end of the 2022/23 Financial Year

- (i) Ms Daliwe Oliphant (Chairperson)
- (ii) Ms Mally Mokoena
- (iii) Mr Mongezi Ntanga
- (iv) Ms Morwesi Ramonyai
- (v) Ms Nandipha Zonela
- (vi) Mr Bruce Sarela
- (vii) Ms Pinkie Numa
- (viii) Mr Vukile Hlongwa
- (ix) Mr Makoko Makgonye
- (x) Mr Siyabonga Masiza
- (xi) Mr Mokgema Mongane (Chief Executive Officer and Executive Director)
- (xii) Mr Sihle Mkhize was appointed acting Chief Financial Officer effective 14 November 2022.

The Independent Audit and Risk Committee members are as follows:

- (i) Mr Sivuyile Mndawe
- (ii) Mr Patric Lebopa
- (iii) Mr Tshepo Nawane

COMMITTEE ALLOCATIONS

Audit and Risk Committee

- Bruce Sarela (Chairperson)
- Siyabonga Masiza
- Vukile Hlongwa
- Patrick Lebopha (Independent Audit Member)
- Sivuyile Mndawe (Independent Audit Member)
- Tshepo Nawane (Independent Audit Member)

Social and Ethics / Human Resources and Remuneration Committee

- Mally Mokoena (Chairperson)
- Morwesi Ramonyai
- Mongezi Ntanga
- Pinkie Numa
- Siyabonga Masiza

Development and Investment Committee

- Nandipha Zonela (Chairperson)
- Makoko Makgonye
- Daliwe Oliphant
- Pinkie Numa
- Siyabonga Masiza

BOARD AND BOARD COMMITTEE MEETINGS & ATTENDANCE (1 JULY 2022 TO 28 FEBRUARY 2023)

Name	Board Meetings = Total of 9 Meetings				Audit & Risk Committee= Total of 7 Meetings				Social & Ethics/ HR & Remuneration Committee = Total Of 3				Development Committee = Total of 4			
	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent
Lionel Brenner (Chairperson)	9	9	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4	4	0	0
Mthobisi Malinga	9	8	1	0	7	7	0	0	3	3	0	0	N/A	N/A	N/A	N/A
Ntona Marota	9	8	1	0	7	7	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Anchen Dreyer	9	6	3	0	N/A	N/A	N/A	N/A	3	3	0	0	N/A	N/A	N/A	N/A
Neo Ntingane	9	7	2	0	N/A	N/A	N/A	N/A	3	3	0	0	N/A	N/A	N/A	N/A
Christopher Whittle	9	9	0	0	7	6	1	0	N/A	N/A	N/A	N/A	4	4	0	0
Lindelani Matshidze	9	9	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4	4	0	0
Didibuku Thwala	5	9	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4	4	0	0
Nosipho Ngaka (ARC member)	N/A	N/A	N/A	N/A	7	7	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kwena Mashiane (ARC member)	N/A	N/A	N/A	N/A	7	5	2	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
John Mendelsohn (ARC member)	N/A	N/A	N/A	N/A	7	7	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

¹ No fee is payable due to member is under the employment of the state.

BOARD AND BOARD COMMITTEE MEETINGS & ATTENDANCE (1 MARCH 2023 TO 30 JUNE 2023)

Name	Board Meetings = Total of 5 Meetings				Audit & Risk Committee= Total of 2 Meetings				Social & Ethics/ HR & Remuneration Committee = Total Of 1				Development Committee = Total of 1			
	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent
Daliwe Oliphant (Chairperson)	5	5	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	0	0
Bruce Sarela	5	4	1	0	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Makoko Makgonye	5	5	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	0	0
Mongezi Ntanga	5	5	0	0	N/A	N/A	N/A	N/A	1	1	0	0	N/A	N/A	N/A	N/A
Pinkie Numa	5	4	1	0	N/A	N/A	N/A	N/A	1	1	0	0	1	1	0	0
Morwesi Ramonyai	5	5	0	0	N/A	N/A	N/A	N/A	1	1	0	0	N/A	N/A	N/A	N/A
Siyabonga Masiza	5	5	0	0	2	2	0	0	1	1	0	0	1	1	0	0
Vukile Hlongwa	5	5	0	0	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nandipha Zonela	5	5	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	N/A	1	1	0	0
Mally Mokoena	5	5	0	0	N/A	N/A	N/A	0	1	1	0	N/A	N/A	N/A	N/A	N/A
Sivuyile Mndawe (ARC member)	N/A	N/A	N/A	N/A	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tshepo Nawane (ARC member)	N/A	N/A	N/A	N/A	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Patrick Lebopa (ARC member)	N/A	N/A	N/A	N/A	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

1 No fee is payable due to member is under the employment of the state.

APPENDIX B: BOARD AND COMMITTEE PURPOSE

Board Purpose and Duties

Duties of the Board

The Board retains full and effective control over the organisation and monitors the implementation of the JDA's strategic programmes. It sets the agency's strategic direction and monitors overall performance. The duties of the Board include:

- Providing effective, transparent, accountable and coherent oversight of the JDA's affairs.
- Ensuring that the JDA complies with all applicable legislation, the service delivery agreement and the various shareholder policy directives issued by its parent municipality from time to time.
- Dealing with the CoJ in good faith and communicating openly and promptly on all pertinent matters requiring the attention of its shareholder.
- Determining and developing strategies that set out the organisation's purpose and values following the shareholder mandate and strategic documents such as the integrated development plan.
- Reviewing and approving financial objectives, including significant capital allocations and expenditure as determined by the CoJ.
- Considering and ensuring that the entity's size, diversity and skills are sufficient to achieve its strategic objectives.

Board charter

The Board of Directors has incorporated the City of Johannesburg's corporate governance protocol into its charter, which regulates its relationship with the City of Johannesburg as its sole member and parent municipality in the interest of good corporate governance and good ethics. The protocol is premised on the principles of the King Code. The charter sets out the composition and powers of the Board.

Board Committees Mandate

Mandate of the Audit & Risk Committee

The committee has specific responsibility for ensuring that all activities of the JDA are subject to independent and objective review and financial performance oversight. The Audit and Risk Committee has a Charter with clear terms of reference as guided by the provisions of Section 166 of the MFMA. The Committee has the following responsibilities:

Reviewing JDA's internal controls, publishing financial reports for statutory compliance and against standards of best practice, and recommending appropriate disclosures to the Board.

Reviewing reports from management, internal and external auditors, to provide reasonable assurance that control procedures are in place and are being followed.

Reviewing the half-yearly and annual financial statements before submission to the Board, focusing particularly on any changes in accounting policies and practices.

Mandate of the Social and Ethics / Human Resources and Remuneration Committee

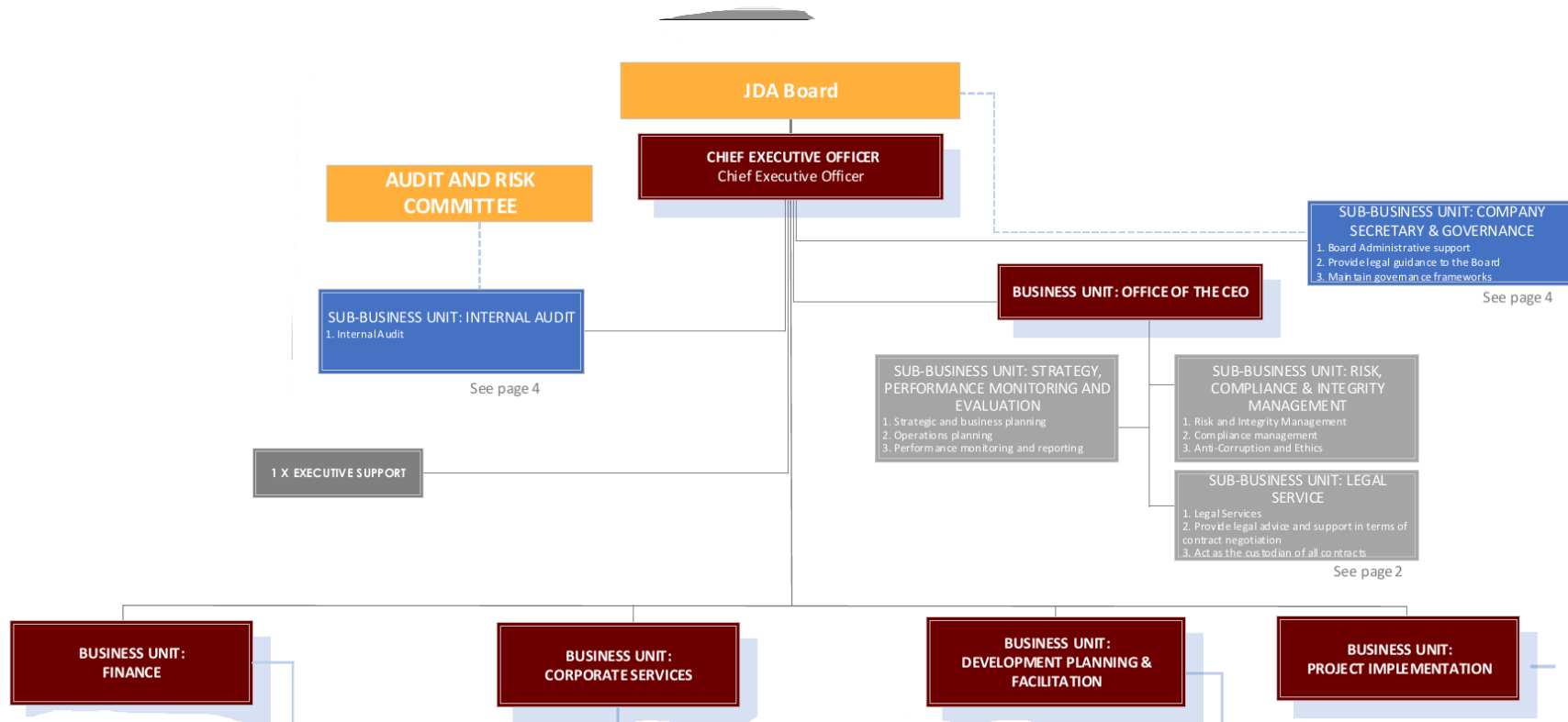
The committee meets not less than four (40 times a year. The executive directors are excluded from the HR & Remuneration Committee/Social & Ethics Committee when matters relating to their remuneration are discussed. The committee ensures that the remuneration of the Chief Executive Officer and senior management are within the upper limits as determined by the City of Johannesburg following the provisions of Section 89(a) of the MFMA.

The remuneration of the Chairperson, the non-executive directors and independent audit committee members is determined by the City of Johannesburg.

Mandate of the Development and Investment Committee

The Committee is responsible for evaluating development proposals to make recommendations for approval to the Board. This entails examining risks associated with the proposed projects such as the financing, returns and projects risk profiles.

APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE



APPENDIX D: FUNCTIONS OF ENTITY

The JDA has a Service Delivery Agreement (SDA) with the CITY OF JOHANNESBURG METROPOLITAN MUNICIPALITY which defined the function/services applicable to the JDA.

APPENDIX G: RECOMMENDATIONS OF THE AUDIT AND RISK COMMITTEE

AUDIT AND RISK COMMITTEE RECOMMENDATIONS FOR THE 2022/23 FINANCIAL YEAR

Date of Meeting	Subject or Item	Resolution	Status (If recommendations adopted, enter Yes. If not adopted, provide an explanation)
08 July 2022	CFO's Report as of end of June 2022	Noted	For noting by ARC
	Fourth Quarter Performance Report	Recommended to Board	Yes
	OPCA Progress Report	Noted	For noting by ARC
	Internal Audit Reports a) Internal Audit Progress Report b) Internal Audit Completed Audits (Reviews) c) Internal Audit Completed Audits (Probity Audits)	Noted	For noting by ARC
	Draft Annual Internal Audit Plan	Approved	For approval by ARC
	Risk and Compliance Q4 Progress Report	Noted	For noting by ARC
02 August 2022	Reviewed Delegation of Authority Framework	Considered with comments and inputs. Document to be resubmitted to ARC incorporating changes made.	Document to be resubmitted to ARC before recommending to Board.
	Risk and Compliance Implementation Plan	Approved	For approval by ARC
	Risk Appetite and Tolerance Framework	Recommended to Board.	Yes
23 August 2022	Internal Audit Report on General and Applications controls review at JDA 2021/2022	Noted	For noting by ARC.
	CFO's Report	Noted	For noting by the ARC.
	Internal Audit Progress report on the review of the Draft 2021/2022 Annual Financial Statements	Noted	For noting by the Committee.

Date of Meeting	Subject or Item	Resolution	Status (If recommendations adopted, enter Yes. If not adopted, provide an explanation)
	Unaudited 2021/2022 Annual Financial Statements	Recommendation to Board.	Yes
	Unaudited 2021/2022 Integrated Annual Report	Recommendation to Board.	Yes
	Auditor General's Engagement Letter	Approved by the Committee.	Yes, for noting by the Board.
	Auditor General's Audit Strategy for 2021/2022 financial year	Approved by the Committee	Yes, for noting by the Board.
	Treatment of Irregular Expenditure	Recommended to Board.	Yes
30 September 2023	CFO's Report	Noted	For noting by ARC
	OPCA Progress Report	Noted	For noting by the Committee
	First Quarter Performance Report	Recommended to Board.	Yes
	Performance Information Management Policy	Recommended to the Development and Investment for further input.	Recommended to the Development and Investment for further input prior to recommending to the Board for approval.
	Internal Audit Progress report against approved Annual Plan	Noted	For noting by ARC
	Internal Audit report – Follow up on audit findings.	Noted	For noting by ARC
	Business Continuity Management Review	Noted	The report was for noting by ARC
	Risk and Compliance Reports	Consideration of the report was deferred the next Special meeting of ARC	Consideration of the report was deferred the next Special meeting of ARC.
	ICT Reports	Consideration of the report was deferred the next Special meeting of ARC	Consideration of the report was deferred the next Special meeting of ARC
25 November 202	Draft AGSA's Management Report	Recommended to Board.	Yes
	Audited 2021/2022 Annual Financial Statements	Recommended to Board.	Yes
	Audited Integrated Annual Report	Recommended to Board.	Yes

Date of Meeting	Subject or Item	Resolution	Status (If recommendations adopted, enter Yes. If not adopted, provide an explanation)
	Q1 Risk and Compliance Report	Noted	For noting by ARC
	Reviewed Risk Maturity Management Framework	Approved	For ARC approval
	Revised SCM Risk Tolerance Framework	Approved	For ARC approval
	Internal Audit Charter	Approved	For ARC approval
25 November 2022	Draft AGSA's Management Report	Recommended to Board.	Yes
	Draft AGSA's Audit Report	Recommended to Board.	Yes
	Audited 2021/2022 Annual Financial Statements	Recommended to Board.	Yes
	Audited 2021/2022 Integrated Annual Report	Recommended to Board.	Yes
	Q1 Risk and Compliance Report	Noted	For noting by ARC
	Reviewed Fraud Prevention Strategy and Response Plan	Approved	For ARC approval
	Reviewed Risk Maturity Management Framework	Approved	For ARC approval
	Reviewed SCM Risk Tolerance Framework	Approved Subject to further input by the D&I Committee on the specific things that are within its function and around percentages. And if there are matters that they recommend, management should submit the report to the ARC in terms of those.	For ARC approval
	Revised Compliance Management Framework	Approved	For ARC approval
	Internal Audit Charter	Approved	For ARC approval

Date of Meeting	Subject or Item	Resolution	Status (If recommendations adopted, enter Yes. If not adopted, provide an explanation)
11 January 2023	CEO's verbal report on the Q2 Performance Report	Noted	For noting by ARC
	Q2 Performance Report	Recommended to Board.	Yes
17 February 2023	Cashflow Progress Report	Noted	For noting by ARC
	Internal Audit Progress report	Noted	For noting by ARC
	Follow-up on Audit Findings	Noted	For noting by ARC
	Risk and Compliance Q4 Progress Report	Noted	For noting by ARC
	Whistle Blowing Policy	Recommended to Board.	Yes
	Code of Ethics Policy	Not recommended ARC referred the Policy to the Social, Ethics, Hr and REMCO for its consideration and recommending to the Board.	ARC referred the Policy to the Social, Ethics, Hr and REMCO for its consideration and recommending to the Board.
	Anti-Fraud and Corruption Policy (Internal)	Recommended to Board.	Yes
	Anti-Fraud and Corruption Policy (External)	Recommended to Board.	Yes
	ICT Governance Progress Report	Noted	For noting by ARC
	ESG Progress Report	Noted	For noting by ARC
13 April 2023	CFO's Report	The Committee referred the report back to management to update it taking into considerations comments and input made by the Committee when presenting at the next Committee meeting.	For noting by ARC
	Third Quarter Performance Report	Noted	For noting by ARC
	2023/2024 Business Plan	Not recommended to Board.	It is resolved that the Committee has instead opted for deferring the Business Plan approval to the Board having considered the fact that the issues that they would like to see being incorporated emanating from the strategic session have not been taken into account in this current business plan and they would like the Board to consider and approve the report

Date of Meeting	Subject or Item	Resolution	Status (If recommendations adopted, enter Yes. If not adopted, provide an explanation)
			<p>accordingly. And there should be an opportunity for members to ventilate the issues at the Board strategic session which would form part of the Business Plan that would be submitted to the Shareholder prior to the 5th of May 2023.</p> <p>Documents that members would like to see:</p> <ul style="list-style-type: none"> - IDP - SDBIP - And confirmation that in the preparation of the Business Plan, the GLU Priorities post January 2023 had been taken into account. - There is only the written confirmation to confirm that the GLU Priorities were indeed done.
	Implications of the Cash Flow	Recommended to Board.	Yes
	Internal Audit Progress Report	Noted	For noting by ARC
	Reviewed Performance Information Management Policy	Not recommended	The Committee deferred the consideration of the reviewed Performance Information Management Policy to the next Committee meeting.
	Section 116(3) MFMA Report	<p>Recommended to Board.</p> <p>The Committee noted that the report came to the Committee however, the Committee did not have sufficient time to discuss the report. The report should be presented to the Board and the Committee will engage it at that level since the members never had enough time to engage the report at the meeting due to several items that it had to consider.</p>	<p>The Committee noted that the report came to the Committee however, the Committee did not have sufficient time to discuss the report. The report should be presented to the Board and the Committee will engage it at that level since the members never had enough time to engage the report at the meeting due to several items that it had to consider.</p>
28 June 2023	Unauthorised, Irregular, Fruitless and Wasteful (UIFW) Expenditure Report(s)	<p>Recommended to Board with a provision that: management should update the report considering comments and input made by ARC.</p> <p>The purpose of the report needs to be revised in terms of what is expected from the Committee and ultimately the Board.</p> <p>The expenditures for different financial years should be indicated in a tabular format to explain what the incurred expenditure was for, what steps were taken by management to ensure that there is a recovery where it is required by the relevant regulations (such as MFMA, Municipal Financial Act and Municipal Budget Reporting and Regulations Section 75).</p>	Yes

Date of Meeting	Subject or Item	Resolution	Status (If recommendations adopted, enter Yes. If not adopted, provide an explanation)
		<p>The UIFW register containing information on investigations done, the outcome of the investigations and steps taken to name a few, should be attached as an Annexure to the revised report.</p> <p>IA investigation on the irregular and fruitless expenditure that was reported at the meeting should also be provided.</p> <p>The above information should be provided to the ARC in time prior to the Board sitting on 30 June 2023 to allow members sufficient time to go through the documents.</p> <p>The proposed condonement would exclude the ICT – Printing project as investigations have not yet been finalized.</p>	

APPENDIX H: LONG-TERM CONTRACTS AND PUBLIC-PRIVATE PARTNERSHIPS

SCHEDULE OF CONTRACTS OVER R10 MILLION AND RUNNING FOR MORE THAN ONE FINANCIAL YEAR:

Long-term contracts for 2022/23					
Name of service provider (entity or municipal department)	Description of services rendered by the service provider	Start date of contract	Expiry date of contract	Project manager	Contract value
Dwellers Trading	Lakeside Roads and Stormwater	06 Sept 2022	Until Completion	Portfolio C	R 16 495 805,75
KPA Civils	Melville Activity Street	09 Sept 2022	Until Completion	Portfolio A	R 22 126 125,00
DKPB	Alexandra BRT Depot Access Road	09 Sept 2022	Until Completion	Portfolio C	R 18 965 001,72
Dwellers Trading	Inner City Core Goud Street	22 Oct 2022	Until Completion	Portfolio A	R 41 925 194,80
Zookie Construction	Pennyville Environmental Upgrade	05 Oct 2022	Until Completion	Portfolio A	R 21 226 603,45
NAP Holdings	Eastern Gateway Murray Park Library	24 Oct 2022	Until Completion	Portfolio A	R 23 778 793,63
Nsovo Construction	Randburg Public Environment Upgrade	29 Oct 2022	Until Completion	Portfolio A	R 30 869 587,37
Molatebo Construction	Chris Hani Sports centre	09 Dec 2022	Until Completion	Portfolio B	R 49,184,322.87
Thamandla Construction	Watt Street Public Upgrade	18 Jan 2023	Until Completion	Portfolio A	R 20 859 448,59
Halifax/Agisanang JV	Protea South Clinic	10 Jan 2023	Until Completion	Portfolio B	R 58,842,000.00
GVK Siyazama	Shelter for displaced people	10 Jan 2023	Until Completion	Portfolio B	R 50 000 000,00
Mshandukani Holdings	Drieziek Ext 4A	15 Mar 2023	Until Completion	Portfolio C	R 28 484 632,03
Temi Construction	Selby Depot	24 Mar 2023	Until Completion	Portfolio C	R 35 434 362,46
Shonisani Rambau Construction	Drieziek Extension 5A	30 Mar 2023	Until Completion	Portfolio C	R 30 179 388,34
Nsovo Construction	Drieziek Extension 3A	06 Apr2023	Until Completion	Portfolio C	R31 748 484,08
Glad Africa	Design and implementation of Kanana park K158	08 May 2023	08 May 2026	Portfolio C	R 9 082 262,93

No public-private partnership contracts are currently managed by the JDA.

APPENDIX I: MUNICIPAL ENTITY PERFORMANCE SCHEDULE

The main purpose and object of the JDA is to, inter alia, promote socio-economic growth through the development and promotion of efficient spatial environments in defined geographic areas and regenerate decaying areas of the City to enhance their ability to contribute to economic development and improve quality of life for residents on behalf of the City by conceptualising, designing, facilitating and implementing specific capital and non-capital projects and programmes.

JDA'S ALIGNMENT WITH CITY'S LONG PLANS

GDS Outcomes	GDS Output	Strategic Priorities	JDA Objectives	JDA Programme	Outcome
1. Improved quality of life and development-driven resilience for all.	1. Reduce poverty and increase productivity 2. Food security that is both improved and safeguarded 3. Access to knowledge and lifelong learning 4. A society characterised by healthy living for all 5. A safe and secure city 6. A city characterised by social inclusivity and enhanced social cohesion	Safer City Sustainable Economic Growth	To support the growth and development of strategic nodes into high quality, investor friendly and sustainable urban environment	1. Strategic Economic Node Delivery Programme 2. Economic Empowerment Programme.	The growth and development of strategic economic nodes into high-quality, investor friendly and sustainable urban environments. Efficient delivery infrastructure that produces a socio-economic return.

GDS Outcomes	GDS Output	Strategic Priorities	JDA Objectives	JDA Programme	Outcome
2. Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy	<ol style="list-style-type: none"> 1. Sustainable and integrated delivery of water 2. Sustainable and integrated delivery of sanitation 3. Sustainable and integrated delivery of energy 4. Sustainable and integrated delivery of waste 5. Improved eco-mobility 6. Climate change resilience and environmental protection 	<p>Sustainable service delivery</p> <p>Energy mix</p> <p>Infrastructure development and refurbishment</p>	To efficiently, effectively and economically deliver sustainable social and economic infrastructure projects	1. Accelerated infrastructure Delivery Programme	Efficient delivery infrastructure that produces a socio-economic return.
3. An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens	<ol style="list-style-type: none"> 1. Job-intensive economic growth 2. Promotion and support to informal and micro businesses 3. Increased competitiveness of the economy 4. A 'Smart' City of Johannesburg, that is able to deliver quality services to citizens in an efficient and reliable manner (cross cutting output). 	<p>Sustainable Economic Growth</p> <p>Job opportunity and creation</p> <p>Green Economy.</p> <p>Smart city</p>	To promote economic empowerment and transformation through the structuring and procurement of the JDA developments	<ol style="list-style-type: none"> 1. Economic Empowerment Programme. 2. Good Governance, Management and Administration Programme 	The growth and development of strategic economic nodes into high-quality, investor friendly and sustainable urban environments.
4. A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region	<ol style="list-style-type: none"> 1. Partnerships, intergovernmental & international relations 2. A responsive, accountable, efficient and productive metropolitan government 3. Financially sustainable and resilient city 4. Meaningful citizen participation and empowerment 	<p>Active and engaged citizenry.</p> <p>Good governance.</p> <p>Financial sustainability.</p>	To strengthen and improve the JDA's corporate governance and operations to ensure that it remains an effective, efficient, self-sustained and	1. Good Governance, Management and Administration Programme	A financially viable, effective and well-governed development agency.

GDS Outcomes	GDS Output	Strategic Priorities	JDA Objectives	JDA Programme	Outcome
	5. Guaranteed customer and citizen care and service		well-governed organization.		

APPENDIX J: DISCLOSURE OF FINANCIAL INTEREST

Name	Position	Description of interest declared
Mokgema Mongane	Chief Executive Officer	<ol style="list-style-type: none"> 1. Membership of close corporation- Mongane affairs- company reported dormant. 2. Directorship in Amegkom group- company reported dormant.
Oupa Nkoane	EM: Development Planning & Facilitation	Directorship in Masdol Properties.
Siyabonga Genu	EM: Project Implementation	Nil declaration.
Boledi Seopela	EM: Corporate Services	Nil declaration.
Rodney Shirinda	Company Secretary	Shares in the following: <ul style="list-style-type: none"> - RubRod PTY LTD - Hasani Mbembhe Construction - Mahlangana Forests - Ntshovelo harvesting. - Ozone Business Enterprise

VOLUME 2



Johannesburg Development Agency (SOC) Ltd
Annual Financial Statements
for the year ended 30 June 2023
S Mkhize

Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2023

General Information

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Regenerating the City of Johannesburg through facilitating and/or investing in development projects.
DIRECTORS	D Oliphant (Chairperson) M Mokoena K Marawu M Ntanga M Ramonyai N Zonela B Sarela M Makganye V Hlongwa S Moonsamy (Chief Financial Officer)(Resigned on 11 Novemeber 2022) P Numa S Masiza S Genu (Acting Chief Executive Officer)
REGISTERED OFFICE	The Bus Factory 3 Helen Joseph Street Newtown Johannesburg 2000
BUSINESS ADDRESS	The Bus Factory 3 Helen Joseph Street Newtown Johannesburg 2000
POSTAL ADDRESS	P O Box 61877 Marshalltown Johannesburg 2001
CONTROLLING ENTITY	The City of Johannesburg Metropolitan Municipality incorporated in South Africa
BANKERS	Standard Bank of South Africa Limited
AUDITORS	Auditor-General of South Africa
SECRETARY	S Ndhlovu

Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2023

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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ACRONYMS

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2023

Directors' 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 annual financial statements and related financial information included in this report. It is the responsibility of the directors to ensure that the annual 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 annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice 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 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 directors set 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 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 annual 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 2024 and, in the light of this review and the current financial position, they are satisfied that the JDA has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is dependent on the City of Johannesburg for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the City of Johannesburg has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the directors are primarily responsible for the financial affairs of the entity, they are supported by the entity's internal auditors to independently appraise the appropriateness, adequacy and the effectiveness of the internal control environment within the JDA.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 6.

The annual financial statements set out on pages 7 to 58, which have been prepared on the going concern basis, were approved by the directors on 29 November 2023 and were signed on its behalf by:



D Oliphant (Chairperson)
Designation



S Genu (Acting Chief Executive Officer)
Designation

Newtown, Johannesburg

Thursday, 30 November 2023

Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2023

Audit and Risk Committee Report

We are pleased to present the Audit and Risk Committee Report of the JDA for the financial year ended 30 June 2023; which is in compliance with the Companies Act and the requirements of the MFMA. The Committee has been appointed and has adopted terms of reference that comply with the Companies Act, King Code and MFMA (where applicable to the JDA). These terms have been approved by the JDA Board of Directors, copies of which are available from the Company Secretary on request.

Audit and Risk Committee members and attendance

The Audit and Risk Committee consists of the members listed here under and should meet not less than 4 times per annum as per its approved terms of reference. During the current year seven (five pre-AGM and two post AGM) meetings were held.

Name of member	Number of meetings attended
Mr B Sarela (Chairperson) (Appointed on 01 March 2023)	2
Mr V Hlongwa (Board Member) (Appointed on 01 March 2023)	2
Mr S Masiza (Board Member) (Appointed on 01 March 2023)	2
Mr T Nawane (Independent Audit and Risk Committee Member)	2
Mr S Mndawe (Independent Audit and Risk Committee Member) (Appointed 01 March 2023)	2
Mr P Lebopa (Independent Audit Risk and Committee Member) (Appointed on 01 March 2023)	2
Mr S Marota (Chairperson) Retired on 01 March 2023	7
Mr M Malinga (Retired on 01 March 2023)	7
Mr C Whittle (Retired on 01 March 2023)	7
Ms N Ngaka (Independent Audit and Risk Committee) (Retired on 01 March 2023)	7
Mr J Mandelsohn (Independent Audit and Risk Committee) (Retired on 01 March 2023)	7
Mr V Nena (Independent Audit and Risk Committee) (Retired on 01 March 2023)	7
Mr K Mashiane (Independent Audit and Risk Committee) (Retired on 01 March 2023)	7
Ms K Onuoka (Independent Audit and Risk Committee) (Retired on 01 March 2023)	7
Ms F Alidi (Independent Audit and Risk Committee) (Retired on 01 March 2023)	7
Member 1 (Chairperson)	7

Audit and risk committee responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA. The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

Evaluation of the annual financial statements

The Audit and Risk committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the directors;
- reviewed the Auditor-General of South Africa's management report and management's response from the prior year thereto;
- reviewed changes in accounting policies and practices ;
- reviewed the entities compliance with legal and regulatory provisions;

Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2023

Audit and Risk Committee Report

Internal audit

The Audit and Risk committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits. The Audit and Risk Committee has;

- Approved the three year strategic rolling plan and the annual internal audit plan;
- Received and reviewed internal audit reports concerning the effectiveness and adequacy of the internal control environment, systems and processes;
- Reviewed the adequacy and appropriateness of management's corrective actions and implementation progress of such action plans; and
- Reviewed the internal audit function capacity and made recommendations.

Risk management and compliance

The Audit and Risk Committee has:

- Reviewed the compliance framework and the risk management framework;
- Reviewed the JDA's strategic, operational, fraud, IT and compliance risks;
- Determined the levels of risk appetite and monitoring that risks are managed within the pre-determination levels; and
- Reviewed and monitored the risk management processes to ensure that management implements appropriate risk management mitigation strategies.

The above Audit and Risk Committee report will be finalised subsequent to the conclusion of the external audit to take a view on the entire combined assurance model.



Chairperson of the Audit Committee

Date:

30 November 2023



Report of the Auditor General

TO THE PROVINCIAL LEGISLATURE OF JOHANNESBURG DEVELOPMENT AGENCY (SOC) LTD

Auditor-General of South Africa

30 November 2023

Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2023

Directors' Report

The directors submit their report for the year ended 30 June 2023.

1. INCORPORATION

The entity was incorporated in terms of the Companies Act 61 of 1973 on 07 March 2001 and obtained its certificate to commence business on the same day. The entity is a state-owned company as defined in the Companies Act No. 71 of 2008.

2. REVIEW OF ACTIVITIES

Main business and operations

The company is a Municipal Entity as contemplated in Local Government: Municipal Systems Act 32 of 2000. The principal objective of the company is to initiate, stimulate and support development projects that rejuvenate economic activity throughout the Johannesburg Metropolitan area. Its activities and interventions are directed at the urban and economic regeneration through large and small scale, multi-faceted capital infrastructure developments to achieve a spatially restructured city which promotes liveability, economic growth and an efficient and competitive, multi-use environments.

As an agency of the CJMM, the JDA obtains its mandate from the CJMM, acting through the Executive Mayor and Council. Acting through its Board of Directors, it is accountable to the Member of Mayoral Committee for Development Planning, who exercises political oversight and to whom the JDA undertakes service delivery and compliance reporting in respect of its scorecard. As an agency, JDA interacts closely with the CJMM's various departments and municipal entities in respect of their functional interests in development activities. The JDA operates in accordance with the Growth and Development Strategy principles of its parent municipality. Its overall functions are guided by the CJMM's existing plans, and spatial and economic frameworks.

The service delivery mandate is articulated in the Service Delivery Agreement (SDA) with the CJMM which serves as a shareholder compact with its parent municipality.

JDA manages its resources judiciously, adhering to the prescripts of its Supply Chain Management policies. To that end, the JDA follows best practice, balancing the need to support suppliers and ensure their continued survival and sustainability while simultaneously ensuring timeous delivery and execution of its activities, ensuring value for money is received.

Net deficit of the entity for the financial year is R33 760 265 (2022: deficit R31 787 858).

Fraud Hotline

As part of its endeavours to curb fraud and corruption in its activities, the entity maintains an anti-corruption anonymous tip-off hotline which is managed by the City of Johannesburg Metropolitan Municipality. The JDA encourages all its stakeholders to use the Hotline to report incidents of fraud, corruption and maladministration. For the period under review the JDA received six tip-offs from members of the public. The detail of the cases are as follows:

2023

There were no cases that were reported in the current financial year.

2022

There were six cases received in which allegations were made regarding fraud, corruption or maladministration. All matters were referred to Group Forensics and Investigation and the outcomes of these investigations are still pending.

3. GOING CONCERN

We draw attention to the fact that as at 30 June 2023, the entity had an accumulated surplus (deficit) of R (34 385 332) and that the entity's total assets exceed its liabilities by R 1 287 510.

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

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the shareholder CJMM continue to provide funding through the implementation of their capital projects and the grant that currently received for operational purposes as it is disclosed in note 19.

Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2023

Directors' Report

4. EVENTS AFTER THE REPORTING DATE

The Accounting Officer is not aware of any other matter or event arising since the end of the reporting period and the date of this report which will significantly affect the financial position and the results of the entity's operation as it is disclosed in note 36.

5. CONTINGENT LIABILITIES

The JDA is involved in several legal proceedings. The outcome of these legal proceedings cannot as yet be determined. Details of contingent liabilities are disclosed in Note 31 .

6. FRUITLESS AND WASTEFUL EXPENDITURE

The organisation had incurred fruitless and wasteful expenditure in the current year to the value of R752703. Details of the fruitless and wasteful expenditure incurred is disclosed in Note 36.

7. IRREGULAR EXPENDITURE

The organisation had incurred irregular expenditure in the current year to the value of R108 897 42 as disclosed in Note 37 .

8. ACCOUNTING POLICIES

The Annual Financial Statements prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

9. SHARE CAPITAL / CONTRIBUTED CAPITAL

There were no changes in the authorised or issued share capital of the entity during the year under review.

An operating subsidy was provided to the entity by the shareholder during the year and except for this, no other contributions were received during the year.

10. DIRECTORS' PERSONAL FINANCIAL INTERESTS

All Directors have made the declarations of their business interest and signed their annual declarations of interests. No director is involved in any undertaking or entity which is in direct competition or whose activities are in conflict with the interests of the company. No director of the company declared any personal financial interest in any contracts considered and entered into by the company during the period under review.

11. DIRECTORS

The directors of the entity during the year and to the date of this report are as follows:

Name	Nationality	Changes
D Oliphant (Chairperson)	South African	Appointed on 01 March 2023
M Mokoena	South African	Appointed on 01 March 2023
M Ntanga	South African	Appointed on 01 March 2023
M Ramonyai	South African	Appointed on 01 March 2023
N Zonela	South African	Appointed on 01 March 2023
B Sarela	South African	Appointed on 01 March 2023
S Moonsamy (Chief Financial Officer)	South African	Resigned on the 11 November 2022
P Numa	South African	Appointed on 01 March 2023
V Hlongwa	South African	Appointed on 01 March 2023
M Mongane (Chief Executive Officer)	South African	Appointed on 05 August 2022
M Makgonye	South African	Appointed on 01 March 2023
S Masiza	South African	Appointed on 01 March 2023
S Genu (Acting Chief Executive Officer)	South African	Appointed Friday, 30 June 2023
L Brenner (Chairperson)	South African	Retired on 28 February 2023
L Matshidze	South African	Retired on 28 February 2023
N Ntingane	South African	Retired on 28 February 2023
S Marota	South African	Retired on 28 February 2023
A Dreyer	South African	Retired on 28 February 2023

Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2023

Directors' Report

M Malinga	South African	Retired on 28 February 2023
W Thwala	South African	Retired on 28 February 2023
M Phathutshedzo	South African	Retired on 28 February 2023
C Whittle	South African	Retired on 28 February 2023

12. SECRETARY

The company secretary of the entity is S Ndhlovu of:

Business address

The Bus Factory
3 Helen Joseph Street
Newtown
Johannesburg
2000

Postal address

P O Box 61877
Marshalltown
Johannesburg
2001

13. 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 directors supports 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. The directors discuss the responsibilities of management in this respect, at Board meetings and monitor the entity's compliance with the code, the Companies Act and MFMA on a quarterly basis.

The salient features of the entity's adoption of the Code are outlined below:

Board of directors

The Board:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to 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:
 - nine non-executive directors (2023: twelve non-executive directors), all of whom are independent directors as defined in the Code. No director is a disqualified person in terms of Section 93F of the Municipal Systems Act; and
 - two executive directors (2023: two executive directors), the Chief Executive Officer and the Chief Financial Officer.
- has established a Board directorship training programme through the annual induction programme and attendance of applicable courses for directors with the Institute of Directors.

Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2023

Directors' Report

Board Chairperson and Chief Executive Officer

The Board Chairperson is a non-executive and independent director and is not in employment of the company, or its parent municipality (as defined by the King IV and the Municipal Systems Act).

The roles of Chairperson and Chief Executive Officer are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion. The powers and duties of the Chief Executive Officer are properly delegated and are contained in a written delegation of duties document. Although functionally reporting to the Chief Executive Officer, the Chief Financial Officer is a full member of the Board and owes fiduciary duties to the entity and the entire Board in relation to the prudent financial management of the entity.

HR and Remuneration/Social and Ethics Committee

The members of the HR and Remuneration/Social Committee are Ms M Mokoena, Mr M Ntanga, Ms M Ramonyai , Ms P Numa and Mr S Masiza. The Chairperson of the HR and Remuneration/Social and Ethics Committee is Ms M Mokoena who is a non-executive director. The HR and Remuneration/Social and Ethics Committee has met on five occasions during period under review to review matters necessary to fulfil their role. During the year under review the changes to the committee included the retirements of Ms K Marawu, Mr T Maepa and Ms M Lecoge ,Ms N Ntingane, Mr A Dreyer, Mr P Phaphalalani and Mr M Malinga.

The upper limits of the remuneration of the Chief aExecutive Officer, and the Chief Financial Officer, who are the only two executive directors of the entity, are determined by CJMM, and the directors will determine the remuneration within the above mentioned limits.

Development and Investment Committee

The members of the Development and Investment Committee are: Ms N Zonela , Ms D Oliphant, Ms P Numa, Mr M Makgonye . The Chairperson of the Development and Investment Committee is Ms N Zonela, who is a non-executive director. The Development and Investment Committee met on five occasions during period under review to review matters necessary to fulfil its role. During the year under review the changes in the committee included the retirements Mr L Matshidze, Mr L Brenner, Mr D Thwala, Mr P Raphalalani and Mr C Whittle.

Audit and Risk Committee

The members of the Audit and Risk Committee are: Mr B Sarela, Mr V Hlongwa,Mr T Nawane,Mr S Mnawe,Mr P Lebopa and Mr S Masiza. The Chairperson of the Audit and Risk committee is Mr B Sarela, who is a non-executive director. The committee has three independent members i.e: Ms N Ngaka, Mr V Hlongwane and Mr S Masiza. The Audit Committee has met on seven occasions during period under review to review matters necessary to fulfil its role including recommending the annual financial statements to the Board for approval. The Chief Executive Officer and Chief Financial Officer are not members of the Audit and Risk Committee but have a standing invitation to attend meetings. During the current year under review the changes to the committee included the retirements Mr S Marota, Mr M Malinga and Mr C Whittle.

14. CONTROLLING ENTITY

The entity's controlling entity is The City of Johannesburg Metropolitan Municipality incorporated in South Africa.

15. SPECIAL RESOLUTIONS

None.

16. BANKERS

The management of the treasury function within the Company is managed under the auspices of the CJMM's Treasury department and Assets and Liabilities Committee. The current bankers are Standard Bank of South Africa Limited.

17. AUDITORS

Auditor-General of South Africa, Johannesburg will continue in office in accordance with the Public Audit Act No 25, section 92 of the MFMA and section 90 of the Companies Act.

Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2023

Directors' Report

18. INTERNAL AUDIT

The entity has established an internal audit function which is headed by a Chief Audit Executive. This is as per Circular 65 of the MFMA.

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.



S Ndhlovu
Acting Company Secretary

Newtown, Johannesburg

Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022
ASSETS			
Current Assets			
Receivables from exchange transactions	3	667 786 557	687 532 457
VAT receivable	4	283 795 437	283 658 104
Prepayments	9	-	25 736 786
Cash and cash equivalents	5	9 534	375
		951 591 528	996 927 722
Non-Current Assets			
Property, plant and equipment	6	5 392 032	7 099 829
Intangible assets	7	17 623 234	18 649 006
Deferred tax	8	3 952 675	3 619 326
		26 967 941	29 368 161
Total Assets		978 559 469	1 026 295 883
LIABILITIES			
Current Liabilities			
Loans from shareholders	10	670 612 072	625 061 656
Finance lease obligation	11	-	41 779
Payables from exchange transactions	12	288 342 214	307 583 778
Provisions	13	7 283 005	5 904 226
Project fund payable	14	6 586 347	34 557 784
		972 823 638	973 149 223
Non-Current Liabilities			
Deferred tax	8	4 448 321	18 098 874
Total Liabilities		977 271 959	991 248 097
Net Assets		1 287 510	35 047 786
Share capital / contributed capital	15	16 277 624	16 277 624
Accumulated surplus		(14 990 114)	18 770 162
Total Net Assets		1 287 510	35 047 786

Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022
Revenue			
Revenue from exchange transactions			
Rendering of services	16	59 249 714	68 096 591
Rental income	16	289 888	420 653
Sundry income	16	19 903 202	524 530
Total revenue from exchange transactions		79 442 804	69 041 774
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	18	40 286 000	40 735 000
Total revenue	16	119 728 804	109 776 774
Expenditure			
Employee related costs	19	(86 800 950)	(73 945 664)
Administrative expenses	20	(159 044)	(167 706)
Depreciation and amortisation	21	(1 707 983)	(1 912 927)
Finance costs	22	(45 610 566)	(28 156 739)
Debt impairment	24	(4 220)	(289 007)
Loss on disposal of assets and liabilities	23	(1 023 965)	-
General Expenses	25	(32 166 242)	(24 952 904)
Total expenditure		(167 472 970)	(129 424 947)
Deficit before taxation		(47 744 166)	(19 648 173)
Taxation	26	(13 983 901)	12 139 685
Deficit for the year		(33 760 265)	(31 787 858)

Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2023

Statement of Changes in Net Assets

Figures in Rand	Share capital / contributed capital	Share premium	Total share capital	Accumulated surplus	Total net assets
Balance at 01 July 2021	60	16 277 564	16 277 624	50 558 020	66 835 644
Changes in net assets					
Surplus/(Deficit) for the year	-	-	-	(31 787 858)	(31 787 858)
Total changes	-	-	-	(31 787 858)	(31 787 858)
Balance at 01 July 2022	60	16 277 564	16 277 624	18 770 151	35 047 775
Changes in net assets					
Surplus/(Deficit) for the year	-	-	-	(33 760 265)	(33 760 265)
Total changes	-	-	-	(33 760 265)	(33 760 265)
Balance at 30 June 2023	60	16 277 564	16 277 624	(14 990 114)	1 287 510

Note(s)

Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2023

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Grants		40 286 000	40 735 000
Other receipts incl. Tender fee income, rental income and sundry income		21 075 184	1 147 625
Cash receipts from CAPEX funding		1 030 775 332	1 148 895 830
		<u>1 092 136 516</u>	<u>1 190 778 455</u>
Payments			
Employee costs		(84 317 906)	(76 638 407)
Suppliers		(1 025 346 248)	(1 402 304 828)
Finance costs		-	1 031 418
Taxes paid		-	(16 641 951)
		<u>(1 109 664 154)</u>	<u>(1 494 553 768)</u>
Net cash flows from operating activities	28	<u>(17 527 638)</u>	<u>(303 775 313)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	-	(2 123 392)
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement in Project Funds Payable		(27 971 437)	(47 099 140)
Proceeds of shareholders loan		45 550 416	353 503 765
Finance lease payments		(42 182)	(506 184)
Net cash flows from financing activities		<u>17 536 797</u>	<u>305 898 441</u>
Net increase/(decrease) in cash and cash equivalents		9 159	(264)
Cash and cash equivalents at the beginning of the year		375	639
Cash and cash equivalents at the end of the year	5	<u>9 534</u>	<u>375</u>

Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
REVENUE						
REVENUE FROM EXCHANGE TRANSACTIONS						
Rendering of services	82 771 000	(10 744 000)	72 027 000	59 249 714	(12 777 286)	43
Rental income	-	-	-	289 888	289 888	43
Sundry income	-	-	-	19 903 202	19 903 202	43
Total revenue from exchange transactions	82 771 000	(10 744 000)	72 027 000	79 442 804	7 415 804	
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
TRANSFER REVENUE						
Government grants & subsidies	40 286 000	-	40 286 000	40 286 000	-	
Total revenue	123 057 000	(10 744 000)	112 313 000	119 728 804	7 415 804	
EXPENDITURE						
Employee related costs	(89 526 000)	3 751 000	(85 775 000)	(86 800 950)	(1 025 950)	43
Administration expenses	-	-	-	(159 044)	(159 044)	
Depreciation and amortisation	(3 304 000)	-	(3 304 000)	(1 707 983)	1 596 017	43
Finance costs	(7 207 000)	-	(7 207 000)	(45 610 566)	(38 403 566)	43
Debt Impairment	-	-	-	(4 220)	(4 220)	
General expenses	(23 020 000)	6 993 000	(16 027 000)	(32 166 242)	(16 139 242)	
Total expenditure	(123 057 000)	10 744 000	(112 313 000)	(166 449 005)	(54 136 005)	
Loss on disposal of assets	-	-	-	(1 023 965)	(1 023 965)	
Deficit before taxation	-	-	(112 313 000)	(47 744 166)	(55 159 970)	
Taxation	-	-	-	(13 983 901)	(13 983 901)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	(33 760 265)	(41 176 069)	

Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2023

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.

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

1.1 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.

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

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the shareholder CJMM continue to provide funding through the implementation of their capital projects and the grant that currently is received for operational purposes.

1.2 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. 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 annual financial statements. Significant judgements include:

a. Trade receivables and/or loans and receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Current tax receivable is considered as recoverable as the basis used by SARS in the tax calculation was incorrect and the amount has been objected to. The recoverability of this is assessed as high as the objection process is currently underway and all supporting information has been submitted accordingly..

b. Impairment testing

The recoverable amounts of individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets and intangible assets.

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. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, together with economic factors.

c. Performance bonus

Bonus provision was raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions. The estimate includes all employees that were still in the JDA's employ as at year end and is based on the current year salary packages and the last approved performance scores (i.e. prior years performance bonus scores approved). These estimates are apportioned for all new employees and where no approved scores are available, an average of 8% was used.

Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

d. Useful lives of property, plant and equipment and intangible assets

The entity's management determines the estimated useful lives and related depreciation and amortisation charges for the property, plant and equipment and intangible assets. This estimate is based on an industry norm. Management will adjust the depreciation charge where the revised useful lives are more than previously estimated useful lives.

e. Effective interest rate

The entity used the prime interest rate to discount future cash flows.

f. Allowance for impairment

On receivables 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.

g. Relationship with majority shareholder and classification as principal

The JDA is an agency of the CJMM as a municipal entity. The JDA implements capital projects as part of the City's infrastructure programme. The CJMM makes capital budget available for these projects. The JDA contracts with suppliers and delivers these projects. The JDA pays suppliers, and then claims the capital expenditure against the budget from the CJMM. The CJMM then reimburses the JDA including a pre-determined rate of management fees, after the invoices have been submitted and scrutinised as correct.

Since the JDA does not capitalise any of these assets in its financial statements and CJMM recognises these as either Work-in-Progress or completed assets, i.e. as invoices are sent for reimbursement, the JDA is of the view that this revenue, which is received in arrears, cannot be classified as 'grant revenue'. Furthermore, CJMM does not recognise this as an expense paid to the JDA or grant. CJMM benefits totally from all implementation work done by the JDA, as at the completion of each project they add yet another asset to their register. The JDA bears all the contractual risk with the suppliers and regardless of any defaults in claims received from the controlling entity, the JDA will be liable to the suppliers for actual work performed. The only assets in the JDA's financials is a motor vehicle, computer equipment, furniture and fittings, office equipment and improvements to the office building. All these are paid from the operational funding and capitalised in the statement of financial position.

Based on the fact that the JDA bears all the contractual risk with its suppliers, the above therefore does not meet the definition of the third party arrangement as stipulated in GRAP 109 (Principal and agent arrangements) and therefore has not been applied in this case.

h. Project funds payable

Funds held for the purchase of land was transferred to the project funds payable from the Funds Held by the City. BRT Land was identified and these will be purchased once all the necessary processes have been completed. The current year project funds payable is classified as current liabilities as these funds are repayable on demand. Amongst the items that are on the project fund payable are the Advance payment and Newtown Improvement District which are disclosed under note 14.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current 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 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.

Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.3 Property, plant and equipment (continued)

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.

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 unrecognised.

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 supply of services.

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 depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

Item	Depreciation method	Estimated useful life
Furniture and fixtures	Straight line	15-20
Motor vehicles	Straight line	8
Office equipment	Straight line	15
Computer Equipment	Straight line	15
Leasehold improvements	Straight line	20
Computer equipment - servers	Straight line	15
Leased assets - printers	Straight line	3

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

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

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

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

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

Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.3 Property, plant and equipment (continued)

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 previous estimate unless expectations differ from the previous estimate.

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 initially at cost 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.

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.

Intangible assets still in work-in-progress represents intangible assets that are still in development and are not yet ready for use. These assets are disclosed as still in development and will not be amortised until it is deemed available for use.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their useful lives as follows:

Item	Useful life
Licenses	1 years

Johannesburg Development Agency (SOC) Ltd

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Accounting Policies

1.4 Intangible assets (continued)

Computer software, internally generated	15 years
Intangible assets under development	N/A

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 arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised.

1.5 Financial instruments

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
Receivables from exchange transaction	Financial asset measured at amortised cost
Cash and Cash equivalent	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
Loan from shareholder	Financial liability measured at amortised cost
Other financial liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Financial lease liabilities	Financial liability measured at amortised cost
Other receivables ²	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 initial cost 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.

Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

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 category:

- Financial instruments at fair value.

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

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.

Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.5 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using the initial cost 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.

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.

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).

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

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

1.6 Tax

Current tax assets and liabilities

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

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.6 Tax (continued)

Deferred tax assets and liabilities

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

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

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

Tax expenses

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

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

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

1.7 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.

Finance leases - lessee

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.

1.8 Impairment of cash-generating assets

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

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).

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1.8 Impairment of cash-generating assets (continued)

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 managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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

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

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

Recoverable 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:

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

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

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.

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:

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the 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.

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1.9 Share capital / contributed capital

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

1.10 Employee benefits

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.

1.11 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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1.11 Provisions and contingencies (continued)

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

Provisions are not recognised for future operating surplus (deficit).

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 31.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

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1.12 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, which is disclosed in note 30.

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-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.13 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 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.

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.

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 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 services performed to date as a percentage of total services to be performed.

Revenue arising from the use by others of entity assets yielding interest 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, in surplus or deficit, using the effective interest rate method.

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.

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.

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1.14 Revenue from non-exchange transactions (continued)

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.

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 entity.

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.

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.

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.

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1.14 Revenue from non-exchange transactions (continued)

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.

The entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt.

When government remit grants on a re-imburement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

The monthly capital expenditure incurred for each project is accounted for as work in progress at CJMM. The monthly equivalent of the work in progress is claimed from the CJMM which results in a net effect zero for the JDA as the JDA is an agency of CJMM.

1.15 Related parties

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Relationships between parents and subsidiaries shall be disclosed irrespective of whether there have been transactions between those related parties. An entity shall disclose the name of the entity's parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.

The JDA is a subsidiary of the CJMM and as a result is classified as a municipal entity. The JDA has identified the controlling entity and all fellow controlled entities as related parties and all related party transactions and balances are disclosed accordingly.

Employees identified as key personnel are all employees on the executive management committee of the JDA. Details of transactions with these individuals are included in the employee costs note.

1.16 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.

The JDA has a sweeping arrangement with CJMM Treasury Department thus interest incurred on the sweeping account is accounted for as a finance cost.

1.17 Comparative figures

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

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.

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1.18 Fruitless and wasteful expenditure (continued)

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 income in the statement of financial performance.

Fruitless and wasteful expenditure excludes finance charges on the sweeping account and finance leases.

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 written off 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/written off 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/written off by the CJMM, JDA Board of Directors 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 Accumulated Surplus

The accumulated surplus represents the net difference between the total assets and total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credited against accumulated surplus when retrospective adjustments are made.

1.21 Change in estimates and errors

The effect of a change in an accounting estimate shall be recognised prospectively by including it in profit or loss in; the

- period of the change, if the change affects that period only, or
- the period of the change and future periods, if the change affects both.

All material prior period errors are corrected retrospectively in the first set of financial statements authorised for issue after the discovery by management by;

- restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

However, if it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the entity must restate the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable.

Further, if it is impracticable to determine the cumulative effect, the beginning of the current period, of an error on all prior periods, the entity must restate the comparative information to correct the error prospectively from the earliest date practicable.

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1.22 Budget information

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 2022/07/01 to 2023/06/30.

The 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.

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

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

1.24 Loan to/(from) shareholder

These include loans to and from the controlling municipality (City of Johannesburg Metropolitan Municipality) and are recognised initially at fair value plus direct transaction costs.

Loans to controlling municipality are classified as loans and receivables.

Loans from controlling municipality are classified as financial liabilities measured at amortised cost.

1.25 VAT Receivable/(Payable)

VAT is an indirect tax based on the consumption in the economy. Vendors act as the agent of the government in collecting the VAT charged on taxable transactions. SARS is a government agency which administers the VAT Act and ensures that the tax is collected and that the tax law is properly enforced.

The generally accepted essential characteristics of a VAT type transaction are as follows:

- the tax applies generally to transactions related to goods and services;
- it is proportional to the price charged for the goods and services;
- it is charged at each stage of the production and distribution process;
- the taxable person (vendor) may deduct the tax paid during the preceding stages (i.e. the burden of the tax is on the final consumer).

VAT is only charged on taxable supplies made by a vendor. Taxable supplies include supplies for which VAT is charged at either the standard rate or zero rate, but does not include:

- salaries and wages;
- hobbies or any recreational pursuits (not conducted in the form of a business);
- exempt supplies (as defined in the VAT Act).

The South African VAT is destination based, which means that only the consumption of goods and services in South Africa is taxed. VAT is therefore paid on the supply of goods or services in South Africa as well as on the importation of goods into South Africa. VAT is currently levied at the standard rate of 15% on most supplies and importations, but there is a limited range of goods and services which are either exempt, or which are subject to tax at the zero rate (for example, exports are taxed at 0%). The importation of services is only subject to VAT where the importer is not a vendor, or where the services are imported for private, exempt or other non-taxable purposes. Certain imports of goods or services are exempt from VAT.

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1.25 VAT Receivable/(Payable) (continued)

VAT is recognised on the earlier of receipt of payment or invoice. The vendor reports to SARS at the end of every tax period on a VAT 201 return, where the input tax incurred for the tax period is offset against the output tax collected for the tax period and the balance is paid to SARS. It sometimes occurs that the result of the calculation for the tax period is a refund, instead of an amount payable to SARS. Refunds must be paid by SARS within 21 working days of receiving the correctly completed refund return, otherwise interest at the prescribed rate is payable by SARS to the vendor. However, interest is not paid if certain conditions are not met.

The JDA accounts for VAT on an invoice basis.

At the end of each month the amount owing to or from SARS is recognised as the net effect of output tax earned and input tax incurred.

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2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been approved but for which the Minister of Finance has not yet determined an effective date:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> Guideline - Accounting for Landfill Sites 	Undetermined	Unlikely there will be a material impact

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Deposits	55 000	55 000
Rental Debtors	1 259 679	872 806
Related party debtors	666 471 878	686 604 651
	667 786 557	687 532 457

Deposits paid relate to a utility deposit that is held by City Power for the Bus Factory electricity account.

Rental debtors consist of the rental outstanding from the Bus Factory tenants. Payments are being received for balances outstanding, however, not always consistently. The majority of the balance owing is by the Market Theatre that have since vacated the premises. The payment is being delayed pending the resolution of another matter.

Related party debtors relate to funds owed by CJMM and municipal entities for expenditure incurred on capital projects.

Trade and other receivables pledged as security

No trade and other receivables were pledged as security for the period under review.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due which some have been impaired. At 30 June 2023 -285844769 (2022: R 141 556 470) were past due but not impaired.

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

1 month past due	372 870 908	141 556 470
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4. VAT RECEIVABLE

VAT	283 795 437	283 658 104
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5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	9 534	375
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Cash on hand consists of petty cash.

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
Standard Bank - Current	-	-	-	-	-	-

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6. PROPERTY, PLANT AND EQUIPMENT

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Plant and machinery	389 194	(42 601)	346 593	389 194	(23 138)	366 056
Furniture and fixtures	2 347 918	(1 862 783)	485 135	2 347 918	(1 810 710)	537 208
Motor vehicles	136 013	(136 013)	-	136 013	(136 013)	-
Office equipment	1 540 024	(1 366 275)	173 749	1 540 024	(1 287 902)	252 122
Computer Equipment	3 918 960	(1 739 561)	2 179 399	5 612 793	(2 451 446)	3 161 347
Leasehold improvements	5 723 305	(3 900 412)	1 822 893	5 723 305	(3 615 690)	2 107 615
Computer Equipment - Servers	774 311	(390 048)	384 263	1 927 751	(1 252 270)	675 481
Total	14 829 725	(9 437 693)	5 392 032	17 676 998	(10 577 169)	7 099 829

Reconciliation of property, plant and equipment - 2023

	Opening balance	Disposals	Depreciation	Total
Plant and machinery	366 056	-	(19 463)	346 593
Furniture and fixtures	537 208	-	(52 073)	485 135
Office equipment	252 122	-	(78 373)	173 749
Computer Equipment	3 161 347	(500 873)	(481 075)	2 179 399
Leasehold improvements	2 107 615	-	(284 722)	1 822 893
Computer Equipment - Servers	675 481	(218 476)	(72 742)	384 263
	7 099 829	(719 349)	(988 448)	5 392 032

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Depreciation	Total
Plant and machinery	385 518	-	(19 462)	366 056
Furniture and fixtures	591 043	-	(53 835)	537 208
Office equipment	654 225	-	(402 103)	252 122
Computer Equipment	1 396 870	2 123 392	(358 915)	3 161 347
Leasehold improvements	2 392 337	-	(284 722)	2 107 615
Computer Equipment - Servers	748 214	-	(72 733)	675 481
	6 168 207	2 123 392	(1 191 770)	7 099 829

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6. PROPERTY, PLANT AND EQUIPMENT (continued)

Pledged as security

None of the above property, plant and equipment have been pledged as security.

Assets subject to finance lease (Net carrying amount)

Office equipment	-	53 443
Leasehold improvements	1 822 893	2 107 615
	1 822 893	2 161 058

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

General expenses	445 727	720 657
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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.

Included in the above property, plant and equipment is a motor vehicle that is fully depreciated at year end. During the reassessment of useful lives the motor vehicle useful life was still assessed at 8 years with the intention of replacing the motor vehicle in the 2016/17 financial year. A operating lease for a new vehicle was entered into the 2016/17 financial year. The operating lease was replaced in the current financial year and due to processes not being adequately followed at CJMM this process was put on hold. The disposal process was then put on hold until the outcome with the new lease is finalised in the event that the vehicle may be required to be placed back into service.

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7. INTANGIBLE ASSETS

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Licenses	530 781	(530 781)	-	530 781	(530 781)	-
Computer software, internally generated	1 078 405	(1 078 405)	-	1 078 405	(1 071 807)	6 598
Computer software, other	11 138 700	(4 491 218)	6 647 482	12 804 237	(5 137 581)	7 666 656
Intangible assets under development	10 975 752	-	10 975 752	10 975 752	-	10 975 752
Total	23 723 638	(6 100 404)	17 623 234	25 389 175	(6 740 169)	18 649 006

Reconciliation of intangible assets - 2023

	Opening balance	Disposals	Amortisation	Total
Computer software, internally generated	6 598	-	(6 599)	(1)
Computer software - other	7 666 656	(304 616)	(714 558)	6 647 482
Intangible assets under development	10 975 752	-	-	10 975 752
	18 649 006	(304 616)	(721 157)	17 623 233

Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Computer software, internally generated	46 945	(40 347)	6 598
Computer software, other	8 347 466	(680 810)	7 666 656
Intangible assets under development	10 975 752	-	10 975 752
	19 370 163	(721 157)	18 649 006

Intangible assets under construction

The JDA is currently implementing different phases of the SAP computer software. Phase 1 included project systems being project implementation and supply chain management. The system related to Project Implementation went live in the first quarter of the 2016/17 financial year. In the prior year, Payroll modules were brought into use as from the 1 March 2019 and the remainder of the intangible assets under construction are still classified as under construction as they have not gone live as yet. It is envisioned that the systems will officially go live in the 2023/24 financial year.

Other intangible assets	10 975 752	10 975 752
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8. DEFERRED TAX

Deferred tax liability

Property, plant and equipment	(2 061 896)	(2 330 111)
Temporary difference - S24C Allowance	(2 386 425)	(15 768 763)
Total deferred tax liability	(4 448 321)	(18 098 874)

Deferred tax asset

Provisions	3 952 675	3 609 154
Leases	-	10 172
Deferred tax balance from temporary differences other than unused tax losses	3 952 675	3 619 326
Total deferred tax asset	3 952 675	3 619 326

Deferred tax liability	(4 448 321)	(18 098 874)
Deferred tax asset	3 952 675	3 619 326
Total net deferred tax liability	(495 646)	(14 479 548)

Reconciliation of deferred tax asset \ (liability)

At beginning of year	(14 479 548)	(18 981 813)
Originating differences on tangible fixed assets	(108 358)	(376 573)
Originating differences on the S24C allowance	13 382 338	4 894 066
Originating differences arising from leases	-	(4 262)
Originating differences arising from provisions	343 520	(10 966)
Tax rate adjustment	366 402	-
	(495 646)	(14 479 548)

9. PREPAYMENTS

Contractual advance payments	-	25 736 786
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Contractual advance payments are advance payments made in accordance with CIDB regulations. The above advance payments relate to two projects i.e. BRT Stations and Selby Depot.

	Total Advance payment	Total Recovered	Remaining to be recouped
BRT Stations	35 926 299	(19 870 420)	16 055 879
Selby Depot	3 547 375	-	3 547 375
Bophelong Clinic	6 133 532	-	6 133 532
	45 607 206	(19 870 420)	25 736 786

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10. LOANS TO (FROM) SHAREHOLDERS

Sweeping account	(670 612 072)	(625 061 656)
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The company has a sweeping arrangement with the CJMM whereby all cash is swept on a daily basis to the CJMM's bank account. Interest is paid and earned on this account at the CJMM Treasury rate.

11. FINANCE LEASE OBLIGATION

Minimum lease payments due

- within one year	-	42 182
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less: future finance charges

-	42 182
---	--------

-	(403)
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Present value of minimum lease payments

-	41 779
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Present value of minimum lease payments due

- within one year	-	41 779
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12. PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade payables	154 399 278	148 731 227
Deposits received from tenants	77 435	77 435
Accrued leave pay	7 356 530	10 172 403
Accrued expenses	4 994 778	4 335 672
Retentions held on construction contracts	115 220 546	109 426 871
Related parties payables	6 293 647	34 840 170
	288 342 214	307 583 778

Accrued expenses relates to expenditure that was incurred but the invoice was not received as yet.

Deposits received from tenants represents deposits held on the initial rental agreements with the Bus Factory tenants and venue hire deposits.

Accrued leave pay relates to days owed to staff members at the reporting date calculated based on the daily pay rate.

Related party payables relate to funds owed to the CJMM and other entities for expenditure incurred and services rendered by the CJMM and other municipal entities.

Trade payables relate to suppliers payable for work done in the normal course of business. The JDA continues to strive to pay its trade payables within 30 days. However, based on the nature of the implementation of capital projects, the bulk of the expenditure is incurred during the last quarter of the financial year with recognition of these trade payables at year end. This results in a higher than normal trade payables balance at year end and is not necessarily a consistent balance throughout the year.

Retentions held on construction contracts relate to balances that are withheld as per the contractual agreements with construction contractors as a percentage of the amount certified. These are deducted from the amounts paid to a contractor and are retained by the JDA. Retention is withheld to ensure that contractors adequately complete what is required by them in the contract.

13. PROVISIONS

Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Total
Provision - Performance bonus	5 904 226	7 633 261	(6 254 482)	7 283 005

Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Total
Provision - Performance bonus	6 264 889	4 952 649	(5 313 312)	5 904 226

The performance management system is designed to ensure that the JDAs business strategy is translated into measurable key performance areas and indicators for employees. At the beginning of each financial year each employee concludes a performance management contract with a scorecard. Although the performance review in respect of the 2022/23 financial year will be completed during August/September 2023, bonus payments to qualifying employees will only be made after the finalisation of the 2022/23 audit and upon receipt of a unqualified audit report from the Auditor General. In December 2022, a bonus payment was made in relation to the 2021/22 year for all qualifying employees including some Executive and Senior Managers.

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14. PROJECT FUNDS PAYABLE

Project Funds Payable

BRT Land	194 625	194 625
Newtown Improvement District	6 391 722	9 585 436
Advance Payment	-	24 777 723
	6 586 347	34 557 784

The projects funds payable relates to funding that was previously received in advance from CJMM for the implementation of projects. The remaining balances represent the projects that were either implemented below the original estimated costs or recoveries that were received after the completion of the projects.

BRT land transfer relates to land funds that were previously held in attorney trust accounts and was transferred back to the JDA. These funds have been ring-fenced for the purchase of the land required for the Kazerne project and the sale has been concluded in the 2021/22 financial year between Johannesburg Property Company (SOC) Ltd and the South African Post Office.

Newtown Improvement District funds relates to funds received for the Newtown Improvement District on the sale and transfer of No.1 Central Place by the Newtown Development Company. The JDA is a representative on the Newtown Development Company on behalf of the shareholder CJMM. During the prior year, the Greater Newtown Improvement District Company was dissolved and the net assets were transferred to the JDA to monitor and release funds as required for the district which constitutes Mary Fitzgerald Square and the Newtown Park. The movement in the current year relates to mainly cleaning and security services in and around the district.

15. SHARE CAPITAL / CONTRIBUTED CAPITAL

Authorised

R1 Ordinary shares of R1 each or par value of R100	100	100
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Issued

60 Ordinary Type A shares of R1	60	60
Share premium	16 277 564	16 277 564
	16 277 624	16 277 624

All issued shares are fully paid up by CJMM. CJMM paid a share premium for these shares. The initial amount was issued in 2002 and was R3,489,664. The balance of this amount was paid to the JDA in 2003.

16. REVENUE

Rendering of services	59 249 714	68 096 591
Rental income	289 888	420 653
Sundry Income	19 903 202	524 530
Government grants & subsidies	40 286 000	40 735 000
	119 728 804	109 776 774

The amount included in revenue arising from exchanges of goods or services are as follows:

Rendering of services	59 249 714	68 096 591
Rental income	289 888	420 653
Sundry income	19 903 202	524 530
	79 442 804	69 041 774

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Transfer revenue		
Government grants & subsidies	40 286 000	40 735 000

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16. REVENUE (continued)

Rendering of Services

Management fees are earned through the rendering of services by the JDA on projects funded by the CJMM and other funders. The JDA's service level agreement with the CJMM and with each of the other funders stipulates the percentage fee to be claimed by the JDA for actual expenditure spent. The capital expenditure incurred and the management fees earned are claimed from CJMM on a monthly basis.

17. OTHER REVENUE

Rental income	289 888	420 653
Sundry Income	19 903 202	524 530
	20 193 090	945 183

Current year sundry income relates to LG SETA refunds that were received and refund from SARS for income tax expense that was paid in 2022 financial year.

18. GOVERNMENT GRANTS AND SUBSIDIES

Operating grants

Government grant	40 286 000	40 735 000
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19. EMPLOYEE RELATED COSTS

Basic	74 817 027	65 109 798
Bonus	7 633 251	4 952 649
UIF	368 039	449 488
COID	712 209	567 779
SDL	705 929	569 465
Other payroll levies	1 372 051	1 230 027
Leave pay accrual charge	1 192 444	1 066 458
	86 800 950	73 945 664

Remuneration of executive managers	Earnings	Pension	Acting Allowance	Bonus Payments	Travel Allowance	Total
M Mongane	1 744 981	116 722	-	-	521 084	2 382 787
S Moonsamy (Chief Financial Officer resigned 11 November 2022)	690 305	51 534	-	-	-	741 839
O Nkoane (EM: Development Planning and Facilitation)	1 937 423	127 543	-	144 548	-	2 209 514
S Genu (EM: Development Implementation)	2 005 233	132 005	31 278	-	-	2 168 516
R Shirinda (Company Secretary & Legal Advisor)	1 711 430	81 296	-	173 206	-	1 965 932
B Seopela (EM: Corporate Services)	1 999 043	-	-	260 616	-	2 259 659
Z Tshabalala (Chief Audit Executive resigned 31 March 2023)	959 283	49 412	-	-	-	1 008 695
S Mkhize (Acting CFO from 14 November 2022)	-	-	151 518	-	-	151 518
M Sibiyi (Acting Chief Audit Executive from 04 April 2023)	-	-	46 029	-	-	46 029
	11 047 698	558 512	228 825	578 370	521 084	12 934 489

20. ADMINISTRATIVE EXPENDITURE

Administration expenses	159 044	167 706
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20. ADMINISTRATIVE EXPENDITURE (continued)

Administrative expenditure includes archiving costs for the current year.

21. DEPRECIATION AND AMORTISATION

Property, plant and equipment	986 826	1 191 770
Intangible assets	721 157	721 157
	1 707 983	1 912 927

22. FINANCE COSTS

Interest on under payment of provisional tax - SARS	8 849	1 031 416
Sweeping account	45 601 717	27 091 373
Finance leases	-	33 950
	45 610 566	28 156 739

The increase in the interest on the sweeping account is mainly due to the prior year being charged at a lower interest rate than the current year. In the current year, the process for the write-off of interest to Council is still underway.

23. LOSS ON DISPOSAL OF ASSETS

During the year JDA write off the assets that were not in the good condition which relate to property plant equipment and Intangibles.

Loss on disposal of assets	1 023 965	-
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In the current year, there was no assets disposed off.

The loss on disposal of assets from the prior year relates to assets that were written off which includes electronic equipment that was considered obsolete.

24. DEBT IMPAIRMENT

Impairment of receivables - Dept of Tourism	4 220	289 007
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Debt impairment .

In the prior year, a debt impairment was incurred on a Project Funds Receivable from Department of Tourism for the implementation of the Alexandra Heritage Centre.

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25. GENERAL EXPENSES		
Advertising	533 965	519 648
Auditors remuneration	2 363 056	2 225 194
Bank charges	34 169	25 041
Computer expenses	6 056 401	6 701 554
Consulting, professional and legal fees	13 062 528	4 192 666
Insurance	1 196 882	302 270
Marketing	755 075	698 030
Motor vehicle expenses	595	5 602
Recruitment costs	561 613	982 742
Printing and stationery	803 014	352 334
Security (Guarding of municipal property)	3 677 556	3 114 498
Staff welfare	21 076	135 985
Telephone and fax	100 549	57 981
Training	197 795	413 057
Travel - local and foreign	-	64 737
Utilities	719 236	488 291
Internal Audit Fees (Outsourced services)	200 550	1 791 156
Cellphone Expenses	724 123	963 977
Meetings and Entertainment	309 956	230 190
Hygiene and other services	772 122	1 040 151
Development Facilitation Fees	75 981	647 800
	32 166 242	24 952 904

The variance from the prior year to the current is mainly due to the following reasons on the above line items:

- Computer Expenses - decreases due to major items not being purchase in the current year.
- Consulting fees increase this year where consultant was hired by COJ to assist on VAT refund
- Insurance increases due to changes in the premiums.
- Security cost increase due wage increases from the bargaining council.
- Travel there was no expenditure recorded as travel in the current year
- Printing cost increases due to increases in pricing and usage.
- Internal audit fees decrease since there was one service provide that was appointed for quality assurance.

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26. TAXATION		
Major components of the tax (income) expense		
Current		
Local income tax - recognised in current year	-	16 641 951
Deferred		
Originating and reversing temporary differences	(13 983 901)	(4 502 266)
	(13 983 901)	12 139 685
Reconciliation of the tax expense		
Reconciliation between applicable tax rate and average effective tax rate.		
Applicable tax rate	27,00 %	28,00 %
Capital gains tax	(0,03)%	1,73 %
	26,97 %	29,73 %
27. AUDITORS' REMUNERATION		
External audit fees	2 363 056	2 225 194
28. CASH USED IN OPERATIONS		
Deficit	(33 760 265)	(31 787 858)
Adjustments for:		
Depreciation and amortisation	1 707 983	1 912 927
Loss on disposal of assets	1 023 965	-
Debt impairment	4 220	289 007
Movements in provisions	1 378 779	(360 663)
Movement in expenditure - deferred tax	(7 189 865)	(4 502 266)
Interest from finance leases	-	33 950
Current tax paid	(17 673 368)	16 641 951
Changes in working capital:		
Receivables from exchange transactions	19 745 900	(101 942 330)
Impairment of receivables	(284 787)	(289 007)
Prepayments	25 736 786	13 736 888
Payables from exchange transactions	(134 686 540)	(140 104 374)
VAT	(137 333)	(37 533 117)
Project fund	74 840 516	(19 870 421)
Movement on the non cash items	51 766 371	-
	(17 527 638)	(303 775 313)
	-	-
	-	-

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29. DIRECTORS' EMOLUMENTS

Executive

2023

	Emoluments	Acting Allowance	Pension paid or receivable	Total
M Mongane (Chief Executive Officer)	2 266 065	-	116 722	2 382 787
S Moonsamy (Chief Financial Officer resigned on 11 November 2022)	690 305	-	51 534	741 839
S Genu (Acting Chief Executive Officer Julye 2022)	-	75 514	-	75 514
S Mkhize (Acting Chief Financial Officer 14 November 2022)	-	151 878	-	151 878
	2 956 370	227 392	168 256	3 352 018

2022

	Emoluments	Acting Allowance*	Pension paid or receivable	Compensation for loss of office	Total
A Ngcezula (Chief Executive Officer)	561 946	-	-	-	561 946
S Moonsamy (Chief Financial Officer)	1 967 110	155 675	123 681	154 779	2 401 245
S Genu (Acting Chief Executive Officer)	-	75 514	-	-	75 514
	2 529 056	231 189	123 681	154 779	3 038 705

* Other benefits comprise travel allowance and medical benefits

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29. DIRECTORS' EMOLUMENTS (continued)

Non-executive

2023

	Directors' fees	Total
D Oliphant (Chairperson)	120 000	120 000
M Mokoena	94 000	94 000
M Ntanga	80 000	80 000
M Ramanyai	92 000	92 000
N Zonela	82 000	82 000
V Hlongwa	100 000	100 000
M Makgonye	92 000	92 000
S Marota	176 000	176 000
M Malinga (Retired)	176 000	176 000
W Thwala(Retired)	134 000	134 000
L Matshidze	158 000	158 000
L Brenner (Chairperson)(Retired)	192 000	192 000
A Dreyer	96 000	96 000
P Raphalalani	12 000	12 000
C Whittle	194 000	194 000
S Mndawe(Independent Audit and Risk Committe)	16 000	16 000
P Lebopa (Independent Audit and Risk Committe Member)	32 000	32 000
T Nawane(Independent Audit and Risk Committe Member)	32 000	32 000
N Ngaka (Independent Audit and Risk Comitte Memeber)	62 000	62 000
J Mendelson (Independent Audit and Risk Comitte Member)	56 000	56 000
K Mashiane (Independent Audit and Risk Committe Member)	40 000	40 000
N Ntingane	142 000	142 000
P Numa	40 000	40 000
T Makofane ((Independent Audit and Risk Committee Member)	-	-
V Nena ((Independent Audit and Risk Committee Member)	-	-
F Alidi ((Independent Audit and Risk Committee Member)	-	-
J Mendelsohn (Independent Audit and Risk Committee Member)	-	-
	2 218 000	2 218 000

2022

	Directors' fees	Total
P Kganare (Chairperson)(Retired)	86 000	86 000
T Motloug	114 000	114 000
C Whittle	72 000	72 000
M Lecogo	96 000	96 000
SS Ndlungwane	90 000	90 000
L Matshidze	86 000	86 000
S Morota	98 000	98 000
K Marawu	100 000	100 000
M Malinga	72 000	72 000
W Thwala	64 000	64 000
S Mokoena	90 000	90 000
L Brenner (Chairperson)	102 000	102 000
M Phathutshedzo	72 000	72 000
NE Veyi	96 000	96 000
N Ntingane	88 000	88 000
M Ntanga	98 000	98 000
V Ntshangase	90 000	90 000
TT Maepa	104 000	104 000
SK Sibuya	90 000	90 000
A Dreyer	56 000	56 000
N Ngaka(Independent Audit and Risk Committe member)	36 000	36 000

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29. DIRECTORS' EMOLUMENTS (continued)		
F Alidi (Independent Audit and Risk Committee Member)	40 000	40 000
V Vhena (Independent Audit and Risk Committee Member)	24 000	24 000
T Makofane (Independent Audit and Risk Committee Member)	60 000	60 000
K Onuoka (Independent Audit and Risk Committee Member)	30 000	30 000
	1 954 000	1 954 000
30. COMMITMENTS		
Authorised capital expenditure		
Total capital commitments		
Contrabalance as at 30 June 2023	1 623 136 630	1 518 622 269
The contractual costs committed arise from the related construction work as well as professional services which was contracted for but not yet incurred. This will be funded through capital budget allocations from various departments.		
The approved and contracted for commitments consist of the following:		
Heading		
Port folio A Contract Balance	263 548 828	156 813 549
Portfolio B:		
Port folio B Contract balance	771 454 919	769 676 654
Portfolio C:		
Non Motorised Transport (NMT)	103 601 868	135 160 606
BRT Various	409 191 521	381 630 581
	512 793 389	516 791 187
Operational contracts and Development and Facilitation		
Operational contracts and Development and Facilitation	75 339 494	75 340 879

31. CONTINGENCIES

Keendom Druza Joint Venture

The Claimant, Keendom Druza Joint Venture performing work as a civil engineering contractor, entered into a contract agreement with the JDA in May 2019. The agreement was for the Claimant to complete the construction of Braamfischerville Ext 12 internal roads and stormwater (Contract No. JDA 17/18.3.11 B702154 for the accepted contract sum of R40,899,524.45 excluding VAT). In October 2021 the Claimant commenced Adjudication Proceedings against the JDA, in respect of a dispute in terms of the construction agreement. The total claim (intimated) is R8,955,387.97. The total costs being the legal costs from inception of the matter to 24 August 2023 is R1,222,324.65.

REMBU Arbitration

Potential liability through the arbitration regarding the allegedly unlawful termination of the JBCC agreement by JDA as consequence of Rembu's failure to progress the works with due diligence and expedition.

Currently, the parties have agreed that the question of whether the agreement ought to be rectified be dealt with separately and before the remainder of the issues. The parties are engaging regarding a date for the hearing of the separated issue. As matters stand, it seems that the matter will be heard in January 2023. In addition to this, the JDA has lodged a counter claim as disclosed in contingent assets. Estimated liability: R22,328,284.77.

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31. CONTINGENCIES (continued)

Repairs and Maintenance

In March 2022 JDA terminated the two JBCC agreements it entered into with the Dzata Properties Kuvu Civils Joint Venture JV ("the JV") for the repair and maintenance of Social and Community Development Facilities at various sites.

The reason for the termination was due to failure by the JV to progress the works and reach the various completion stages set out in the JBCC agreements.

The JV has challenged the lawfulness of the terminations

for determination first by way of adjudication, Provisional Sentence Summons and now arbitration. The matter is now before an Arbitration Tribunal set up under the auspices of the Association of Arbitrators and the High Court.

In both the arbitration and the High Court the JV seeks awards for the payment in respect of retention and interest in the amount of R954 685.28 and a claim for loss of profit in the amount of R9,732,020.75 (incl. VAT) for loss of profit on the COMMDEV contract, together with interest tempore morae. Alternatively, the Joint Venture seeks payment in the amount of: R5,016,505.54 (incl. VAT) for loss of profit on the COMMDEV contract, together with interest tempore morae;

R5,739,298.21 (incl. VAT) for loss of profit on the SOCDEV contract, together with interest tempore morae; Alternatively, payment in the amount of R2,958,401.14 (incl. VAT) for loss of profit on the SOCDEV contract together with interest tempore morae.

BRT- Sandton Station

The matter relates to a possible interdict against the City and JDA by Liberty for the Construction of the Sandton BRT Station. The estimated contingent liability is R2 million

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32. RELATED PARTIES

Relationships

Controlling entity

Controlled entities

The City of Johannesburg Metropolitan Municipality
Refer to note

Johannesburg Social Housing Company (SOC) Ltd

Johannesburg City Parks and Zoo NPC

Johannesburg Metropolitan Bus Services (SOC) Ltd

Johannesburg Roads Agency (SOC) Ltd

The Johannesburg Tourism Company NOC

Johannesburg Water (SOC) Ltd

Johannesburg Market (SOC) Ltd

Johannesburg Property Company (SOC) Ltd

Pikitup (SOC) Ltd

Metropolitan Trading Company (SOC) Ltd

City Power (SOC) Ltd

Johannesburg City Theatre (SOC) Ltd

Shareholder with significant influence

Related party balances

Loan accounts - Owing (to) by related parties

CJMM

(670 612 072) (625 061 656)

Amounts included in Trade receivable (Trade Payable) regarding related parties

CJMM

665 552 724 679 029 635

Johannesburg Roads Agency (SOC) Ltd

919 154 7 575 016

Commitments with related parties

CJMM-Revenue

87 664 233 106

CJMM-GCSS

3 237 209 1 069 688

Johannesburg Property Company (SOC) Ltd

3 000 000 33 192 376

Metropolitan Trading Company (SOC) Ltd

345 000 345 000

Related party transactions

Revenue received from related parties

CJMM -Development Management Fees

58 936 845 62 513 998

CJMM-Grant

40 286 000 40 735 000

Johannesburg Roads Agency (SOC)Ltd

312 868 3 613 522

Purchases from (sales to) related parties

CJMM-Corporate Services

- 705 466

CJMM-Interest

45 601 717 27 091 373

City Power (SOC) Ltd

778 678 -

Metropolitan Trading Company (SOC) Ltd

1 800 000 1 800 000

Metro Bus (SOC) Ltd

6 460 -

Johannesburg Property Company (SOC) Ltd

- 2 620 180

33. RISK MANAGEMENT

The JDA has a risk management strategy, which follows an enterprise-wide risk management system in which all identified risk areas are managed systematically and continuously at departmental level, and a risk register. The register is treated as a working risk management document because risks are constantly recorded and managed. Management monitors and evaluates the implementation and efficiency of controls and actions to improve current controls in the risk register.

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33. RISK MANAGEMENT (continued)

Capital risk management

The entity's objectives when managing capital are to safeguard the entity's ability to continue as a going concern in order to meet the principle objectives of the organisation for the controlling entity and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the entity consists of debt, which includes the borrowings disclosed in notes 8 and 10, cash and cash equivalents disclosed in note 3, and equity as disclosed in the statement of financial position.

As stated in the note regarding going concern, the entity's existence is dependant on the continued support from the controlling entity CJMM.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

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.

At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	281 610 752	-	-	-
At 30 June 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	303 437 923	-	-	-

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.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2023	2022
Loan to (From) shareholder	(670 612 072)	(625 061 656)
Trade and other receivables	667 786 557	687 821 463

34. GOING CONCERN

We draw attention to the fact that at 30 June 2023, the entity had an accumulated surplus (deficit) of R (14 990 114) and that the entity's total assets exceed its liabilities by R 1 287 510.

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

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the shareholder continues to provide funding through their implementation of their capital projects and the grant that currently is received for operational purposes.

35. EVENTS AFTER THE REPORTING DATE

The accounting officer is not aware of any matter or event arising since the end of the reporting period and the date of this report, which will significantly affect the financial position and the results of the entity's operation.

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36. FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance as previously reported	1 031 417	-
Opening balance as restated	1 031 417	-
Less: Interest reversal SARS - current	(1 031 417)	1 031 417
Add: Expenditure identified - current period	127 966	-
Add: Expenditure Incurred in the current for Prior year relating Fruitless and Wasteful Expenditure	584 737	-
Add: Payment made to board member who is in service of the state	40 000	-
Closing balance	752 703	1 031 417

In the current year there was fruitless and wasteful expenditure incurred as indicated above. This was as a result interest charged by the contractor and payment that was made to Vodacom . The interest that was paid to SARS last year was recovered in the current year . During the year there was payment that was payment that made to the board Member by error ,however the Board Member did refund the JDA on 01 July 2023.

Details of expenditure - 2023

	Unauthorised Payment and Penalties	
Expenditure Incurred on payment of interest charge by the Contractor	127 966	-
Expenditure incurred in the prior year which was identified in the current year	584 737	-
Payment made to board member who is in service of the state	40 000	-
	752 703	-

37. IRREGULAR EXPENDITURE

Opening balance as previously reported	202 051 654	321 438
Opening balance as restated	202 051 654	321 438
Add: Irregular Expenditure - current	104 608 952	201 730 216
Add: Irregular Expenditure Incurred in the current for Prior year	3 682 115	-
Closing balance	310 342 721	202 051 654

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37. IRREGULAR EXPENDITURE (continued)

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

	Disciplinary steps taken/criminal proceedings		
Total expenditure incurred above approved budget	Proces of request to write -off interest still in progress and expenditure incurred due to budget rebase	55 159 970	11 175 947
Contractual advance payments entered into without following due processes in prior year identified in the current year	Still in investigation	3 682 115	87 730 279
Cession agreement entered into outside of the contract	item was discovered in 2021/22 FY and still under investigation	-	61 764 339
Expenditure incurred after Contract Expired		27 849 052	41 059 651
Expenditure Incurred Without Following Scm Process	Stiill under Investigation	4 358 102	-
Payments made wich exceed contractual Amount	Still under Investigation	17 022 747	-
Non Compliance with PPR		219 081	-
		108 291 067	201 730 216

In the current year, there are six reported instances of irregular and four in that were reported in the prior year .

The following irregular expenditure were reported as follows.

There was expenditure that was incurred which exceeded the budget this expenditure amounts to R56 million in the current year and R11 million was reported in the prior year. The matter will be subject to investigation.

There were advance payments that were reported the current which were made in the prior year due to non compliance of the CIBD requirements ,the matter is still under investigation.

There was cession agreement that was entered in prior year which was not in compliance with regulations and the expenditure was reported in prior year which amounts to R61.7 million this item is still under investigation.

There was payment that made after the contract has expire which resulted in the irregular expenditure since section 116 was not followed and the matter is still under investigation. The expenditure that was incurred in the current was R27 million and in the prior year the expenditure reported was R41 million.

There was expenditure that was incurred in the current year without following SCM process which was in contravention of the SCM regulation, and the amount is R4.4 million, the matter is subject to investigation.

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37. IRREGULAR EXPENDITURE (continued)

There were payments that were made in the current which exceeded the contractual amount this was in contravention of the MFMA these payments they amount to R17 million.

There was noncompliance which was reported as irregular since PPR requirement were not when apply new regulation for sourcing quotations its amounts to R219 two hundred and nineteen thousand and the matter will be investigated in the current year,

38. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

Audit fees

Current year subscription / fee	2 363 056	2 225 194
Amount paid - current year	(2 363 056)	(2 225 194)
	<u>-</u>	<u>-</u>

PAYE and UIF

Current year subscription / fee	18 126 477	16 723 954
Amount paid - current year	(18 126 477)	(16 723 954)
	<u>-</u>	<u>-</u>

Pension Deductions

Current year subscription / fee	7 318 391	6 601 766
Amount paid - current year	(7 318 391)	(6 601 766)
	<u>-</u>	<u>-</u>

VAT

VAT receivable	<u>283 795 437</u>	<u>283 658 104</u>
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All VAT returns were submitted by the due date throughout the year.

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39. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS

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

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

Various Service Providers	528 346	502 699
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Categories of deviation as per Regulation 36 of the MFMA

Ratified Minor Breaches of SCM Processes	528 346	502 699
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Deviations 2023

Ratification - Appointments made were less than three quotations were received

The accounting officer ratified a minor breach in the supply chain process for the appointment of service providers through the request for quotation process where less than the minimum three quotations were received. In the current financial year there were various service providers appointed where less than three quotations were obtained to a value of R528k these also includes the request for quotations from the approved panel service providers.

Deviations - 2022

The accounting officer ratified a minor breach in the supply chain process for the appointment of service providers through the request for quotation process where less than the minimum three quotations were received. In the current financial year there were various service providers appointed where less than three quotations were obtained to a value of R502k these also includes the request for quotations from the approved panel service providers.

40. SEGMENT INFORMATION

General information

Identification of segments

The entity is organised and reports to management on the basis of only one core segment as the main mandate of the JDA. The JDA further only operates from one location as its offices and in terms of the standard, no further classification is required.

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41. AWARDS MADE TO A PERSON WHOSE CLOSE FAMILY MEMBERS ARE IN THE SERVICE OF THE STATE

A municipal entity 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 twelve months, including:

- (a) the name of that bidder;
- (b) the capacity in which that person is in the service of the state; and
- (c) the amount of the award.

Name of project	Company name	Capacity in which the close family member is in service of the state	Name of the person	Amount
Inner City Ranks Project Manager	GIBB (Pty) Ltd	Daughter employed by Health Infrastructure PWGWC as a State Accountant and another Daughter employed by the City of Cape town as a Project Administrator	Clive September	656 263
		Parent employed by the Dept of Education KZN as a data capture and Another parent employed by the Dept of Education as an Educator	Darren Pillay	
		Spouse works for the City of Cape Town as Head: Business Continuity	Jenny Moon	
		Spouse works for the City of Cape Town as Principle Professional officer	Jo-Anne Stolworthy	
		Spouse works for Eskom as Chief Engineer	Lize De Beer	
		Spouse works for the National Department of water Affairs and Forestry as an Accounting Clerk	Mthokozisi Selby Mkhize	
		Department of Education as a Senior Educator	Neville Randall	
		Spouse works for the Dept of Correctional Services as Correctional Officer	Nomasithini Nzayiya	
		Partner works for the Department of transport and Public Works as DDG	Penny Smith	
		Spouse work for Department of National Treasury as Deputy Director	Rorisang Lekonyana	
		Parent works for Department of Water Affairs and Forestry	Douglas Kiewiet	
		Spouse works for the Gauteng Dept of Education as an HOD for Math's	Vinnie Naidoo	
		Spouse works for the City of Cape Town as senior Professional Officer and Mother works for the Dept of Education KZN as HoD: Languages, Father works for the Dept of Transport KZN as Mechanical Engineer	Pravanya Pillay	
		Brother works for City Engineers as Architect/town Planner	Zafar Haq	
Brixton Social Cluster and Lehae Training Academy & Fire Station	Threshold Project Manager	Wife is employed by DBSA and sister employed by SAA	Nokuthula Sedumedi	3 043 740
Panel of Transport Specialist	Royal Haskoning	Mother is working for Dept Health and Spouse is working for COJ		1
Panel of Transport Specialist	Royal Haskoning	Mother is working for Dept Health and Spouse is working for COJ		-

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41. AWARDS MADE TO A PERSON WHOSE CLOSE FAMILY MEMBERS ARE IN THE SERVICE OF THE STATE (continued)

Brixton Social Cluster	CSM Consulting Services	Son is employed by Western Cape Provincial Government Department of Environmental Affairs and Development Planning		2 053 480
BRT Land Acquisition	Mod/Res property Value/Acquisition	Spouse of the Director is employed by Dept Health	Mr Mcdonald Modibedi	4 075 175
Emdeni Public Transport Facility	CSM Consulting	Son, Andre van Collie, is employed by Western Cape Provincial Government Department of Environmental Affairs and Development Planning	CAJ Van Coille	2 885 000
Roodepoort Public Transport Facility	CSM Consulting	Son, Andre van Collie, is employed by Western Cape Provincial Government Department of Environmental Affairs and Development Planning	CAJ Van Coille	2 860 000
Deep South	Ikemeleng Architects	Spouse employed at Gauteng Provincial Infrastructure Development	Ridwaan Bhana	1 017 172
Contract Management system and dispute resolution mechanism consultant	Bowmans	Father, Jan van den Heuvel employed by Department of Justice	Lizelle Blignaut	1 280 000
		Brother, Jacob Christoffel Cronje employed by SANDF	Cornelia Maria Bouwer	
		Sister-in-law, Tanje Cronje employed by the Department of Education:Gauteng	Cornelia Maria Bouwer	
		Elizabeth Arumugam, employed by the Department of Education: Kwa-Zulu Natal	Amanda Chetty	
		Roshal Rye Ramdenee - Husband Principle Investments present	Graham, Ashleigh	
		Johan Conradie - Brother in law Auditor-General South Africa	De Villiers, David	
		Marilize de Villiers - Wife The Council for Scientific and Industrial Research (CSIR)	De Villiers, David	
		Mr Deokiram - Father Johannesburg Roads Agency	Graham, Ashleigh	
		Claire Dyer- Mother National Department of Education	Graham, Ashleigh	
		Christopher Barry Franklin Father NECSA (South African Nuclear Energy Corporation)	Graham, Ashleigh	
		Michael van Aardt - Husband Department of Health: Gauteng	Graham, Ashleigh	
		Quentin Green - Father Johannesburg City Power	Green, Chris	
		Ditodi Norman Kaapu - Brother South African Police Service: Silverton	Kaapu, Jerry	
		Nomveliso Mkiva - Sister Road Traffic Management Corporation	Mkiva, Clement	
Gail Mellem - Mother Western Cape Education Department	Mellem, Roxan			
Terrence Nichols - Brother South African Airways Voyager - Commercial/Voyager Department	Nichols, Trudie			

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41. AWARDS MADE TO A PERSON WHOSE CLOSE FAMILY MEMBERS ARE IN THE SERVICE OF THE STATE (continued)

		Philistine Tolamo - Aunt Gauteng Department of Education	Nonkululeko Zondo	
		Sibongile Zondo - Mother City of Johannesburg - Operations Manager- 1997-2004; 2006 – Present	Nonkululeko Zondo	
		Thamsanqa Mtshali - Father KZN Department of Education	Nonkululeko Zondo	
		Masango Nyai - Father Department of Education : Eastern Cape	Nyali, Xolani	
		Sooriakumari Pillay - Mother KwaZulu Natal Department of Education	Pillay, Keshni	
		Alicia Pillay - Sister Air Traffic Navigation Services (ATNS)	Pillay, Keshni	
		Arvin Sarjoo - Tshwane Municipality	Sarjoo, Anshini	
		Tamryn Sass (nee Harris) - Spouse City of Cape Town	Sass, Mendel	
		Bertha Sepuba – Mother Gauteng Department of Finance	Sepuba, Comfort	
		Sibusiso Sepuba - Brother Gauteng Department of Finance	Sepuba, Comfort	
		Luthando Sicam - Brother Buffalo City Municipality	Sicam, Yonela	
		Elizabeth Steyn- Mother Western Cape High Court	Bonnie Steyn	
		Ms Suliman, Sister eThekweni Municipality	Suliman, Yasmeen	
		Emanuel Tipru - Husband SAP Engineering Services (City Power)	Tipru, Thevi	
		Karen Kets - Sister-in law Eskom SOC Limited	van Eyssen, Yolande	
		Andre Visser - Husband City of Cape Town Local Municipality	Visser, Heidi	
Rosebank PTF	Bergstan	Spouse works for the Department of Social Services	Cobin Beukes	1 013 000
Orange Farm Turnkey Implementation	KWP Create	Spouse works for the Department of Transport	Elsie Bester	338 463

42. BUDGET DIFFERENCES

Material differences between budget and actual amounts

Rendering of services - Management fees are earned on the capital expenditure that is incurred. The capital expenditure incurred was lower than the original budget and resulted in then a lower than expected management fees.

Sundry income - Included in the sundry income is the LG SETA refund and insurance claim for the hail damage to the roof that was received in the current year.

Rental income - Included in the rental income is the rental of the Newtown Square on behalf of CJMM and the rental of office space in the Bus Factory.

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42. BUDGET DIFFERENCES (continued)

Employee related costs - The variance is mainly due to bonus , leave accrual and salaries increases. The contributing factor it is due to budget rebasement which resulted in actual employee cost exceeded the budgeted amount.

Depreciation and amortisation - The variance is mainly due to the reassessment of useful lives that was conducted in the prior year and resulted in lower depreciation for the current year.

Finance costs - Included in the finance costs is interest charged on the sweeping account, the increases it due prevouse interest that was not written off and delay of payments of the receivables.