



a world class African city



Registration no:
2001/005101/07

Q1 PERFORMANCE REPORT 2022/23 JULY 2022 TO SEPTEMBER 2022

**JOHANNESBURG
DEVELOPMENT AGENCY
(SOC) LIMITED**

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

Registration number:	2001/005101/07
Shareholder / Municipality:	City of Johannesburg Metropolitan Municipality
Directors:	L Brenner (Chairperson) M Malinga S N Marota A Dreyer L Matshidze D Thwala C Whittle N Ntingane P Raphalalani (Resigned on 10 August 2022) S Moonsamy (Chief Financial Officer) M Mongane (Chief Executive Officer Appointed on 5 August 2022)
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Auditors:	The Auditor-General of South Africa
Company Secretary:	Hasani Rodney Shirinda

JDA Vision

Building a more welcoming, competitive, and resilient Johannesburg that is a better city to live, work and play in.

JDA Mission

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

JDA Values

Accountability: To its shareholders, Board, and key stakeholders




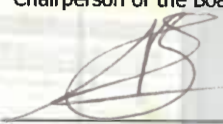
Innovation and creativity: Promoting an environment of fast-tracked decision-making and broader financial leverage, within which developments are planned, led, managed, and implemented

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

Mr. Mokgema Mongane Name & Surname Chief Executive Officer	 Signature	03 October 2022 Date of approval
Ms. Sherylee Moonsamy Name & Surname Chief Financial Officer	 Signature	03 October 2022 Date of approval
Mr. Lionel Brenner Name & Surname Chairperson of the Board	 Signature	21 / 11 / 2022 Date of approval
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CHAPTER 1: JDA LEADERSHIP AND CORPORATE PROFILE

SECTION 1: CHAIRPERSON'S FOREWORD

As the JDA concludes on the first quarter of the 2022/23 financial year, the Board has acknowledged that there has been a significant improvement to performance against the overall KPIs as compared to the previous financial year. There are still a number of key strategic areas that need to be addressed, the Board is optimistic that the JDA can reach its former glory.

The Board is also incredibly pleased to welcome two executives to the management team. Mr. M Mongane joined us on the 5th of August 2022 as the new Chief Executive Officer and Ms Z Tshabalala as the Chief Audit Executive and we wish them well as they embark on this journey with the JDA.

The following key strategic issues were identified as focus areas for the Board to address in terms of improving corporate governance and the performance of JDA. These issues include:

1. Building and stabilizing the executive leadership team
2. Recalibrating the business model to improve financial sustainability
3. Restoring the JDA Corporate reputation for excellence
4. Improving the internal control environment moving towards a clean audit opinion.
5. Improved communications and stakeholder management

As the Board sets its expectations, it recognizes the importance of working together with all stakeholders on an inclusive basis. It relies on the continued support from the management team and the COJ who are essential in delivering on the critical priorities for the Multi Party Government of the City of Johannesburg.

The results and performance of JDA are contained in the first quarter report below. The key highlights are contained in the Chief Executive's report.

As we the Board close of on the first quarter of the 2022/23 financial year, I would like to thank the leadership team and the continued support from the COJ Shareholders Unit as well as the MMC and her team. Finally, I would like to thank fellow Board members for their participation and valuable contributions to JDA.

Lionel Brenner
Board Chairperson

SECTION 2: CHIEF EXECUTIVE OFFICER'S REPORT

On the 5th of August 2022 I had embarked on my journey as the new Chief Executive Officer of the Johannesburg Development Agency (SOC) Ltd. I am grateful for the warm welcome received from the Board Chairperson, the MMC and the entire organisation and I am eager to address some of the pertinent issues at the JDA.

I have since reviewed the business of JDA via a in-depth analysis of its Business Model and have concluded a strategic way forward with an emphasis on the following three strategic areas, namely:

- Revenue Enhancement
- Operational Efficiency
- Capacity Creation

This First Quarter report has been prepared against the JDA's 2022/23 business plan and scorecard as approved by the city. The 2022/23 business plan is closely aligned with the 2040 Growth and Development Strategy (GDS) the strategic priorities of the Multi-Party Government.

Of the JDA's 20 Strategic KPIs, the JDA achieved 90% performance target achieved, 0% performance target partially achieved, and 10% performance target not achieved.

As we closed off on the quarter, there have been a number of service delivery challenges that has significantly impacted the JDAs overall performance such as poor performing contractors, late commencement of some of the projects and delayed SCM processes. As a way forward, the JDA management is committed to improving on these processes and ensure that the JDA delivers on our mandate.

I am proud to report that in term of the performance the JDA exceeded BBBEE and SMME targeted expenditure for the period. In terms of development progress on project implementation, the JDA continued its support of the City's strategic priorities through its two programmes. The focus of the Strategic Economic Node Delivery Programme has been on projects in the inner city and precincts along the TOD development corridors, such as the Roodepoort TOD as well as in Lenasia and Jabulani. The Jabulani node is maturing into a functional CBD in Soweto, with the JDA finalizing the following National Treasury NDPG funded projects Phase 5, Bolani Road, Phase 6b, the Community Safe Hub and in Phase 7 Inhlanzane/ Molapo Bridge. The focus on the second programme, Accelerated Public infrastructure Delivery Programme has been primarily on the Rea Vaya BRT infrastructure and system, and depots. Other project types in this programme include the Naledi Clinic and Community facilities in Drieziek and Ivory Park for example.

The current funding model and business model continues to have a negative impact on the overall financial sustainability of the organisation and is one of the key strategic areas that we need to focus on in the 2022/23 and the current impact of this on the financial standing is included in the financial performance section of the report.

The high vacancy rate which includes some key valuable positions has placed a significant burden on the JDA operations. Although, some key vacancies have since been filled there is still a number of key positions that remains vacant such as Senior Manager Finance, Senior Manager Planning and Strategy, Senior Manager Project Implementation and we are hopeful that these appointments will be resolved early in the 2022/23 financial year. Despite the challenges as indicated in more detail in the report, the JDA is still committed and dedicated in delivering on those projects and contribute holistically to the overall GDS2040 and the MPG priorities.

The JDA has adopted a community drive, infrastructure-led approach to the planning, design, and implementation of high-quality City infrastructure. Without its committed Board, its Management and Staff, this will be an impossible task, and we know that it is the people at the JDA who make the JDA.

Mokgema Mongane
Chief Executive Officer

SECTION 3: 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 must be just as nimble in order for us to remain financially sustainable.

For the quarter ended 30 September 2022 the JDA had earned total revenue of R23 million (2021/22: R15.3 million) and incurred total expenditure of R33 million (2021/22: R24 million) which resulted in an overall deficit of R9 million (2021/22: Deficit of R9.1 million).

Total revenue was R23 million year to date (2021/22: R15.3 million) against a budget of R19 million (2021/22: R30.6 million). As the development management fees are based as a percentage of the capital project spend, the overall fluctuations in the capital expenditure has an impact on the management fees. The capital expenditure percentage against budget was 11.90% against a budgeted percentage of 10% for the period ended 30 September 2022.

Actual operating expenses is R33 million (2021/22: R24.4 million) for the year to date against a budget of R19 million (2021/22: R30.6 million). Included in the operating costs is interest charged on the sweeping account of R10 million. The JDAs current funding model is not effective and is required to be reviewed at least within this financial year. The current arrangement of paying of contractual suppliers and then the impact of late payments by the client departments continues to put substantial financial pressure on the JDA and contributes to at least all of the overall deficit. Without a more permanent solution around this process, the interest charged will continue to place enormous pressure on the operations of the JDA.

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

TABLE 1: ACTUAL OPERATIONAL BUDGET

	Actual Prior year 30 September 2021	Actual R'000	Budget R'000	Variance R'000	% of actual against budget
Revenue	R15,307	R23 318	R18 599	R4 719	125%
Operating costs (before interest)	(R20,937)	(R21 722)	(R29 298)	R7 576	80%
Interest expense	(R3,469)	(R10 787)	(R1 716)	(R9 071)	628%
Total operating costs	(R24,406)	(R32 509)	(R31 014)	(R1 495)	105%
Surplus/(Deficit)	(R9,099)	(R9 192)	(R12 416)	R3 224	74%

Actual capital expenditure for the first quarter ended 30 September 2022 was R174 million (2021/22: R80 million) against an annual budget of R1.4 billion (2021/22: R1.2 billion). This represents 11.90% (2021/22: 6.66%) of the overall annual budget. There are still various factors that continue to affect projects including poor contractor performance, however, the performance for the first quarter is aligned to the target.

The organization's total assets exceeded the total liabilities. The total net assets at 30 September 2022 were R42,5 million (2021/22: R66 million).

The table below reflects the financial performance ratio of the organization for the quarter ended 30 September 2022.

TABLE 2: FINANCIAL RATIOS

Key Performance Area	Targets	Actual 30 September 2021	Actual 30 September 2022
Current ratio	Above 1 : 1	1.09 : 1	1.04:1
Solvency ratio	Above 1 : 1	1.09 : 1	1.05:1
Salaries to expenditure ratio	Below 60%	76%	61%
Revenue	R19 million	R15.3 million	R23 million
Expenditure (including taxation)	R31 million	R24.4 million	R33 million
Surplus / (Deficit)	(R 12 million)	(R9.1 million)	(R9 million)
Total net assets	R39.4 million	R72.7 million	R42,5 million
Capital expenditure	10%	6,66%	11,90%

Included in the above table, are the period specific prior year comparisons to further evaluate the performance. The significant movement in the net assets are based on the post adjustments from the closure of the 2021/22 financial audit and the conclusion of the 2021/22 financial statements.

The overall liquidity and solvency position of the JDA is slightly above the norm. In previous financial years, the drastic increase in the capital expenditure that is normally experienced during the last quarter of the financial year puts extreme pressure on the overdraft in July and August due to the vast payments that need to be made. In addition, the collection of the claims back from the client departments have been slower than in previous years which has a negative impact on the sweeping account balance.

The remuneration ratio is higher than the norm which is mainly because of a lower employee cost numerator and the higher overall expenditure value as the denominator. The ratio is based on employee costs of R20 million over total expenditure of R33 million, which results in 61% of the expenditure. The employee costs item balance is slightly higher than the budgeted target by almost 60%. The JDA is primarily a service-orientated entity as majority of the operational costs relates to employee remuneration.

S Moonsamy
Chief Financial Officer

SECTION 4: CORPORATE PROFILE AND OVERVIEW

The JDA was established by the City of Johannesburg (CoJ) in April 2001 to initiate, stimulate and support development projects and rejuvenate economic activity throughout Johannesburg. The agency initially focused on applying economic development strategies to regenerate underperforming neighborhoods, mostly in the inner city. However, this has evolved to focusing on transforming Johannesburg into a resilient, sustainable, and livable city by developing transit nodes and corridors.

Vision

Building a more welcoming, competitive, and resilient Johannesburg that is a better city to live, work and play in.

Mission

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

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 Growth and Development Strategy (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 mobilize development partners and other stakeholders to sustainably achieve the common economic and social objectives defined for each area. However, given the spatial, socioeconomic, and political environment in which the JDA operates, there are challenges that 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 livable urban areas in identified nodes and corridors.

Political governance and accountability

The JDA is accountable to the Department of Development Planning 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.

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 and compliance reporting and review

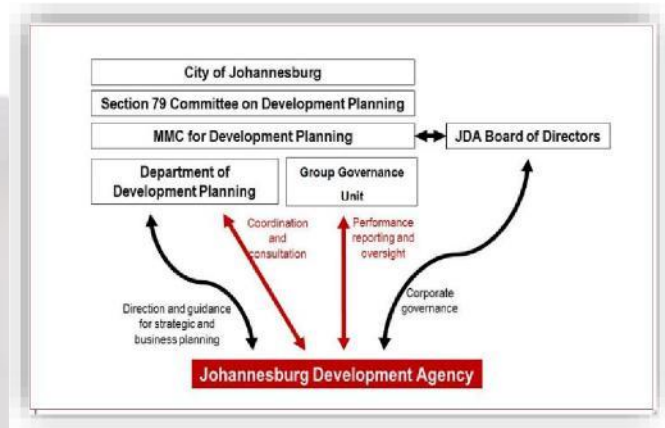


FIGURE 1: JDA GOVERNANCE SYSTEM

The Council's Portfolio Committee on 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.

SECTION 5: STRATEGIC GOALS AND OBJECTIVES

The JDA has set itself the following strategic goals and strategic objectives which are aligned with the Joburg 2040 GDS and the economic cluster's plans for sustainable services and economic growth for the medium term:

TABLE 3: STRATEGIC GOALS AND OBJECTIVES

Strategic Goals		Aligned to four Strategic Objectives
Create great places	Creating robust democratic public spaces that give dignity and choice to city users. As urban densities continue to rise, the public spaces in cities are becoming increasingly important for meeting citizens' social needs. The quality of space is just as important as the quantity. Given the increasing demand for open space, public spaces need to be creatively designed, moving towards greater adaptability and multiplicity of use to ensure their longer-term sustainability.	To enable the long-term growth and development of strategic economic nodes in the city (including the CBD, future mixed use, and TOD nodes) through multi-year delivery programmes, proactive development facilitation and productive development partnerships.
Catalyze growth and investment	Catalyzing growth in areas with latent investment potential. Catalytic intervention and strategic capital investments in areas that have been previously marginalized or have failed to attract private investment can unlock development potential, stimulate local economies, and boost job creation and entrepreneurial development.	To deliver sustainable social and economic infrastructure projects efficiently, effectively, and economically To promote economic empowerment and transformation through the structuring and procurement of JDA developments
Connect people to opportunities	Connecting people with opportunities to live, work, play, learn and to be healthy in the city. Efficient mass public transport networks and connections, transit oriented multi-use precincts, together with strategic land-use planning and zoning regimes, are essential in realizing these connections.	To strengthen and improve the JDA's corporate governance and operations to ensure that it remains an effective, efficient, sustainable, and well-governed organisation
Co-produce solutions	Co-producing solutions in partnership with local communities and stakeholders to meet local needs and mitigate challenges. This is an essential component of development intervention in cities. Since 1994, the state has made concerted efforts to engage communities in the development of local solutions. Unfortunately, this has not always been successful and often simply takes the form of decision-makers telling communities about their strategies. A more responsible and effective approach is to work with local stakeholders to produce solutions, drawing on their knowledge of the development context. This can cultivate a much more sustainable sense of ownership, civic pride, and citizenship.	
Continuous improvement	Underpinning all the strategic goals, there is the need for the JDA to run as efficiently as possible.	

Outcomes	Outputs	Key CoJ Priority Programmes	Key CoJ IDP Programme/s	MPG Strategic Priorities	MPG Priority Programmes	Matching JDA Programme/s	JDA Sub-Programme/s
#1 Improved quality of life and development-driven resilience for all	Sustainable human settlement. Reducing Economic, Spatial and Gender inequalities.	Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021.	Inner city regeneration, including key economic nodes. Increased infrastructure investment (from both public and private sectors).	Integrated human settlements. Sustainable service delivery. Sustainable Environmental development.	Accelerated and visible service delivery and re-introduction of co-production in the delivery of the basic service.	1. Strategic Economic Node Delivery Programme.	1A: Inner City Transformation Sub-Programme. 1B: Economic Node Sub-Programme.
#2 Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy	Sustainable human settlement. Reducing Economic, Spatial and Gender inequalities.	Ensure pro-poor development that addresses inequality and poverty and provides meaningful redress.	Residents live, work and play close to work, leisure and cultural opportunities. Efficient and effective transport (Public and Freight) connecting home, work, culture and leisure.	Integrated human settlements. Sustainable service delivery. Sustainable Environmental development.	Accelerated and visible service delivery and re-introduction of co-production in the delivery of the basic service.	2. Accelerated infrastructure Delivery Programme.	2A: Deprivation Areas Revitalization Sub-Programme. 2B: Urban Infrastructure Delivery Sub-Programme.
#3 An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens	Promotion and support of small businesses. Reducing Poverty and dependency.	Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021.	Improving ease of doing business Attracting, expanding and retaining investment Address spatial inequality within the city Target sectors with high job-growth potential Empower the residents of Johannesburg Build a city that works for its residents	Economic development. Job opportunity and creation. Smart city.	Job opportunities and creation. Development and support of SMMEs.	3. Economic Empowerment Programme. 4. Good Governance, Management and Administration Programme.	BBBEE. EPWP. SMME / EME procurement (PPR, 2017).
#4 A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region	A responsive, corruption-free, efficient and productive metropolitan government.	Priority 5: Create an honest and transparent City that fights corruption.	Increasing forensic investigative capability and controls.	Smart city. Good governance. Financial sustainability Active and engaged citizenry.	Improve and strengthen financial position. Combat corruption, fraud and maladministration.	4. Good Governance, Management and Administration Programme.	N/A.

Transforming the Spatial Economy

The JDA's primary medium-term purpose is to promote resilient city strategies by restructuring the urban spatial logic of the city. The JDA coordinates its area-based development activities and other catalytic interventions with the Department of Development Planning and with other client departments. 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

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

FIGURE 2: SDF 2040 PRIORITY ZONES

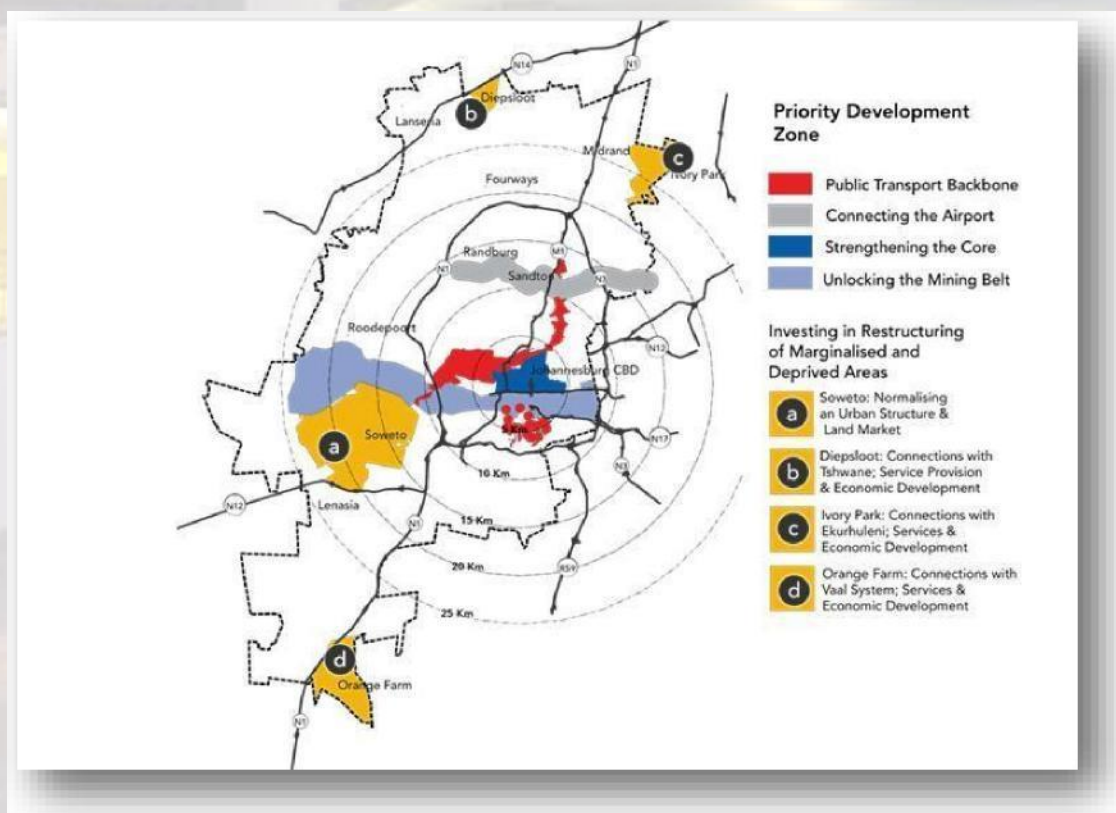


TABLE 4: SDF PRIORITY TRANSFORMATION AREAS AND CORRESPONDING JDA DEVELOPMENT REGIONS AND PROGRAMMES

SDF Priority Transformation Areas	Corresponding JDA Programmes	Regional JDA Development Programmes
Strengthening the metro core (inner city)	Inner City and the Old South (including Turffontein and Mining Belt)	<ul style="list-style-type: none"> • Programme 1: Strategic Economic Node Delivery Programme • Programme 2: Accelerated Infrastructure Delivery Programme • Programme 3: Economic Empowerment Programme
Unlocking Soweto	Greater Soweto (including Lenasia, Eldorado Park, Nancefield)	
Consolidating public transport backbone	The Transit-Oriented Development Corridors: Empire-Perth Corridor and Louis Botha Corridor	
OR Tambo/ Airport Corridor	Alex and the OR Tambo Corridor (Includes Randburg, Sandton, Cosmo City, Modderfontein, Frankenwald)	
Addressing marginalization	Marginalized Areas – Diepsloot, Ivory Park, Orange Farm	

The JDA's approach toward area-based development covers the following five practices and services:

- 1. Development identification and project packaging** - Identifying strategic opportunities to respond to the City of Johannesburg's focus area by bringing together all relevant stakeholders and parties to the initiative and developing an implementation plan.
- 2. Development and project facilitation and coordination** - Working with various stakeholders and parties to ensure that they are undertaking their roles as expected and required.
- 3. Overall development implementation involving capital developments** - In ensuring that the development is implemented as planned, JDA may oversee specific project management functions within a development, while retaining overall accountability as a development manager. Through local beneficiation, in terms of small, medium, and micro enterprise (SMME) and entrepreneurial support, the JDA aims to increase the number of local emerging contractors used in capital projects carried out in the various communities, as well as the number of local construction jobs created.
- 4. Post implementation support and sustainability** - Complement any capital development or investment with urban management initiatives and models.
- 5. Impact Assessment / monitoring and evaluation** - Analyze, review, and quantify private sector investment in various JDA intervention areas, and assess the socio-economic impact of these interventions. This is achieved through, among others, analyses of property market trends and factors that influence investor interest in JDA development areas. Value for money assessment.

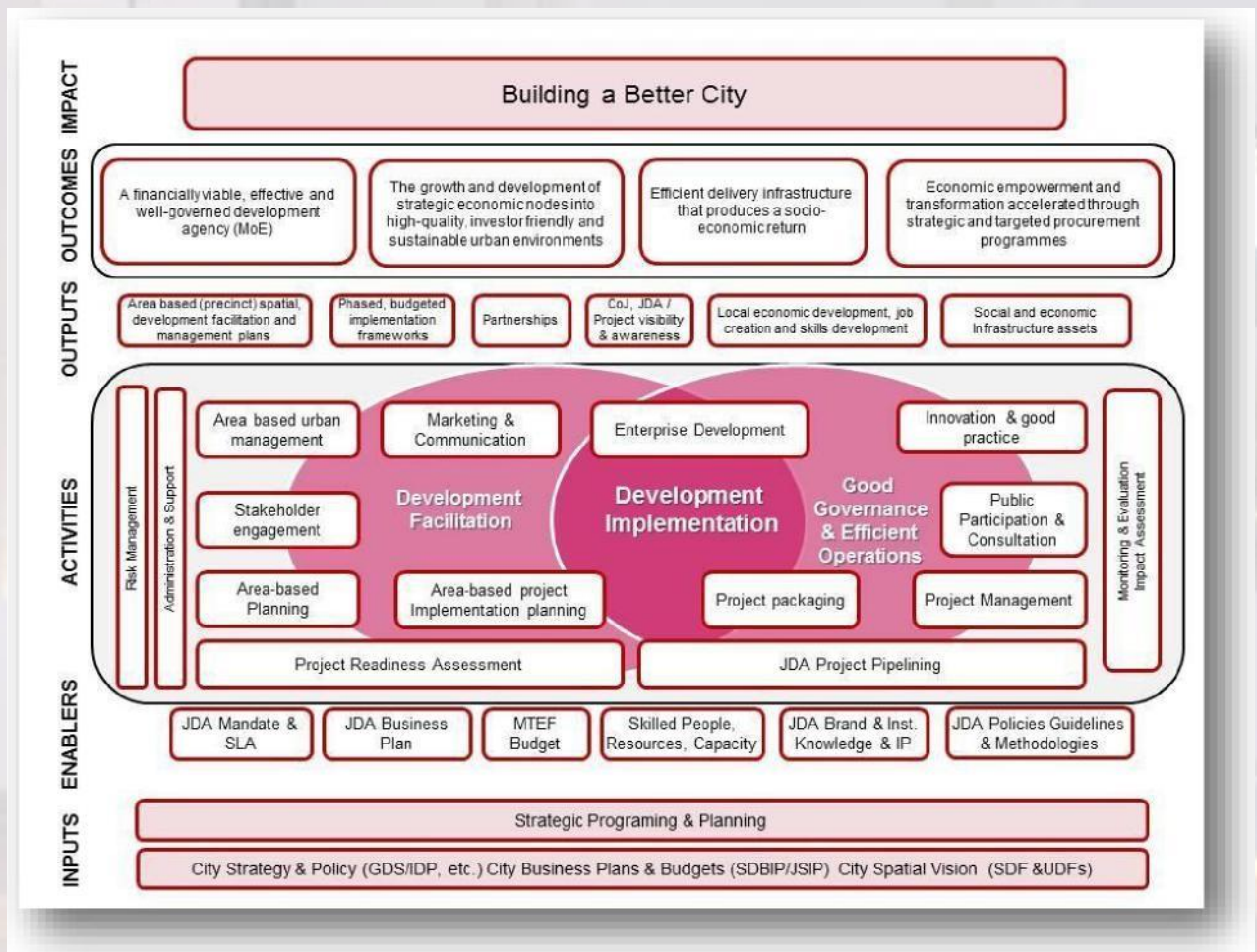
The JDA has aligned the main elements of our work and highlights the flow between them:

FIGURE 3: DEVELOPMENT PROCESS / LIFECYCLE



The following diagram unpacks the JDA's value creation process to illustrate how the JDA has aligned its activities and efforts to achieve expected results by structuring the main elements of our work.

FIGURE 4: JDA'S VALUE CREATION PROCESS



SECTION 6: SALIENT FEATURES

Performance Summary

- The overall year to date capex expenditure at first quarter was R174 million (2021/22: R80 million) against an annual budget of R1.4 billion. This represents 11.90% (2021/22:6,66%) of the overall annual budget.
- For the period ended 30 September 2022 the JDA had earned total revenue of R23 million (2021/22: R15.3 million) and incurred total expenditure of R33 million (2021/22: R24.4 million) which resulted in an overall deficit of R9 million (2021/22: Deficit of R9.1 million).
- The organisation achieved 125% (2021/22:50%) 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 105% (2021/22: 76%) overall against target. This includes the over-expenditure in internal interest charged on an overdraft balance with the City of Johannesburg of R10 million. The JDA is required to implement projects with cash flow reserves that are currently held by the client departments.
- The organisation's total assets exceeded the total liabilities. The total net assets at the end of the 30 September 2022 were R42,5 million (2021/22: R72 million).
- The first quarter performance report has been prepared against the JDA's 2022/23 Business Plan and scorecard. Regarding performance against the JDA's 20 Strategic KPIs, the JDA achieved 90% performance target achieved, 0% performance target partially achieved, and 10% performance target not achieved.
- For the period 01 July 2022 until 30 September 2022, the overall BBBEE share of expenditure was R R171 411 592. This translates into an achievement of 100% BBBEE claimed against quarterly expenditure.
- The SMME share of JDA's operating and capital expenditure was R 80 468 865 for the period 1 July 2022 to 30 September 2022. This constitutes an achievement of 47% for the period under review.
- A total of 98 EPWP work opportunities were reported against a first quarter target of 50.

TABLE 5: CAPITAL BUDGET MANAGEMENT OVERALL PROGRAMME PERFORMANCE¹

Overall Programme Performance	2022/23 Annual Budget	Target YTD	Actual YTD	Target %	% Actual / Annual budget Expenditure
	R' 000	R' 000	R'000	%	%
Overall Programme Performance	1 461 766	146 177	173 965	119%	11,90%

TABLE 6: OPERATING BUDGET MANAGEMENT

	2022/23 Original Budget	Year to date		% Achievement Against target	% Achievement for Annual
	R'000	Target	Actual		
	R'000	R'000	R'000		
Revenue (R'000)	124 057	18 599	23 318	125%	19%
Costs (R'000)	(124 057)	(31 014)	(32 509)	105%	26%
Net surplus/(deficit)	-	(12 416)	(9 192)		

expenditure have been set in respect of all funding sources for the financial year.

CHAPTER 2: CORPORATE GOVERNANCE

SECTION 1: CORPORATE GOVERNANCE STATEMENT

Governance Framework

The JDA recognizes that conducting its affairs with integrity will ensure that the public and the City of Johannesburg Metropolitan Municipality have confidence in its work. To that end, the JDA's Board of Directors and executive management team subscribe to the governance principles set out in the Code of Conduct for Directors referred to in section 93L of the Municipal Systems Act, circular 63 of the MFMA, and the King IV code.

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 conducted assessments to ensure that the JDA complied with the requirements of the Companies Act, the Municipal Systems Act, and the MFMA.

JDA's Governance Arrangements

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

The JDA must perform according to a service delivery agreement and performance objectives set by the City of Joburg.

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.

The Legislative framework

The legislative framework for municipal entities came into effect through amendments to the Municipal Systems Act (MSA) and the passing of the Municipal Finance Management Act (MFMA). The new provisions of the MSA, including Chapter 8A, came into effect on 1 August 2004. The bulk of the provisions of the MFMA took effect on 1 July 2004 with some transitional provisions based on municipal capacity. The MSA defines three types of entities that may be established by a municipality with effect from 1 August 2004, namely private company, service utility or multi-jurisdictional service utility. Before the MSA and MFMA requirements took effect, municipalities used various arrangements to deliver services and manage functions. These included trusts, section 21 companies, and private companies. In view of the legislative framework, municipalities are required to review these structures and either convert them to an entity or disestablish them if they are no longer required. A review would cover such things as the appropriateness of governance structures to provide effective municipal oversight, accountability and transparency.

Implementation of King Codes of Corporate Governance

The Board and management team are 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 Audit and Risk Committee, which is responsible for monitoring compliance with the King Code.

The entity applies the governance principles contained in the King Codes as far as it applies to it and continues to further entrench and strengthen recommended practices in its governance structures, systems, processes, and procedures. The Board of Directors and Executives recognize and are committed to the principles of openness, integrity and accountability advocated by the King Code on Corporate Governance. Through this process, shareholders and other stakeholders may derive assurance that the entity is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices. The monitoring of the entity's compliance with the King Codes on Corporate Governance is part of the shareholder mandate of the Audit and Risk Committee. 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 member and parent municipality in the interest of good corporate governance and good ethics.

The Protocol is premised on the principles enunciated in the King Code's Report on Corporate Governance for South Africa 2016 (King Code). The Entity steadfastly consolidated its position in respect of adherence to the King Code's report on Corporate Governance. The entity practices are, in most material instances, in line with the principles set out in the King Codes. Ongoing steps are however 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.

In keeping up with the latest developments the Board of Directors is in the process of ensuring that 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:

- (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 way 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.

During the year under review the Company entrenched its risk management reviews. Reporting and compliance assessments were conducted in terms of the Companies Act, the Municipal Systems Act (MSA) and the Municipal Finance Management Act (MFMA). The annual Board assessments and evaluations were conducted and an annual report for the previous year was effectively completed in accordance with section 121 of the Municipal Finance Management Act.

Ethical Leadership

The board provides effective leadership based on a principled foundation and the entity subscribes to high ethical standards. Responsible leadership, characterized by the values of responsibility, accountability, fairness, and transparency, has been a defining characteristic of the entity since the company's establishment in 2001.

The fundamental objective has always been to do business ethically while building a sustainable company that recognizes the short- and long-term impact of its activities on the economy, society, and the environment. In its deliberations, decisions and actions, the board is sensitive to the legitimate interests and expectations of the 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 in 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. The internal audit team provides assurance on the JDA's compliance with laws and regulations.

Citizen Involvement in Plan-Making and Project Implementation

The city and the JDA are continually working on ensuring more involvement of communities and individuals in the preparation of plans and project implementation, and a better interface between officials and the public.

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

For area-based planning, the JDA's participation is structured in several ways, including key public meetings at the start of the process and at the point of draft proposals. 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 own areas at neighborhood level. In many areas these plans are initiated by the residents of a particular area. The planning department is investigating ways of helping people to pool their resources in communities to participate in preparing precinct plans.

The local Ward Councilor, 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 the City of Johannesburg. It is the policy of the Board to actively review and enhance the entity's systems of control and governance on a continuous basis to ensure that the entity is managed ethically and within prudently determined risk parameters.

1.1 . BOARD OF DIRECTORS

The JDA has a unitary board, which comprises both executive and non-executive directors.

With effect from 15 February 2022 Annual General meeting, Mr. Lionel Brenner was appointed as the Board Chairperson for the JDA.

The JDA's sole shareholder, the City of Johannesburg CoJ, reviews the term of office for non-executive directors every year at the annual general meeting.

The Board is accountable to the CoJ and the citizens of Johannesburg. A service delivery agreement and shareholder compact, concluded following the provisions of the Municipal Systems Act, govern the entity's relationship with the CoJ.

The Board provides quarterly, bi-annual, and annual reports on its performance and service delivery to the City of Johannesburg as prescribed in the service delivery agreement, the shareholder compact, the MFMA and the Municipal Systems Act.

Non-executive directors maintain an independent stance to matters under consideration and add to the Board's depth of experience. The roles of the Chairperson and Chief Executive Officer are separate, with responsibilities divided between them.

Members have unlimited access to the Company Secretary, who acts as an advisor to the Board and its committees on matters such as corporate governance, compliance with company rules and procedures, statutory requirements, regulations, and best corporate practices.

The Board or any of its members may, under appropriate circumstances and at the expense of the company, obtain the advice of independent professionals.

Shortcomings are addressed and areas of strength are consolidated during an annual Board evaluation. The performance of the Board committees is evaluated against their terms of reference.

Subsequent to the Annual General Meeting held on 15 February 2022 the JDA Board of Directors as at 14 February 2022 consists of the following members:

- (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 on 10 August 2022)
- (x) Ms Sherylee Moonsamy (Chief Financial Officer)
- (xi) Mr Mokgema Mongane (Chief Executive Officer) (Appointed 05 August 2022)

While the Independent Audit and Risk Committee members are as follows:

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

TABLE 7: BOARD COMPOSITION

Board member	Capacity: Executive/ Non-Executive	Race	Gender	Board Committee Membership
Mr. Lionel Brenner	Chairperson (Non-executive)	White	Male	Development and Investment Committee
Dr. Didibuku Thwala	Non-executive	Black	Male	Development and Investment Committee
Mr. Mthobisi Malinga	Non-executive	Black	Male	Audit and Risk Committee and Social Ethics, Human Resources and
Adv. Neo Ntingane	Non-executive	Black	Female	Social Ethics, Human Resources and Remuneration Committee (Chair)
Dr. Lindelani Matshidze	Non-executive	Black	Male	Development and Investment Committee (Chair)
Ms. Anchen Dreyer	Non-executive	White	Female	Social Ethics, Human Resources and Remuneration Committee
Mr. Ntona Marota	Non-executive	Black	Male	Audit and Risk Committee (Chair)
Mr. Phathutshedzo Raphalalani (Resigned 10 August 2022)	Non-executive	Black	Male	Development and Investment Committee and Social Ethics, Human
Dr. Christopher Whittle	Non-executive	White	Male	Development and Investment Committee and Audit and Risk

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 labor relations, marketing, construction, and development management.

The Board meets regularly, retains full and effective control over the company and monitors the implementation of the company's strategic programmes by the executive management through a structured approach of reporting and accountability. It sets the strategic direction of the JDA and monitors overall performance. All JDA's Board Committees are chaired by non-executive directors and monitor overall performance.

1.2. BOARD COMMITTEES

Board Meeting Attendance

The Board meets not less than four times a year to consider matters specifically reserved for its attention. Indicated in the table below are the Board and committee's meetings held during the period under review. Attendance at meetings held during the period under review was as follows:

TABLE 8: BOARD AND BOARD COMMITTEE MEETINGS & ATTENDANCE (01 JULY 2022 TO 30 SEPTEMBER 2022)

Name	Board				Audit & Risk Committee				Social & Ethics/ HR & Remuneration Committee				Development & Investment Committee			
	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	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0
Mthobisi Malinga	2	2	0	0	3	2	0	0	1	1	0	0	N/A	N/A	N/A	N/A
Ntona Marota	2	2	0	0	3	3	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Anchen Dreyer	2	2	0	0	N/A	N/A	N/A	N/A	1	1	0	0	N/A	N/A	N/A	N/A
Neo Ntingane	2	1	1	0	N/A	N/A	N/A	N/A	1	1	0	0	N/A	N/A	N/A	N/A
Christopher Whittle	2	2	0	0	3	3	0	0	N/A	N/A	N/A	N/A	0	0	1	0
Phathutshedzo Rhaphalalani	2	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lindelani Matidze	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0
Didibuku Thwala	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0
Nosipho Ngaka	N/A	N/A	N/A	N/A	3	3	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kwena Mashiane	N/A	N/A	N/A	N/A	3	3	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
John Mendelsohn (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	3	3	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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: COMPOSITION OF COMMITTEES

Composition	Mandate and Quarterly Activities
Audit and Risk Committee	
<p>The Audit and Risk Committee, which consists of two non-executive directors and four independent members, meet not less than four times a year. Most members of these committee members are financially literate. The following members served on the committee during the period under review:</p> <ul style="list-style-type: none"> • Ntona Marota (Chairperson) • Mthobisi Malinga • Christopher Whittle • Nosipho Ngaka (Independent Member) • Kwena Mashiane (Independent Member) • John Mendelson (Independent 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>
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. It is responsible for directing human resources policies and strategies for the organisation and approving the remuneration for the Chief Executive Officer, senior executives and staff; the Committee is also responsible for acting as the social conscience of the business and ensuring that the company conducts itself as a responsible corporate citizen. This means ensuring that the JDA sustainably conducts its business, having regard for the environment, fostering healthy relationships with all its stakeholders and considering the impact of its work within the community. This committee also considers the treatment of and investment in employees, health and safety practices, black economic empowerment and the ethical corporate culture. The following members served on the committee during the period under review:</p> <ul style="list-style-type: none"> • Neo Ntingane (Chairperson) • Anchen Dreyer • Phathutshedzo Rraphalalani (resigned 10 August 2022) • Mthobisi Malinga 	<p>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 remuneration of the Chairperson, the non-executive directors and independent audit committee members is determined by the City of Johannesburg.</p>
Development and Investment Committee	
<p>The following members served on the committee during the period under review:</p> <ul style="list-style-type: none"> • Lindelani Matshidze (Chairperson) • Lionel Brenner • Didibuku Thwala • Phathutshedzo Rraphalalani (resigned 10 August 2022) • Christopher Whittle 	<p>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.</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 the City of Johannesburg 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 organization's purpose and values in accordance with 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.

1.3. DIRECTORS AND PRESCRIBED OFFICERS REMUNERATION

The JDA remunerates the non-executive directors and independent audit committee members in accordance with 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. Executive directors and prescribed officers are employees of the JDA and do not receive any additional remuneration by reason of their office. The table below reflects the gross or cost to company amounts paid by the JDA in relation to 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 COMMITTEE MEMBERS REMUNERATION AND ALLOWANCES FOR 01 JULY 2022 until 30 SEPTEMBER 2022

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)	294 334	21 222			87 230	402 786
S Moonsamy	CFO	469 692	30 920				500 612
R Shirinda	Company Secretary	427 845					427 845
B Seopela	EM: Corporate Services	542 950	20 324				563 274
O Nkoane	EM: Development Planning and Facilitation (Appointed Dec 2021)	484 356	31 886				516 241
S Genu	EM: Project Implementation (Appointed Nov 2021)	501 308	33 001	31 278			565 588
Z Tshabalala	Chief Audit Executive (Appointed August 2022)	208 696					208 696
Sub-Total		2 929 181	137 353	31 278	-	87 230	2 976 347
Non-Executive Directors & Independent Audit Committee Members							
L Brenner	Board Chairperson	36 000					36 000
M Malinga	Board Member	56 000					56 000
S Morata	Board Member (ARC Chair)	64 000					64 000
A Dreyer	Board Member	32 000					32 000
N Ntingane	Board Member (SEHR Chair)	32 000					32 000

Name	Designation	Salary/Board Fees	Pension	Acting allowance	Bonus/Board Retention Fees	Travel allowance	Total
C Whittle	Board Member	48 000					48 000
P Rraphalalani	Board Member	12 000					12 000
L Matidze	Board Member (DI Chairperson)	28 000					28 000
D Thwala	Board Member	12 000					12 000
N Ngaka	Independent Audit & Risk member	30 000					30 000
K Mashiane	Independent Audit & Risk member	24 000					24 000
J Mendelsohn	Independent Audit & Risk member	24 000					24 000
Sub-Total		398 000					398 000
TOTAL		3 327 181	137 353	31 278	-	87 230	3 374 347

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

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 to 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 arm's-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.

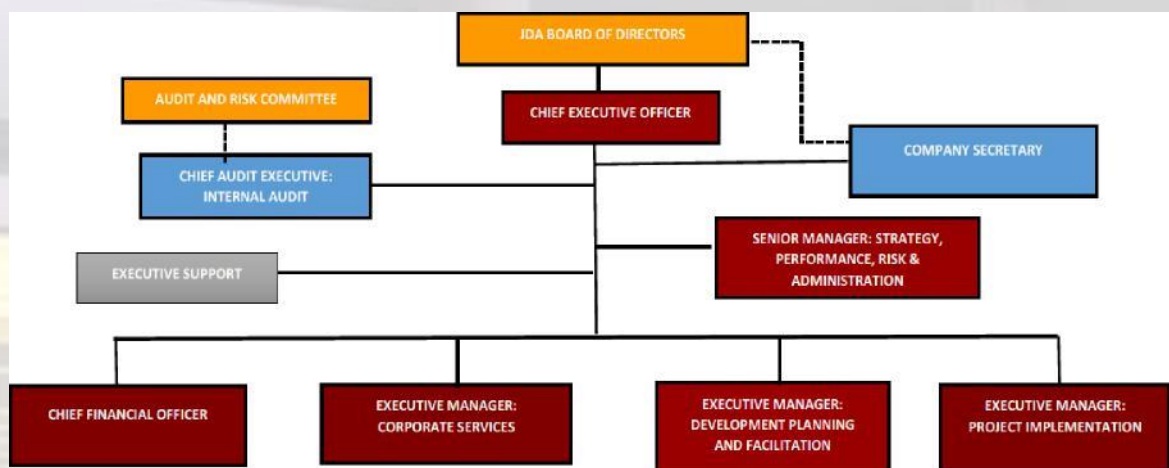
The Company Secretary's work covers a wide variety of functions, including but not limited to:

- 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 meetings.

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 organizational structure during the reporting period is presented below.

FIGURE 5: HIGH LEVEL ORGANISATION STRUCTURE



SECTION 3: 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. The JDA Board is responsible for identifying, assessing, and monitoring the risks reported through by the Audit and Risk Committee.

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 constantly 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.

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.

The following risk management programmes and/or activities were implemented first quarter are as follows:

TABLE 11: IMPLEMENTED RISK MANAGEMENT PROGRAMMES AND/OR ACTIVITIES

Programmes and/or activities
Risk Management Framework
Risk Appetite and Tolerance Framework
Risk Reporting Metrics
Strategic and Operational Risk Registers

The Executive Committee and Audit and Risk Committee will continue to monitor the implementation of the documents listed above to ensure that the organization is proactive in addressing risks and strengthening its internal control environment.

Status of implementation of committed action plans

KPI	Q1
Implementation of committed Strategic Action Plans	42%

The percentage achieved reflects cumulative action plans that were committed to be implemented as at end of first quarter.

The strategic risk register was reviewed by management. After the revision, the strategic risk register had 9 identified risk with a total of 22 committed action plans to be implemented in the current financial year. Upon revisiting the strategic risk register, management further reviewed the register and concluded that there is one action plan that will only be implemented in the next financial year and two should be removed given their ineffectiveness to address risk exposure.

Corporate Ethics and Organizational Integrity

The JDA and its Board subscribe to high ethical standards and principles. The leadership provided by the Board is characterized by the values of responsibility, accountability, fairness and transparency, and has been a defining culture 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 recognizes the short- and long-term impact of its activities on the economy, society and the environment. In its deliberations, decisions and actions, the Board is sensitive to the interests and expectations of the JDA's stakeholders.

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 behavior and professionalism. Through its code of conduct, the JDA is committed to:

- The highest standards of integrity and behavior 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 in compliance with the law and company policies always. 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.

Declaration of interest

In accordance with its code of conduct, the JDA maintains a register of directors' declarations of interests. 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 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.

SECTION 4: ANTICORRUPTION AND FRAUD

Financial crime and other unlawful conduct pose a threat to the JDA's business and strategic objectives. The JDA supports government's efforts to combat financial crime at all levels. The JDA, in its endeavor 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 on 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
- Code of Ethics Policy; and
- Declaration of Interest Policy

The Whistle Blowing Policy was previously tabled at ARC and recommended for Board Approval, however with newly elected Board members, the Policy will be resubmitted to EXCO for consideration prior to submitting to the newly elected Board and ARC committee.

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.

There was one case of fraud and corruption reported in the first quarter of 2022/23 financial year.

TABLE 14: REPORTED CASES

Date Reported	Reference Number	No. of Employees involved if applicable	Allegation	Nature of the Cases e.g., Corruption, fraud and maladministration	Status (If resolved, State the outcome)	Contact Person for Investigation
28/07/2022	Not provided yet	Not Known	Alleged fraud and corruption in the management and payment of contractors	Fraud /Corruption	The investigation is in progress. The matter is being investigated by GFIS	28/07/2022
11/10/2021	3/10/2021	Not Known	Alleged fraud and corruption in the recruitment of officials for contractor at JDA	Fraud /Corruption	The investigation is in progress. The matter is being investigated by GFIS	11/10/2021
24/08/2021	54/08/2021	One	Alleged fraud and Corruption taking place at Johannesburg Development Agency (JDA) by Mr Lawrence Khoza who is linked to the CEO Mr Anthony Thamsanqa Ngcezula, including irregular expenditure of some of the programs such as Bus Rapid Transport, Karzene project, Orchards Clinic project and project management system implemented.	Fraud /Corruption	Case closed. CEO resigned. Raised this matter with GFIS. Awaiting response.	24/08/2021
09/09/2021	101/09/2021	Not Known	Circulation of fraudulent documents trying to change suppliers banking details.	Fraud	Not yet allocated	09/09/2021
16/08/2021	39/08/2021	Not Known	Alleged Maladministration /Corrupt activities by JDA Official (s) related to Panel Contractors Procurement and submission of Section 116 Report to the Board Committee.	Maladministration	The investigation is finalised, closing memo in progress	16/08/2021
05/08/2021	21/08/2021	One	Alleged maladministration against the Chairperson of the Joburg Development Agency.	Maladministration	The investigation is in progress. The matter is being investigated by GFIS.	05/08/2021

Date of Case Reported	Reference Number	No. of Employees involved if applicable	Allegation	Nature of the Cases e.g., Corruption, fraud and maladministration	Status (If resolved, State the outcome)	Contact Person for Investigation
21/07/2021	30/07/2021	Not Known	Alleged Corruption and Bribery related to projects awarded to MASSTON JV BASH	Corruption	The investigation is in progress. The matter is being investigated by GFIS.	21/07/2021
12/05/2021	44/05/2021	One	Alleged solicitation of a bribe(undisclosed amount) by a person representing to be a JDA employee for tender JDA/MARKT/AERIAL-PHOTO/004/2020	Fraud & Corruption	The investigation is finalised, closing memo in progress	12/05/2021
2021/03/24	101/03/2021	Not known	Alleged fraudulent letter of appointment for Project JDA 17/10.1.1. A6000555.1 for appointment of Velman Construction Pty Ltd for construction of Eastern Gateway Oval Park.	Fraud & Corruption	Not yet allocated	2021/03/24
2019/01/22	GFIS 116/02/2019	One	Third party purporting to be SCM official to a bidder for the Gandhi Precinct East Development construction tender.	Corruption	The investigation is in progress. The matter is being investigated by GFIS.	2019/01/22
2018/06/13	107/06/2018	Not known	Irregular acquisition of statue of late president Nelson Mandela	Fraud/corruption and maladministration	The investigation is in progress. The matter was referred to GFIS.	2018/06/13
2018/12/07	GFIS 44/12/2018	One	Unauthorized wavering of Construction penalties.	Maladministration	The investigation is in progress, matter is investigated by GFIS.	2018/12/07
2018/08/30	GFIS 171/08/2018	Not known	Alleged solicitation of bribes and kickbacks	Fraud/Corruption	The investigation is in progress, matter is investigated by GFIS.	2018/08/30
2018/03/16	105/03/2018	Not known	Unfair disqualification of SMMEs.	Suspected corruption	The investigation is in progress, matter is investigated by GFIS.	2018/03/16
2017/10/16	GFIS 485/09/2017	One	Underpayment of SMMEs.	Maladministration.	Case temporary closed due to no further leads.	2017/10/16

SECTION 5: ICT GOVERNANCE

ICT Governance and Oversight

The JDA's ecosystem of policies and frameworks is as follows:

Policy/Framework	Duration	Status	Reviews this year
ICT Governance Framework	3 years	Approved	none
ICT Strategy	3 years	Approved	Q2
ICT Governance Charter	3 Years	Approved	Q2
ICT Security Policy	3 Years	Approved	Q1 (ready)
Cloud Policy	3 Years	Approved	none
DRP	Live business document	Approved	
Internet and Email Policy	3 years	Approved	none
ICT Governance Framework	3 years	Approved	none

ICT catalytic projects

SASP SCM

The SAP SCM module is fully integrated and live on the SAP system with both the Capex and Opex supply chain value chain activities active as of 1 July 2022. The business partner model has been applied in SCM to ensure that there is efficiency in the processing of new financial year contracts and purchase orders. Two (2) SCM business partners service the Opex Environment, while three(3) business partners are assigned to each Project Implementation Portfolio.

SASP SCM

The Finance module is 100% fully configured and the User Acceptance testing was completed by 30 June 2022. In line with system change over procedures, and assurance quality gates, the module is being run parallel to the current system, until an assurance service provider is appointed to do a final verification of the data from the current system which currently resides in the staging environment. After the verification, the data can then be moved to production, having passed all the quality gates.

Network performance

Subsequent to the project of upgrading the internal network, the network has been performing well. The measure of this performance is that there are less than 5% of internal network complaints on the helpdesk backend portal dashboard.

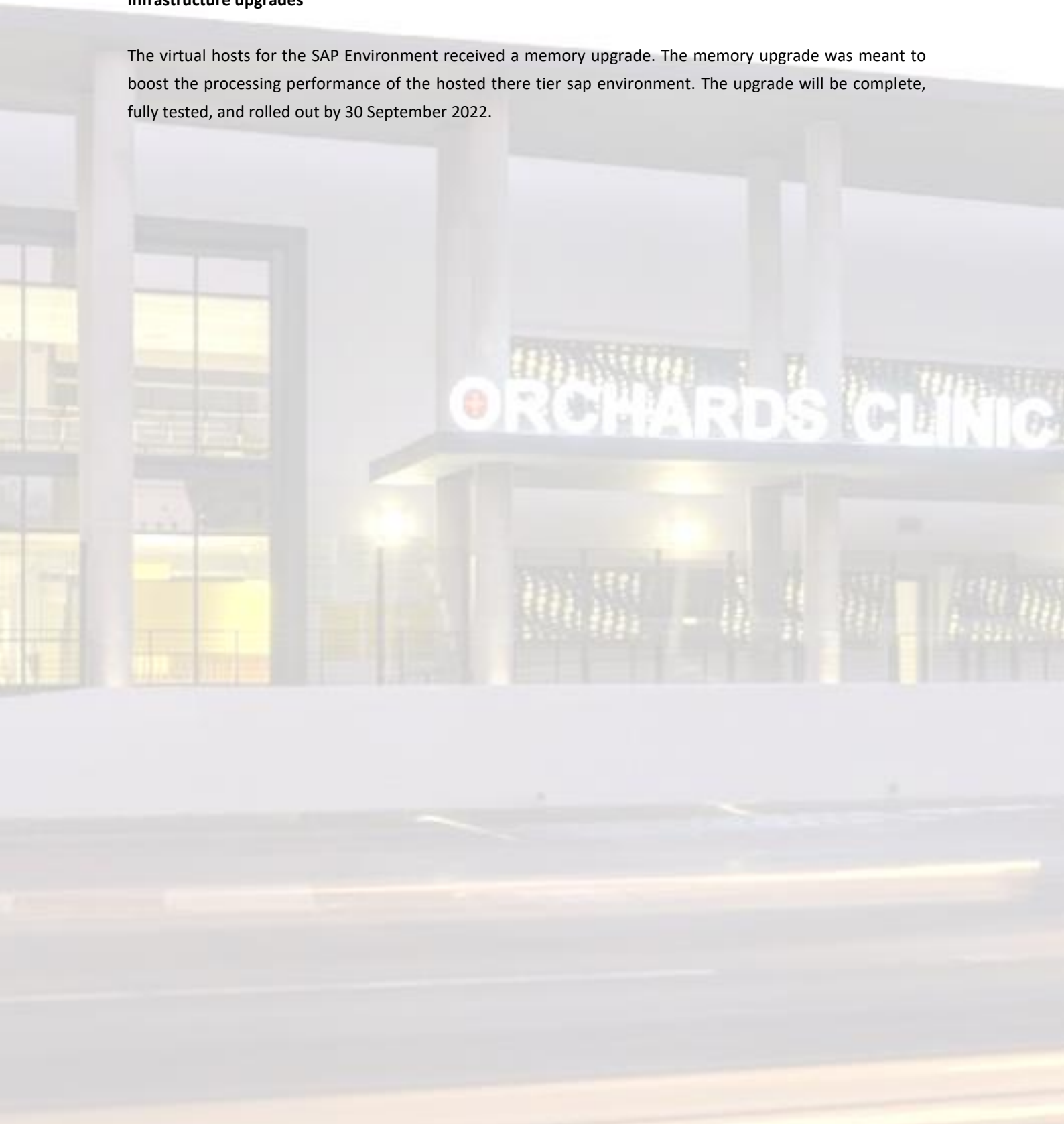
The MTN external link has been 100% up this quarter. The source of the measure of the performance of this link is obtained from the Iris system dashboard, contracts validity control, and as well as alignment to planned expenditure management and reporting cycles.

Helpdesk Upgrade

The helpdesk portal has been rolled out to all users. Users have been trained on how to use the upgraded helpdesk portal. Users have welcomed the upgraded portal and based on the portal dashboard, they are using it fully.

Infrastructure upgrades

The virtual hosts for the SAP Environment received a memory upgrade. The memory upgrade was meant to boost the processing performance of the hosted there tier sap environment. The upgrade will be complete, fully tested, and rolled out by 30 September 2022.



SECTION 6: COMPLIANCE WITH LAWS & REGULATIONS

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 categorized as follows

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

In the first quarter , URR reflects a total of 41 Legislations / Regulations with a corresponding 302 compliance obligations identified . Three are reported as non-compliant and details of such are captured on the table below:

Overall URR Compliance status:

Description	Number of Obligations	Compliance %
Compliant	299	99%
Non-compliant	3	1%
Total	302	100%

Table 15: 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 was 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 JDA has committed to establishing a centralized point for receiving and vetting invoices. Training is conducted on departmental level on how to vet invoices.
Occupational Health and Safety Act as Amended no.181. of 1993	34 (a-f) 19 (1-6) 36 (a-c)	-The policy is not yet approved even though the implementation date is documented as June 2018 in the assessment report. -There were no appointment letters in place yet to confirm appointment of Health and Safety Committee.	-The URR was updated to reflect noncompliance of OHS regulation. -The OHS Policy is currently in draft, it is anticipated to be finalized and approved in the financial year. -The process of appointing the OHS committee is under way. It is anticipated that the committee will be appointed and trained in the next financial year.

Unauthorized, irregular, fruitless and wasteful expenditure must be compiled and adopted by municipalities and municipal entities to ensure compliance with Section 32 of the Municipal Finance Management Act, Act 56 of 2003 (MFMA) and MFMA Circular 68 dealing with unauthorized, irregular, fruitless, and wasteful expenditure issued by National Treasury on 10 May 2013

The first quarter compliance status of the MFMA Circular 68 report is illustrated in the table below:

Unauthorized, irregular, fruitless and wasteful expenditure

COMPLIANCE CATEGORY	COMPLIANCE STATUS
Unauthorized Expenditure	None
Fruitless & Wasteful Expenditure	None
Irregular Expenditure.	None for the first quarter of 2022/23
Failure to pay Service Providers within 30 days.	<p>Given the reporting timeframe, the payment schedule is only for July. There were 13 invoices paid outside 30 days window period amounting to R5 865 027.76</p> <p>The reasons for paying Service Providers outside the 30 days permissible window period is attributed to various reasons.</p> <p>Management is in the process of reviewing and re-engineering the payment processes to ensure defaulting employees are held accountable and to ensure efficiency in the payment process.</p>

SECTION 7: CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT

The CSR committee supported the Alexandra Campus with Smart Boards at the value of R70,519 and Sedlaka Primary School in Kalkfontein requested Sport Kit at the value of R9,045. This support is central towards the creation of a conducive environment for the implementation of programmes that are going to benefit members of the community.

The table below illustrates the focus areas that guide the type of initiatives that get considered by the JDA:

TABLE 16: CSR FOCUS AREAS FOR THIS FINANCIAL YEAR:

Programme	Responsibility
Education	Support for community or public education facilities; programmes that support the production of indigenous, appropriate knowledge streams relevant to the JDA and its work; programmes that support improvement of Mathematics, Science, Information and Communications Technology, Engineering for underprivileged children.
Training and development	Community training, skills development for unemployed or underemployed; ABET in the community; Women and Youth leadership development;
Arts and Culture	Arts and culture development in underprivileged areas and the development of new talent
Conservation and Environment	Support projects that focuses on conservation awareness and education including waste management, water conservation, energy and disaster relief programmes
Area Regeneration	Upgrades to the built environment, area management initiatives which impact on cleanliness, safety and security, improved investment attraction to the area
Health	Support of community clinics; health programmes in community; HIV/AIDS Awareness and community food gardens and poverty alleviation
Community Sport	Support community sports development programmes in underprivileged areas
Goodwill	Donations – sponsorship (cash or in kind), partnerships e.g. Mandela Day activities, support charities chosen by staff and encourage staff to volunteer for community activities; inclusion of JDA employees in decision about CSR.

SECTION 8: SUSTAINABILITY REPORT

The Joburg 2040 GDS is driven by the goal of capable and capacitated communities and individuals. With this realised, the CoJ will be able to become a more sustainable, inclusive city in which people hold the potential and means to grow their neighborhoods, their communities, and themselves. A balanced focus on environmental management and services, good governance, economic growth, and human and social development will help in achieving a resilient and sustainable city – and a city in which all aspire to live.

The JDA's area-based development approach has evolved over the last 12 years. It begins by identifying the local competitive advantages, development needs, and opportunities within the development area. Capital works projects are then used to catalyze private investment, enterprise, and neighborhood development. This area-based development approach ensures the long-term sustainability of the capital assets created by ensuring a greater focus on developing strategic capital works projects, facilitating development to increase the impact of public investments, and establishing urban management partnerships to ensure the sustainability of the public investments.

During this reporting period, the JDA continued working closely with the Department of Development Planning to communicate the strategic vision for the TOD corridors and the City of Johannesburg's spatial transformation objectives. The JDA also participated in stakeholder engagements regarding spatial transformation and urban planning and the development of good practices.

Environmental Impact

Environmental sustainability plays an integral part in all the JDA's development projects, which all comply with environmental impact regulations. To minimize their environmental impact, all professional teams involved in preparing designs for the JDA are briefed to include the following environmental considerations:

- The design of more permeable ground surfaces and soakaways or swales to reduce the storm-water run-off in areas upgraded by the JDA to achieve sustainable urban drainage standards.
- Indigenous and water-wise planting in all landscaping interventions in compliance with City Parks requirements. These interventions are currently being implemented on most of JDA's public environment upgrades, NMT, streets and BRT related projects across the city.
- The environmental design for crime prevention guidelines as promoted by the City Safety Programme.
- Environmental construction and infrastructure options such as energy-efficient lighting and rainwater harvesting. This design intervention is currently being explored on JDA's BRT Depots and some Public Health Clinics that are at design stage.
- Environmental health regulations for informal trading where the JDA upgrades trading and taxi facilities. Currently, the JDA has four projects relating to the upgrading of Informal Trading and six projects relating to upgrading of Taxi Facilities.
- Including urban environmental management as an integral part of the urban regeneration projects that the JDA implements, such as, the upgrading of parks, the construction of storm-water facilities and public transport infrastructure and facilities. Currently, the JDA has more than six projects that focus on urban regeneration and public environment upgrades with more emphasis on Randburg, Orange Grove and the Inner City

Five major outcomes define the Joburg 2040 GDS:

- Outcome 1: A growing, diverse and competitive economy that creates jobs
- Outcome 2: Enhanced, quality services and sustainable environmental practices
- Outcome 3: An equitable and inclusive society with high quality of life
- Outcome 4: Caring, safe, and secure communities
- Outcome 5: An honest, transparent, and responsive local government that prides itself on service excellence

Outcome 2 highlights the need for "Sustainable human settlements". The CoJ plans to lead in the establishment of sustainable and eco-efficient infrastructure solutions (for example, housing, eco-mobility, energy, water, waste, sanitation, and ICT) to create a landscape that is livable, environmentally resilient, sustainable, and supportive of low-carbon economy initiatives. The two JDA programmes are a direct response to Outcome 2.

JDA Substantive Programme	JDA Sub-Programme
1. Strategic Economic Node Delivery Programme	1A: Inner city transformation Programme 1B: Economic Node Sub-Programme
2. Accelerated Public Infrastructure Delivery Programme	2A: Deprivation Areas Revitalization Sub-Programme 2B: Urban Infrastructure Delivery Sub-Programme

SECTION 9: INSURANCE CLAIMS AGAINST/TO MOEs

There was no insurance claim filed in the first quarter of the 2022/23 financial year. The claims registered are emanating from the previous financial years. Refer to the table below for the current open claims against the JDA.

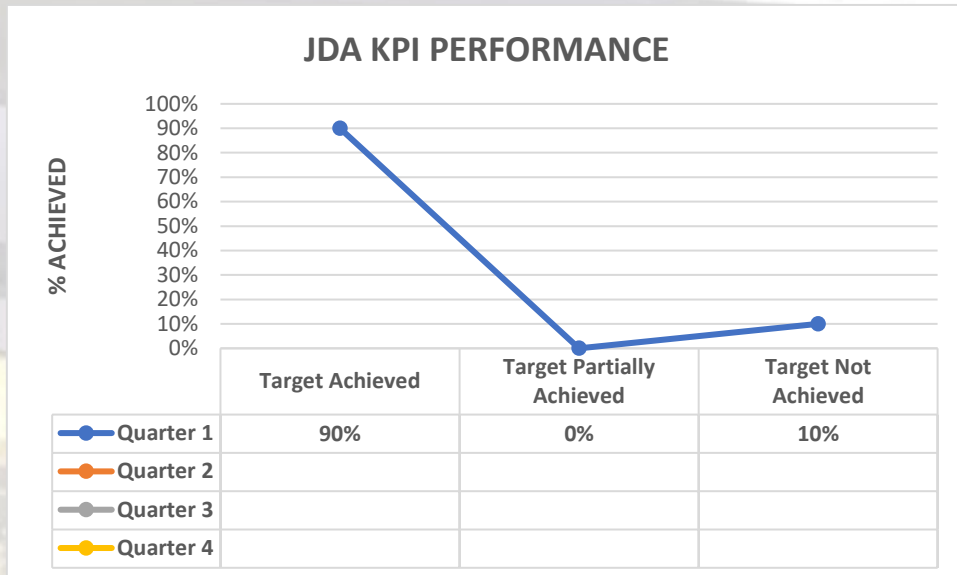
TABLE 17: INSURANCE CLAIMS

Insured Year	Claim Number	Date of Loss	Date Notified	Risk Description	Value of the Claim	Gross Claim Amount	Risk Category	Claim's status
N/A								

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

SECTION 1: HIGHLIGHTS AND ACHIEVEMENTS

The first quarter performance report has been prepared against the JDA's 2022/23 Business Plan and Scorecard. Regarding performance against the JDA's 20 Strategic KPIs, the JDA achieved 90% performance target achieved, 0% performance target partially achieved, and 10% performance target not achieved.



Although the JDA did not achieve two KPIs in the first quarter, there has been a significant improvement in the overall performance as compared to the previous quarters. Poor contractor performance and delays in supply chain processes still have an impact on the overall performance and is currently being monitored closely.

The JDA's programme performance information policy and reporting framework covers the procedures and content in the JDA's programme performance information management system. This includes for example, the definition of key performance areas and indicators and targets in the business planning process and the articulation of the link between programme objectives and results and the performance indicators and targets. The policy is supported by a programme performance reporting framework based on a comprehensive scorecard. This scorecard lists all the output and outcome performance measures that the JDA should collect data on for a range of timeframes (quarterly, annually, or periodically). From this reporting framework, the annual scorecard is developed, and the performance targets are set. The JDA policy and reporting framework only defines a target as achieved with a 95–100% rating, a target as partially achieved with an 80–94% rating and a target not achieved with anything less than a 79% rating. Hence any less than 80% is regarded as not achieved.

TABLE 18: SUMMARY OF KPI PERFORMANCE

IDP Priority /	IDP Programs	No of KPI's	KPI Number (Ref)	Target Achieved (95% - 100% rating)		Target Partially Achieved (80% - 94% rating)		Target not Achieved (<79% rating)	
				Count	%	Count	%	Count	%
<p>Priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty</p> <p>Priority 2: Ensure pro-poor development that addresses spatial and all forms of income inequality and provides meaningful redress.</p>	<p>Inner-city regeneration, including key economic nodes</p> <p>Increased infrastructure investment (from both public and private sectors)</p> <p>Working to cut red tape and improve the ease of doing business in the city</p> <p>Residents live, work, and play close to work, leisure and cultural opportunities</p> <p>Efficient and effective transport (Public and Freight) connecting home, work, culture and leisure</p>	10	(1-2-3-4-5-6-7-8-9-10)	9	90%	0	0%	1	10%
IDP Priority 5: Create an honest and transparent City that fights corruption.	Increasing forensic investigative capability and controls	2	(11-12)	2	100%	0	0%	0	0%
IDP Priority 8: Enhance our financial sustainability.	Focusing on driving up capital expenditure investment in infrastructure	2	(13-14)	2	100%	0	0%	0	0%
Day-to-day Program	Other IDP or Day-to Day programs	6	(15-16-17-18-19-20)	5	90%	0	0%	1	10%
		20		18	90%	0	0%	2	10%

SECTION 2: SERVICE DELIVERY CHALLENGES

Given the spatial, socio-economic, and political environment in which the JDA operates, there are often challenges that affect area-based development and the JDA's ability to facilitate common economic and social objectives.

By the end of the first quarter, delivery was affected in some projects. Some of these issues are highlighted below:

- Poor contractor performance across a number of projects which has resulted in a few contractors being terminated in the previous quarter.
- Delays in supply chain processes

Contractor performance is currently being monitored on a regular basis and against the conditions of the contract. Procurements processes were agreed upfront as part of the Development Implementation Procurement Plan and has been monitored on a monthly basis.

SECTION 3: JDA

PROGRAMMES, PROJECTS, AND DAY-TO-DAY OPERATIONS

To ensure that the JDA is well positioned to respond to the development priorities as outlined above, the agency co-ordinates and manages its activities through three substantive programmes. In addition, the JDA ensures good governance of the organisation through one operational programme, resourced to support the optimal performance of the three substantive programmes.

TABLE 19: SUMMARY OF JDA PROGRAMMES

JDA Substantive Program	JDA Sub-Program	Purpose
1. Strategic Economic Node Delivery Program	1A: Inner-city transformation Sub- Program	Guided by the Mayoral Priority on the Inner City and the Inner-City Roadmap the JDA will focus on strengthening the position of 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. The JDA will continue to implement a phased plan to strengthen inner-city precincts, address movement challenges, and improve the quality of the built environment across the inner city. The activities include managing the development of the Johannesburg inner city through capital investments in selected precincts, by overseeing integrated investments by other departments and entities, and by facilitating partnership initiatives.
	1B:Economic Node Sub-Program	The objective is to develop nodes that are compact, walkable, live able, mixed-use, and mixed-income areas and centers around which to densify. They should be areas where people can live, work, and play and have good access to public transit. Guided by the CoJ policy ³ on the categorizing of the current city nodes with prospects for growth, the work of the program is to promote densification, diversification, and development in these nodes. The main categories of nodes are mixed-use/key urban nodes (under various categories), industrial nodes, Transit Oriented Development (TOD) nodes and neighborhood nodes.
2. Accelerated Public infrastructure Delivery Program	2A: Deprivation Areas Revitalization Sub-Programme	Investment is specifically required to eradicate backlogs and deficiencies of engineering and social infrastructure related to the revitalization of deprivation areas. Investment in these areas also needs to address the structural and built form aspects that have been raised in the SDF. Infrastructure investment is therefore targeted at resolving problems specifically related to the deprivation areas and at the same time create sustainable and live able settlements as an outcome. Several deprivation area programs are already in place (previously referred to as marginalized area programmes) including Orange Farm, Diepsloot, Ivory Park/Kaalfontein and Alexandra
	2B:Urban Infrastructure Delivery Sub-Program	The objective is to deliver on the City's priority social effectively and efficiently and/or economic infrastructure programs. This work includes overseeing capital investments by other departments and entities. This program includes Rea Vaya BRT infrastructure, taxi and transport facilities, primary healthcare clinics and fire-stations.

SECTION 4: PERFORMANCE AGAINST SERVICE STANDARDS

Section Not Applicable to JDA

SECTION 5: CAPITAL PROJECTS & EXPENDITURE

Capital expenditure is the primary measure of the JDA's performance, and the budget for the capital projects to be implemented forms part of the agency's annual business plan and scorecard.

Actual capital expenditure for the first quarter ended 30 September 2022 was R174 million (2021/22: R80 million) against the adjusted budget of R1.4 billion (2021/22: R1.2 billion). This represents 11,90% (2021/22: 6,66%) of the overall annual budget. There are still various factors that continue to affect projects including poor contractor performance, however, there was a significant improvement in the achievement of the of the first quarters KPIs

TABLE 20: CAPITAL BUDGET MANAGEMENT OVERALL PROGRAMME PERFORMANCE

Overall Programme Performance	2022/23 Annual Budget	Target YTD	Actual YTD	Target %	% Actual / Annual budget Expenditure
	R' 000	R' 000	R'000	%	%
Overall Programme Performance	1 461 766	146 177	173 965	119%	11,90%

SECTION 6: ORGANISATIONAL PERFORMANCE

The JDA's progress towards achieving its KPIs is assessed using the performance scorecard, which measures performance in terms of both the JDA's service delivery mandate and financial and other resource management processes. 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 specific developments, such as area-based revitalization.

The JDA policy and reporting framework only define a target as achieved with a 95–100% rating, a target as partially achieved with an 80–94% rating and a target not achieved with anything less than a 79% rating. anything less than 80% is regarded as not achieved.

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

Table 20:1 KPI ACHIEVEMENT RATINGS










Achievement	Rating	Current JDA Rating	Board, for Hence
	Target achieved	95 - 100% rating	
	Target partially achieved	80% -94% rating	
	Target not achieved	<79% rating	

TABLE 21: SCORECARD

Priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2022 & Priority 2: Ensure pro-poor development that addresses spatial and all forms of income inequality and provides meaningful redress





National outcome: Outcome 6: An efficient, competitive, and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.										
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: An inclusive society with an enhanced quality of life that provides meaningful redress through pro-poor development										
IDP program e/s	Key Performance Indicator	Baseline 2021/22	2022/23 Annual Target	2022/23 Q1 Target	2022/23 Q1 Actual	Variance	Quarterly Achievement Rating	Explanation of progress as at the End of 30 September 2022	Variations and steps to be taken to improve performance	
Inner-city regeneration, including key economic nodes including the implementation of the Transit-Oriented Development Corridors Increased infrastructure investment (from both public and private sectors) Residents live, work and play close to work, leisure, and cultural opportunity Efficient and effective transport (Public and Freight) connecting home, work, culture	1) Number of pre-feasibilities studies conducted. ⁴	4	7 (cumulative)	0	0	0		Target Achieved	None required	
	2) Number of feasibilities studies conducted.	New KPI	4 (cumulative)	0	0	0		Target Achieved	None required	
	3) Number of urban development frameworks completed	New KPI	2 (cumulative)	1	1	-		Target Achieved	None required	
			1. Kliptown Turnkey Programme UDF							

National outcome: Outcome 6: An efficient, competitive, and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.											
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: An inclusive society with an enhanced quality of life that provides meaningful redress through pro-poor development											
IDP program e/s	Key Performance Indicator	Baseline 2021/22	2022/23 Annual Target	2022/23 Q1 Target	2022/23 Q1 Actual	Variance	Quarterly Achievement Rating	Explanation of progress as at the End of 30 September 2022	Variations and performance	steps to improve	be taken to
Inner-city regeneration on, including key economic nodes including the implementation of the Transit-Oriented Development Corridors Increased infrastructure investment (from both public and private sectors) Residents live, work and play close to work, leisure, and cultural opportunity Efficient and effective transport (Public and Freight) connecting home, work, culture	4) Number of projects at the concept design phase.	17	32 (cumulative)	13	13	-		Target Achieved	None required		
			1. Chris Hani phase 1 2. Link road 3. Moyane Drive 4. Arts and Technology (Civic Node) 5. Drieziek Neighbour Spine PEU 6. Diepsloot - Phase 3 7. Fleet Africa PTF - Phase 1 8. PTF:Small Public Transport Facility Design and Construction of Lakeside Nodal Transport Facilities (Stops) 9. Public Transport Stops: Cosmo City 10. Complete Streets :NMT to linking Phefeni Station 11. Ivory Park Public Environment Upgrade (IPPEU) Dlamini Drive phase 1 12. Ivory Park Urban Renewal Programme (Koponong MPC) 13. Protea South Clinic					All Targets Achieved			
	5) Number of projects in detailed design phase.	New KPI	33 (cumulative)	2	2	-					
			1. Pennyville Precinct Renewal precinct development 2. Watt Street Precinct Wynberg					All Targets Achieved	None required		



6) Number of projects reaching the contract award stage.	14	34 (cumulative)	8	3	(5)		
		<ol style="list-style-type: none"> Selby Depot (Phase 2C) Metro Mall PTF - Phase 1 Inner City Core PEU (Including the southern parts) (Phase 1) Randburg CBD Regeneration Renewal Precinct Redevelopment FERNDAL E Regional CORR - Louis Botha Transit Oriented Development (TOD) Corridor Traffic Impact Assessment, Stormwater Masterplan and New Construction and Upgrading Renewal Corridors of freedom Intervention ORANGE GROVE E Regional - Phase 1 Melville Activity Street_Neighbourhood Development_CoF_Upgrade Inner CITY Eastern Gateway_TOD and Movement Corridors - Murray Park Library Johannesburg Central Library -Phase 2 				<ol style="list-style-type: none"> Target not Achieved Target not Achieved Target Achieved Target not Achieved Target Achieved Target Achieved Target not Achieved Target not Achieved 	<p>Delays in the supply chain processes had resulted in several contract awards not being finalized. Most of the contract awards had gone through the processes however, due to high value tender prices received, required the JDA to enter into negotiations with the various contractors.</p> <p>Improved turn-around times and bottlenecks were identified and will be closely monitored closely going forward</p>

National outcome: Outcome 6: An efficient, competitive, and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.



Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: An inclusive society with an enhanced quality of life that provides meaningful redress through pro-poor development

IDP program e/s	Key Performance Indicator	Baseline 2021/22	2022/23 Annual Target	2022/23 Q1 Target	2022/23 Q1 Actual	Variance	Quarterly Achievement Rating	Explanation of progress as at the end of 30 September 2022	Variations and steps to be taken to improve performance
Inner-city regeneration on, including key economic nodes including the implementation of the Transit-Oriented Development Corridors Increased infrastructure investment (from both public and private sectors) Residents live, work and play close to work, leisure, and cultural opportunity Efficient and effective transport (Public and Freight) connecting home, work, culture	7) Number of projects Reaching practical completion stage	17	31 (cumulative)	2	2	-			
			1. Roodepoort TOD Phase 1 2. Lenasia TOD Phase 1					All Targets Achieved	None required
	8) Number of precinct management implementation plans	3	1 (cumulative)	0	0	0			None required
	9) Number of JDA Communication and Media related initiatives	458	300 (cumulative)	60	107	+47		Target Achieved	None required
	10) Number of Impact performance assessments completed	4	1 (cumulative)	0	0	0		Target Achieved	None required

IDP Priority 5: Create an honest and transparent City that fights corruption.





National outcome: Outcome 11: Creating a better South Africa and contributing to a better and safer Africa in a better world									
Joburg Outcomes: Outcome 5: An honest, transparent, and responsive local government that prides itself on service excellence									
IDP programs	Key Performance Indicator	Baseline 2021/22	2022/23 Annual Target	2022/23 Q1 Target	2022/23 Q1 Actual	Variance	Quarterly Achievement Rating	Explanation of progress as at the end 30 September 2022	Variations and steps to be taken to improve performance
Increasing forensic investigative capability and controls	11)Percentage resolution of Internal Audit findings.	93%	100%	10%	81%	+71%		Target Achieved	None required
	12)Percentage resolution of Auditor General findings.	Unqualified audit opinion	100%	80%	92%	+12%		Target Achieved	None required

IDP Priority 7: Enhance our financial sustainability

National outcome: Outcome 9: Responsive, accountable, effective, and efficient developmental local government system										
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life										
IDP programs	Key Performance Indicator	Baseline 2021/22	2022/23 Annual Target	2022/23 Q1 Target	2022/23 Q1 Actual	Variance	Quarterly achievement Rating	Explanation of progress as at the end of 30 September 2022	Variations and steps to be taken to improve performance	
Focusing on driving up capital expenditure investment in infrastructure	13) Percentage of budget spent on city- wide infrastructure.	83,65%	95% (cumulative)	10%	11,90%	+1,9%		Targets Achieved	None required	
	14) Percentage of valid invoices paid within 30 days of the invoice date.	97%	100%	100%	96%	(4%)		Target achieved	None required	



Includes precinct management plans that are operationalized (implemented) or produced, reviewed, or updated
 Impact assessments completed can either be area, community or project related

Day-to-day Program

National outcome: Outcome 9: Responsive, accountable, effective, and efficient developmental local government system									
Joburg Outcomes: Outcome 5: An honest, transparent, and responsive local government that prides itself on service excellence									
IDP program/s	Key Performance Indicator	Baseline 2021/22	2022/23 Annual Target	2022/23 Q1 Target	2022/23 Q1 Actual	Variance	Quarterly Achievement Rating	Explanation of progress as at the end of 30 September 2022	Variations and steps to be taken to improve performance
Other IDP or Day-to-Day Programs	15) Percentage spent on Broad-Based Economic Empowerment through local procurement as a share of total	102%	100%	100%	100%	-		Target Achieved	None required
	16) Number of Expanded Public Works Programs (EPWP) work opportunities created City-wide.	290	500 (cumulative)	50	98	+48		Target Achieved	None required
	17) Percentage of SMME expenditure as a share of total expenditure	33%	30% (cumulative)	2%	47%	+45		Target Achieved	None required
	18) Percentage spend on JDA operating budget against approved operating budget	97,20%	95% (cumulative)	25%	26%	+1%		Target Achieved	None required

the same individual can be employed on different projects and each period will be counted as a work opportunity.

Day-to-day Program

National outcome: Outcome 9: Responsive, accountable, effective, and efficient developmental local government system										
Joburg Outcomes: Outcome 5: An honest, transparent, and responsive local government that prides itself on service excellence										
IDP program/s	Key Performance Indicator	Baseline 2021/22	2022/23 Annual Target	2022/23 Q1 Target	2022/23 Q1 Actual	Variance	Quarterly Achievement Rating	Explanation of progress as at the end of 30 September 2022	Variations and steps to be taken to improve performance	
Other IDP or Day-to-Day Programs	19) Percentage implementation of the strategic risk management action plan findings resolved.	70%	95% (cumulative)	100%	42%	(55%)		Target not achieved		
	20) Percentage of predetermined objectives targets achieved	53%	85%	85%	89%	+4%		Target Achieved	Not required	

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

6.1 PROGRAMME EXPENDITURE

For period ended 30 September 2022

TABLE 22: EXPENDITURE BY FUNDING SOURCE

	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	%
JDA ON BUDGET									
INNER CITY EASTERN GATEWAY_ TOD AND MOVEMENT CORRIDORS	0	3 000 000	3 000 000	0	3 000 000	(3 000 000)	(100,00%)	30 000 000	0,00%
REGENERATION OF LENASIA CBD AND ANCHORVILLE INDUSTRIAL HUB – REGION G	0	1 500 000	1 500 000	0	1 500 000	(1 500 000)	(100,00%)	15 000 000	0,00%
PENNYVILLE PRECINCT RENEWAL	0	2 500 000	2 500 000	0	2 500 000	(2 500 000)	(100,00%)	25 000 000	0,00%
RANDBURG CBD REGENERATION RENEWAL	516 034	3 500 000	2 983 966	516 034	3 500 000	(2 983 966)	(85,26%)	35 000 000	1,47%
MELVILLE ACTIVITY STREET	0	2 000 000	2 000 000	0	2 000 000	(2 000 000)	(100,00%)	20 000 000	0,00%
REVITALISATION OF PAGEVIEW AND VREDEDORP	0	100 000	100 000	0	100 000	(100 000)	(100,00%)	1 000 000	0,00%
CORR - LOUIS BOTHA CORRIDOR OF FREEDOM TRAFFIC IMPACT ASSESSMENT	0	4 500 000	4 500 000	0	4 500 000	(4 500 000)	(100,00%)	45 000 000	0,00%
IVORY PARK UDF_ DEVELOPMENT_ CATALYTIC NODE INFRASTRUCTURE PROJECTS	0	2 000 000	2 000 000	0	2 000 000	(2 000 000)	(100,00%)	20 000 000	0,00%
DIEPSLOOT DEVELOPMENT RENEWAL PRECINCT REDEVELOPMENT DIEPSLOOT WES	7 403 441	3 000 000	(4 403 441)	7 403 441	3 000 000	4 403 441	146,78%	30 000 000	24,68%
IVORY PARK TURNKEY PROG DLAMINI DRIVE	9 747 510	700 000	(9 047 510)	9 747 510	700 000	9 047 510	1 292,50%	7 000 000	139,25%
WATT STREET PRECINCT, WYNBERG	344 763	1 500 000	1 155 237	344 763	1 500 000	(1 155 237)	(77,02%)	15 000 000	2,30%
JABULANI TOD: PHASE 6A - SAFE HUB	23 233 429	2 500 000	(20 733 429)	23 233 429	2 500 000	20 733 429	829,34%	25 000 000	92,93%
ORANGE FARM TURNKEY PROJECT	46 351 916	19 113 500	(27 238 416)	46 351 916	19 113 500	27 238 416	142,51%	191 135 000	24,25%

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	171 100	171 100	0	171 100	(171 100)	(100,00%)	1 711 000	0,00%
23775_IVORY PARK URBAN RENEWAL PROGRAMME	0	2 427 000	2 427 000	0	2 427 000	(2 427 000)	(100,00%)	24 270 000	0,00%
SOWETO STRATEGIC AREA FRAMEWORK	0	200 000	200 000	0	200 000	(200 000)	(100,00%)	2 000 000	0,00%
OPERATIONAL CAPEX NEW OPERATIONAL CAPEX NEWTOWN F	0	700 000	700 000	0	700 000	(700 000)	(100,00%)	7 000 000	0,00%
INNERCITY CORE	5 098 569	1 800 000	(3 298 569)	5 098 569	1 800 000	3 298 569	183,25%	18 000 000	28,33%
BRIXTON SOCIAL CLUSTER: WORK PACKAGE 1 NEW MULTIPURPOSE	4 830 003	1 200 000	(3 630 003)	4 830 003	1 200 000	3 630 003	302,50%	12 000 000	40,25%
NEW TURFONTEIN CLINIC AND MULTIPURPOSE	6 877 675	3 891 100	(2 986 575)	6 877 675	3 891 100	2 986 575	76,75%	38 911 000	17,68%
INNER CITY PARTNERSHIP FUND - ROUND 1: YEOVILLE	1 162 171	1 600 000	437 829	1 162 171	1 600 000	(437 829)	(27,36%)	16 000 000	7,26%
KLIPFONTEIN WELLNESS CENTRE	2 341 416	4 000 000	1 658 584	2 341 416	4 000 000	(1 658 584)	(41,46%)	40 000 000	5,85%
NEWTOWN CLEANING AND SECURITY	0	0	0	0	0	0	0	0	0,00%
ROODEPORT CBD REGENERATION RENEWAL PRECINCT REDEVELOPMENT	0	1 500 000	1 500 000	0	1 500 000	(1 500 000)	(100,00%)	15 000 000	0,00%
SUB-TOTAL	107 906 927	63 402 700	(44 504 227)	107 906 927	63 402 700	44 504 227	70,19%	634 027 000	17,02%

	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	%
COMMUNITY DEVELOPMENT (COMM DEV)									
LEHAE MPC NEW CONSTRUCTION	0	400 000	400 000	0	400 000	(400 000)	(100,00%)	4 000 000	0,00%
JOHANNESBURG LIBRARY F	0	500 000	500 000	0	500 000	(500 000)	(100,00%)	5 000 000	0,00%
KAALFONTEIN MPC NEW	5 143 451	3 763 500	(1 379 951)	5 143 451	3 763 500	1 379 951	36,67%	37 635 000	13,67%
MPC MATHOLESVILLE	4 938 642	3 000 000	(1 938 642)	4 938 642	3 000 000	1 938 642	64,62%	30 000 000	16,46%
DRIEZIEK MPC	0	200 000	200 000	0	200 000	(200 000)	(100,00%)	2 000 000	0,00%
REPAIRS TO COMM DEV FACILITIES	1 585 095	2 900 000	1 314 905	1 585 095	2 900 000	(1 314 905)	(45,34%)	29 000 000	5,47%
SUB-TOTAL	11 667 188	10 763 500	(903 688)	11 667 188	10 763 500	903 688	8,40%	107 635 000	10,84%
DEPARTMENT OF HEALTH									
ELIAS MOTSOLEDI CLINIC	0	736 700	736 700	0	736 700	(736 700)	(100,00%)	7 367 000	0,00%
PROTEA GLEN CLINIC	0	147 300	147 300	0	147 300	(147 300)	(100,00%)	1 473 000	0,00%
SOUTH HILLS CLINIC	0	147 300	147 300	0	147 300	(147 300)	(100,00%)	1 473 000	0,00%
ZANDSPRUIT CLINIC	0	147 300	147 300	0	147 300	(147 300)	(100,00%)	1 473 000	0,00%
NALEDI CLINIC	8 928 941	2 946 700	(5 982 241)	8 928 941	2 946 700	5 982 241	203,01%	29 467 000	30,30%
RABIE RIDGE CLINIC	0	368 300	368 300	0	368 300	(368 300)	(100,00%)	3 683 000	0,00%
HIKHENSILE CLINIC	286 339	368 300	81 961	286 339	368 300	(81 961)	(22,25%)	3 683 000	7,77%
PROTEA SOUTH CLINIC	0	2 210 000	2 210 000	0	2 210 000	(2 210 000)	(100,00%)	22 100 000	0,00%
FREEDOM PARK CLINIC	286 339	368 300	81 961	286 339	368 300	(81 961)	(22,25%)	3 683 000	7,77%
SUB-TOTAL	9 501 619	7 440 200	(2 061 419)	9 501 619	7 440 200	2 061 419	27,71%	74 402 000	12,77%

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	%
HOUSING									
BRAAMFISCHERVILLE EXT	2 263 988	600 000	(1 663 988)	2 263 988	600 000	1 663 988	277,33%	6 000 000	37,73%
FINETOWN PROPER GRAVEL ROADS	0	800 000	800 000	0	800 000	(800 000)	(100,00%)	8 000 000	0,00%
LAKESIDE EXT 5 GRAVEL ROADS	0	2 000 000	2 000 000	0	2 000 000	(2 000 000)	(100,00%)	20 000 000	0,00%
DRIEZIEK 3, 4 AND 5 UPGRADE GRAVEL ROAD	0	4 500 000	4 500 000	0	4 500 000	(4 500 000)	(100,00%)	45 000 000	0,00%
SUB-TOTAL	2 263 988	7 900 000	5 636 012	2 263 988	7 900 000	(5 636 012)	(71,34%)	79 000 000	2,87%
TRANSPORTATION									
PTF: SMALL PUBLIC TRANSPORT FACILITIES: TSHEPISONG:	0	200 000	200 000	0	200 000	(200 000)	(100,00%)	2 000 000	0,00%
COMPLETE STREETS: NMT FACILITIES LINKING RAILWAY STATIONS NEW	2 367 321	2 200 000	2 156 140	2 367 321	2 200 000	167 321	7,61%	22 000 000	10,76%
PTF: SMALL PUBLIC TRANSPORT FACILITY DESIGN KYA SAND NEW	0	500 000	500 000	0	500 000	(500 000)	(100,00%)	5 000 000	0,00%
PTF: SMALL PUBLIC TRANSPORT FACILITIES: DRIEZIEK EXT.3	0	200 000	200 000	0	200 000	(200 000)	(100,00%)	2 000 000	0,00%
CARR STREET PUBLIC TRANSPORT	740 866	2 075 000	1 334 134	740 866	2 075 000	(1 334 134)	(64,30%)	20 750 000	3,57%
FLEET AFRICA PUBLIC TRANSPORT	1 077 079	500 000	(577 079)	1 077 079	500 000	577 079	115,42%	5 000 000	21,54%
METRO MALL PUBLIC TRANSPORT	612 847	1 000 000	387 153	612 847	1 000 000	(387 153)	(38,72%)	10 000 000	6,13%
PTF SMALL PUBLIC TRANSPORT	3 336 619	500 000	(2 836 619)	3 336 619	500 000	2 836 619	567,32%	5 000 000	66,73%
PTF: SMALL PUBLIC TRANSPORT	6 638 410	1 000 000	(5 638 410)	6 638 410	1 000 000	5 638 410	563,84%	10 000 000	66,38%
COMPLETE STREETS: NMT LINKS	0	500 000	500 000	0	500 000	(500 000)	(100,00%)	5 000 000	0,00%
COMPLETE STREETS DEEP SOUTH	3 810 914	2 500 000	(1 310 914)	3 810 914	2 500 000	1 310 914	52,44%	25 000 000	15,24%
PTF ROSEBANK	52 782	1 500 000	1 447 218	52 782	1 500 000	(1 447 218)	(96,48%)	15 000 000	0,35%
COMPLETE STREETS TURFONTEIN	4 429 317	1 500 000	(2 929 317)	4 429 317	1 500 000	2 929 317	195,29%	15 000 000	29,53%
PUBLIC TRANSPORT STOPS : COSMO	266 887	500 000	233 113	266 887	500 000	(233 113)	(46,62%)	5 000 000	5,34%
COMPLETE STREETS: NMTLINKING	306 375	500 000	193 625	306 375	500 000	(193 625)	(38,73%)	5 000 000	6,13%
SMALL: PTF LAKESIDE NEW NODAL	0	200 000	200 000	0	200 000	(200 000)	(100,00%)	2 000 000	0,00%
PTF SUNNINGHILL	0	200 000	200 000	0	200 000	(200 000)	(100,00%)	2 000 000	0,00%
RANDBURG CBD TRANSPORT	0	95 217	95 217	0	95 217	(95 217)	(100,00%)	952 174	0,00%

	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	%
ZANDSPRUIT AND SURROUNDING AREAS TRANSPORT MASTERPLAN	0	181 913	181 913	0	181 913	(181 913)	(100,00%)	1 819 130	0,00%
TRAVEL DEMAND MANAGEMENT	0	260 870	260 870	0	260 870	(260 870)	(100,00%)	2 608 696	0,00%
PARKING MANAGEMENT POLICY	0	130 435	130 435	0	130 435	(130 435)	(100,00%)	1 304 348	0,00%
COMPLETE STREETS: NMT LINKING ORANGE FARM	0	500 000	500 000	0	500 000	(500 000)	(100,00%)	5 000 000	0,00%
LENASIA SCHOLAR TRANSPORT MASTERPLAN	0	200 000	200 000	0	200 000	(200 000)	(100,00%)	2 000 000	0,00%
FRANK BROWN PARK SOCIAL HOUSING DEVELOPMENT	0	340 000	340 000	0	340 000	(340 000)	(100,00%)	3 400 000	0,00%
HIGH COURT PEU	0	300 000	300 000	0	300 000	(300 000)	(100,00%)	3 000 000	0,00%
HILLBROW HEALTH PRECINCT UPGRADE	0	300 000	300 000	0	300 000	(300 000)	(100,00%)	3 000 000	0,00%
INNER CITY WALKABLE NETWORK	0	750 000	750 000	0	750 000	(750 000)	(100,00%)	7 500 000	0,00%
FEASIBILITY STUDY FOR THE IMPLEMENTATION OF THE ICM (ROODEPOORT TO JHB CBD – SANDHURST)	0	296 348	296 348	0	296 348	(296 348)	(100,00%)	2 963 478	0,00%
FEASIBILITY STUDY FOR THE IMPLEMENTATION OF THE ICM (ORANGE FARM, INNERDALE AND JHB CBD)	0	244 870	244 870	0	244 870	(244 870)	(100,00%)	2 448 696	0,00%
HIGH COURT	0	34 783	34 783	0	34 783	(34 783)	(100,00%)	347 826	0,00%
DESMOND TUTU	0	130 400	130 400	0	130 400	(130 400)	(100,00%)	1 304 000	0,00%
PARKING STRESS (MABONENG)	0	97 044	97 044	0	97 044	(97 044)	(100,00%)	970 435	0,00%
JACK MINCER		2 175 000	2 175 000	0	2 175 000	(2 175 000)	(100,00%)	21 750 000	0,00%
FORDSBURG PEU		310 000	310 000	0	310 000	(310 000)	(100,00%)	3 100 000	0,00%
SUB-TOTAL	23 639 417	21 921 878	605 922	23 639 417	21 921 878	1 717 539	7,83%	219 218 783	10,78%

	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	%
SOCIAL DEVELOPMENT									
SHELTER FOR DISPLACED PEOPLE	0	1 000 000	1 000 000	0	1 000 000	(1 000 000)	(100,00%)	10 000 000	0,00%
BETRAMS MULTIPURPOSE CENTRE	10 204 254	5 800 700	(4 403 554)	10 204 254	5 800 700	4 403 554	75,91%	58 007 000	17,59%
YETTA NATHAN SOCIAL DEVELOPMENT	2 586 674	4 500 000	1 913 326	2 586 674	4 500 000	(1 913 326)	(42,52%)	45 000 000	5,75%
NORTHERN ,FLEURHOF FARM AND EIKENHOF FARM	0	250 000	250 000	0	250 000	(250 000)	(100,00%)	2 500 000	0,00%
LOUIS BOTHA - CO - PRODUCTION ZONE FOR SOCIAL INTERVENTIONS RENEWAL CORRIDORS OF FREEDOM	4 815 763	350 000	(4 465 763)	4 815 763	350 000	4 465 763	1 275,93%	3 500 000	137,59%
MINOR UPGRADES OF ALL SOCIAL DEVELOPMENT FACILITIES IN ALL THE REGIONS	0	500 000	500 000	0	500 000	(500 000)	(100,00%)	5 000 000	0,00%
SUB-TOTAL	17 606 691	12 400 700	(5 205 991)	17 606 691	12 400 700	5 205 991	41,98%	124 007 000	14,20%
TRANSPORTATION PTNG									
PHASE 1C STATIONS	0	6 808 100	6 808 100	0	6 808 100	0	0,00%	68 081 000	0,00%
ALEXANDRA DEPOT	943 802	2 769 000	1 825 198	943 802	2 769 000	(1 825 198)	(65,92%)	27 690 000	3,41%
SECTION 15K (WATT INTERCHANGE STATION ROAD WORKS AND BRIDGES)	0	1 200 000	1 200 000	0	1 200 000	(1 200 000)	(100,00%)	12 000 000	0,00%
OTHER: LAND	0	300 000	300 000	0	300 000	(300 000)	(100,00%)	3 000 000	0,00%
SELBY DEPOT 2C	0	3 625 700	3 625 700	0	3 625 700	(3 625 700)	(100,00%)	36 257 000	0,00%
OTHER: PASSENGER INFORMATION SIGNAGE(FINGER BOARDS - "ON STREET")	0	1 277 800	1 277 800	0	1 277 800	(1 277 800)	(100,00%)	12 778 000	0,00%
SUB-TOTAL	943 802	15 980 600	15 036 798	943 802	15 980 600	(15 036 798)	(94,09%)	159 806 000	0,59%

	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	%
OTHER									
IVORY PARK URBAN DEVELOPMENT FRAMEWORK	0	2 427 000	2 427 000	0	2 427 000	(2 427 000)	(100,00%)	24 270 000	0,00%
FORMULATION OF ZANDSPRUIT URBAN DEVELOPMENT FRAMEWORK	0	350 000	350 000	0	350 000	(350 000)	(100,00%)	3 500 000	0,00%
ADDITIONAL MARKET FLOOR SPACE	0	1 750 000	1 750 000	0	1 750 000	(1 750 000)	(100,00%)	17 500 000	0,00%
CONSTRUCTION OF NOORDWYK SPORT GROUND	0	275 000	275 000	0	275 000	(275 000)	(100,00%)	2 750 000	0,00%
UPGRADING OF MEADOWLANDS STADIUM RENEWAL COMMUNITY MAYFAIR PEU	0	275 000	275 000	0	275 000	(275 000)	(100,00%)	2 750 000	0,00%
CONSTRUCTION OF PHIRI MULTIPURPOSE CENTRE	0	260 000	260 000	0	260 000	(260 000)	(100,00%)	2 600 000	0,00%
MASINGITA DEVELOPMENT BULK SERVICES	435 523	580 000	580 000	435 523	580 000	(580 000)	(100,00%)	5 800 000	0,00%
SUB-TOTAL	435 523	6 367 000	5 931 477	435 523	6 367 000	(5 931 477)	(93,16%)	63 670 000	0,68%
TOTAL	173 965 155	146 176 578	(25 465 116)	173 965 155	146 176 578	27 788 577	19,01%	1 461 765 783	11,90%

6.1 ECONOMIC DEVELOPMENT

A cluster of the JDA's economic development programmes that aims to:

- (i) Develop skills and capacity within the construction industry in Johannesburg
- (ii) Optimize the JDA's contribution to inclusive economic growth and empowerment, and the transformation of the construction industry; and
- (iii) Establish a monitoring and reporting system to measure the impact of the JDA's managing contractor development programme.

TABLE 23: EPWP PERFORMANCE

JDA Program	Q1 EPWP	YTD EPWP Opportunities created in 2022/23
Program 1	23	23
Program 2	42	42
Program 3	33	33
TOTAL	98	98

6.2 GOOD GOVERNANCE, MANAGEMENT AND ADMINISTRATION

This programme manages the governance, admin and operational functions and improves efficiency through Finance,

Governance, Risk and Compliance, Supply Chain Management, and IT.

CHAPTER 4: HUMAN RESOURCES & ORGANISATIONAL MANAGEMENT

SECTION 1: HUMAN RESOURCE MANAGEMENT

The JDA aims to be the employer of choice in its field. This is supported by the JDA's overall objective, as set out in its Employment Policy, to ensure that its employment practices and remuneration policies motivate and retain talented employees and create an attractive work environment. The JDA periodically reviews all its employment policies and practices in line with applicable prescripts to ensure that it remains relevant and practical for the changing world of work and is attractive to potential employees.

Since May 2019, the JDA became a two-union workplace, with SAMWU (The South African Municipal Workers' Union) being the majority union ahead of IMATU (Independent Municipal and Allied Trade Union).

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

The structure includes:

Top Management consists of the Chief Executive Officer (CEO)

Executive Management consists of the Executive Management Committee Team excluding the CEO i.e., the:

1. Chief Financial Officer (CFO),
2. Executive Manager: Project Implementation,
3. Executive Manager: Development Planning and Facilitation
4. Executive Manager: Corporate Services,
5. Chief Audit Executive and the
6. Company Secretary

Senior Management consists of Heads of Departments and Managers in the departments that reports to their Executives without heading departments, it comprises of:

1. Senior Project Managers x4
2. Senior Manager: Project Planning & Development Facilitation,
3. Senior Manager: Spatial/Urban Planning & Business Development,
4. Senior Manager: Strategy, Performance, Risk and Administration,
5. Senior Manager: Financial Management,
6. Senior Manager: Supply Chain Management,
7. Senior Manager: Human Capital Operations and Talent Management,
8. Senior Manager: Communication, Marketing and Public Relations,
9. Senior Manager: Internal Audit x2,
10. Senior Manager: Information, Communication & Infrastructure Management,

In terms of physical location, there are 96 employees including 0temporary workers who are based at the JDA Head Offices in Newtown. The JDA also hosts 16 Security Guards as part of the City of Johannesburg insourcing project.

TABLE 24: COST OF SICK LEAVE - (1 JULY 2022 – 30 SEPTEMBER 2022)

Salary band	Total sick leave	Proportion of sick leave without medical	Employees using sick leave	Total employees in post ⁴	Average sick leave per employee	Estimated cost
	Days	%	No.	No.	Days	R 000
Top management	0			1		0
Executive management (including Chief Audit Executive)	0			6		0
Senior management	3			8		15,754.99
Middle management	11			37		13,683.32
Skilled technical/junior management	3			25		0
Semi-skilled	0			10		0
Unskilled	0			9		0
TOTAL	17	0%	3	96	0,17	29,438.32

SECTION 2: EMPLOYEE REMUNERATION (TOTAL COSTS INCLUDING EXECUTIVES)

The Total Remuneration Costs for the period from 1st July 2022 to 30th September 2022 amount to R 19 425 437,09. This figure is inclusive of the Pension Fund. The JDA participates in Two Retirement Benefit Schemes: The eJoburg Retirement Fund and the City of Johannesburg Pension Fund (1 permanent employee). The total contribution for Group Life Cover for the JDA employees and directors, from 1st July 2022 to 30th September 2022 amount to R 334 592.67

SECTION 3: KEY VACANCIES

The following is a list of key vacancies recorded in quarter of the 2022/23 financial year:

TABLE 25: KEY VACANCIES

Open Vacancies	Progress
Senior Manager: Strategy, Performance, Risk and Administration	Recruitment Stage
Manager: Strategy & Performance Monitoring	Recruitment Stage
Senior Manager: Internal Audit	Recruitment Stage
Senior Manager: Information, Communication & Infrastructure Management	Recruitment Stage
Senior Manager: Financial Management	Recruitment Stage
Senior Project Manager	Recruitment Stage
Senior Manager: Development Planning & Facilitation	On hold due to Budget

TABLE 26: STAFF ESTABLISHMENT

Description	Approved no. of posts per approved organogram	No. of employees	No. of vacancies	% of vacancies
Total	144	96	57	39,58%

Description	Approved no. of posts per approved organogram	No. of employees	No. of vacancies	% Of vacancies
Top management level	1	1	0	0%
Executive management	6	6	0	0%
Senior management	19	8	11	57,9%
Middle management	47	37	13	27,7%
Skilled technical/junior management	42	25	20	47,6%
Semi-skilled	13	10	3	23,1%
Unskilled housekeepers/cleaners	16	9	10	62,5%
Total	144	96*	57	39,58%

*Six employees are on fixed term contracts

*Inclusive of employees within a pool

The basis for turnover rates is annual. To give an accurate indicator of the turnover rates year on year. In the current period under review staff turnover is 0%.

TABLE 27: TURNOVER RATE

Details	Total active employees at the beginning of the financial year	Terminations during financial year (YTD)	Turnover rate
	No.	No.	%
2022/23	94	0	0%

A total of no terminations recorded in the 2022/23 financial year.

TERMINATIONS

No terminations recorded.

Retention Initiatives

The JDA remains committed to mitigate against resignations through various initiatives. These seek to make the JDA an employer of choice by way of offering competitive market related remunerations structures to promote staff retention as follows:

- Structured interventions for employee development.
- Organizational development and Job profiling.
- Periodic Salary Benchmarking to ensure alignment and best practice with industry remuneration packages along with participation with CoJ initiatives on pay parity.
- Accelerated interventions targeted at continuous improvement on employee relations and employee engagement.

SECTION 4: 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 organization's employment equity practices, strategies, direction, and initiatives.

Structures such as 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 Labor in accordance with the provisions of the Employment Equity Act and within legislated timeframes.

TABLE 28: EMPLOYMENT EQUITY DEMOGRAPHICS STATUS FOR PERIOD UNDER REVIEW

Occupational Levels												Total
	Male				Female				Foreign Nationals			
	A	C	I	W	A	C	I	W	Male	Femal		
Top Management	1	0	0	0	0	0	0	0	0	0	1	
Executive Management	3	0	0	0	2	0	1	0	0	0	6	
Senior Management	3	0	0	0	5	0	0	0	0	0	8	
Professionally Qualified and Experienced specialists and	16	1	0	0	19	1	0	0	0	0	37	
Skilled technical and Academically qualified workers, junior management, supervisors, foremen, and	7	0	0	0	17	0	1	0	0	0	25	
Semi-skilled and discretionary decision	3	0	0	0	7	0	0	0	0	0	10	
Unskilled and defined decision making	5	0	0	0	4	0	0	0	0	0	9	
Total Permanent	38	1	0	0	54	1	2	0	0	0	96	
Temporal Employees	0	0	0	0	0	0	0	0	0	0	0	
Grand Total	38	1	0	0	54	1	2	0	0	0	96	

The JDA status for period under review:

- 95% of employees are African
- 59,4% of employees are Female
- 53,3% of Executive and Senior management positions are held by black females
- 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

City Targets		JDA Achievements
Black African employees	80.9%	95,8%
Senior Management Female	35.9%	53,3%
Disability	2%	1%

TABLE 29: STAFF MOVEMENTS

Staff movements	African		Colored		Indian		White		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Appointments	1	1	0	0	0	0	0	0	2
Deceased	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
Retirements	0	0	0	0	0	0	0	0	0
Absenteeism	0	0	0	0	0	0	0	0	0
Resignations	0	0	0	0	0	0	0	0	0
End of contract	0	0	0	0	0	0	0	0	0
Total	1	1	0	0	0	0	0	0	2

SECTION 5: SKILLS DEVELOPMENT AND TRAINING

The JDA is committed to maintaining a healthy workforce. The JDA is committed to employee training and development, ensuring a variety of skill sets, 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 organization'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 ongoing process of improving employees' knowledge, skills, and attitude to enhance job performance and create opportunities for growth and career advancement.

An Individual Learning Plan (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 Human Resources 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 2022/23 financial year. The actual expenditure stands at R22 680,00. The JDA supports the attainment of further educational qualifications by employees to improve their productivity. All training interventions were provided as part and parcel of the approved individual learning plans.

SECTION 6: PERFORMANCE MANAGEMENT

The JDA views performance management as an integral part of the JDA 's business strategy which ensures 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 City of Johannesburg'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 employees to perform to the required performance standards.

SECTION 7: DISCIPLINARY MATTERS AND OUTCOMES

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

TABLE 30: DISCIPLINARY HEARINGS FINALISED AS AT 30 SEPTEMBER 2022

Type of misconduct	Number	% Of Total
Dishonesty	0	0
Absenteeism	0	0
Insubordination	0	0
Negligence	0	0
Poor performance other than incapacity	0	0
Improper behavior	0	0
Theft	0	0
Misuse of state vehicle	0	0
Suspension	0	0
Total	0	0

SECTION 8: LEAVE AND PRODUCTIVITY MANAGEMENT

The JDA is committed to the effective management of leave for its employees, and all Line Managers should ensure effective planned leave management within their respective Departments.

The following table gives an analysis of the various leave types and how they were utilized by JDA employees in the period under review.

The most highly utilized leave type is Annual leave with a total of 123 days, with Study leave being the second most utilized leave type, with a total of 37 days, and finally Sick Leave 18 days.

TABLE 31: LEAVE ANALYSIS PERFORMANCE AS AT 30 SEPTEMBER 2022

Type of Leave	July 2022	August 2022	September 2022	Total
Annual Leave	51	63	9	123
Sick Leave	3	4	11	18
Family Responsibility	0	5	1	6
Study Leave	0	15	22	37
Maternity Leave	0	0	0	0
Paternity Leave	0	2	0	2
TOTAL	54	89	43	186

SECTION 9: EMPLOYEE WELLNESS

The JDA is committed to maintaining a healthy workforce and providing a safe and hygienic working environment. The JDA has Life EHS as a service provider outsourced to offer free trauma counseling and free legal and financial advice for all employees. The service provider is appointed to offer a confidential, 24-hour personal support and information service, which employees, as well as their partners and immediate family, may access through a toll-free number for assistance with health, financial, legal, and other issues.

The JDA receives statistical information on the issues discussed to enable it to identify and implement solutions to the issues raised. The identities of the employees who use this service remain strictly confidential. The JDA in partnership with Life EHS hosted a wellness Day on the 25th of February 2022. Employees had their basic health assessed and receive feedback and guidance on corrective measures and counseling. The overall objective therefore of the employee wellness program is to improve the quality of life of all its employees through the provision of quality, sustainable and lifelong Wellness Programmes that work towards the holistic development and support of all employees professionally and confidentially while providing support and assistance to alleviate the impact of everyday work, personal and family challenges.

HIV/AIDS in the Workplace

The JDA's HIV/AIDS Policy is aligned with the City of Johannesburg'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 provide free condoms, shares videos, and offers free helplines. The program ensures that employees with HIV/AIDS are treated in a fair, consistent manner and are informed about their rights and employee benefits.

SECTION 10: EMPLOYEE BENEFITS

The Total Remuneration Costs for the period from 1st July 2022 to 30th September 2022 amount to R 19 425 437,09. This figure is inclusive of the Pension Fund. The JDA participates in Two Retirement Benefit Schemes: The eJoburg Retirement Fund and the City of Johannesburg Pension Fund (1 permanent employee). The total contribution for Group Life Cover for the JDA employees and directors, from 1st July 2022 to 30th September 2022 amount to R 334 592.67

SECTION 11: OCCUPATIONAL HEALTH & SAFETY PROGRAMMES

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 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.

HIV/AIDS in the Workplace

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, the JDA has adopted a Phased-In-Approach on returning to work to avoid congestion and ensured workplace readiness.

A compliance manual informed by OHS COVID-19 regulations has been communicated to all staff, which states health and safety protocols and social distancing measures to ensure compliance. As per para. 47 of regulations, a COVID-19 compliance manager has been appointed, to among other things, oversee the implementation of the plan (return to work) and adherence to the standards of hygiene, safety, and health protocols relating to COVID-19 at the workplace. The JDA has further been submitting compliance reports to the City of Johannesburg as required.

CHAPTER 5: FINANCIAL PERFORMANCE

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

STATEMENT OF FINANCIAL POSITION FOR THE QUARTER ENDED 30 SEPTEMBER 2022

	Year ended 30 September 2022			
	Actual	Budget	Variance	
	R'000	R'000	R'000	
Non-current assets	29 049	30 800	(1 751)	1
Property plant and equipment	6 901	10 000	(3 099)	
Deferred tax	3 619	2 800	819	
Intangible assets	18 529	18 000	529	
Current assets	1 220 519	850 002	370 517	2
Trade and other receivables	919 188	600 000	319 188	
Vat Receivable	17 673	-	17 673	
Cash and cash equivalents	283 658	250 000	33 658	
	1	2	(1)	
Total assets	1 249 568	880 802	368 766	
EQUITY AND LIABILITIES				
Capital and reserves	57 761	76 278	(18 517)	3
Contribution from owner	16 278	16 278	(0)	
Accumulated surplus/(deficit)	41 483	60 000	(18 517)	
Non-current liabilities	18 099	25 681	(7 582)	4
Finance lease obligation	-	41	(41)	
Deferred taxation	18 099	25 640	(7 541)	
Project funds payable	-	-	0	
Current liabilities	1 173 709	778 843	394 866	
Loans from shareholders	861 099	637 549	223 550	5
Trade and other payables	292 712	90 000	202 712	6
VAT payable	-	-	0	
Finance lease obligation	2 619	294	2 325	
Project fund payable	10 174	44 000	(33 826)	
Provisions – bonus	7 105	7 000	105	
Total equity and liabilities	1 249 568	880 802	368 766	

Notes	
1	The variance relates to Property, Plant and equipment and Intangibles that were budgeted for but have not yet been purchased. Included in the budgeted value is the finalisation of the SAP implementation, the records management system and furniture and fittings.
2	The increases on the current asset it due to the following (1) Increase in receivables due to late collection of claims and inclusion of June claims (2) The movement on the Vat on receivable is due to Vat refunds that is due to JDA
3	Changes on the Reserve/Net Assets it is due to the deficit of R9 million
4	The movement of the non-current liability is related to the estimation around the deferred taxation
5	This is mainly due to late collection of claims from the various client departments.
6	The increases on the payable it due to invoices that were received in September and will only be paid in October 2022.

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

STATEMENT OF FINANCIAL PERFORMANCE FOR THE QUARTER ENDED 30 SEPTEMBER 2022

	Original approved	Year to date			Notes
	budget	Actual	Budget	Variance	
	R'000	R'000	R'000	R'000	
Gross revenue	124 057	23 318	18 599	4 719	5
Operating costs	(117 193)	(21 722)	(29 298)	7 576	6
Gross surplus/(deficit)	6 864	(1 596)	(10 700)	12 295	
Other operating Income and expenditure	(6 864)	(10 787)	(1 716)	(9 071)	
Interest expense	(6 864)	(10 787)	(1 716)	(9 071)	7
Interest income	0	0	0	0	
Deficit before tax		(9 191)	(12 416)	3 224	
Taxation	0	0	0	0	
Surplus/(Deficit) after tax	0	(9 191)	(12 416)	3 224	

Notes

5	Management fees are budgeted for in accordance with the capital project expenditure. The overall actual revenue is below the budget revenue due to capex expenditure that was exceeded above the target
6	The variance is mainly due to savings identified in various departments i.e. Employee costs due to vacant positions that have been long outstanding
7	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 2021/22 and 2022/2023 financial years.

SECTION 3: CASH FLOW STATEMENT

CASH FLOW STATEMENT FOR THE QUARTER ENDED 30 SEPTEMBER 2022

	Year to date			
	Actual	Budget	Variance	
	R'000	R'000	R'000	
Cash flows from operating activities	(235 998)	1 421 200	(1 657 198) (235 998)	
	(235 998)	1 421 200	(1 657 198)	
<i>Receipts</i>				
Grants	10 337	0	10 337	
Interest received	0	0	0	
Cash receipts from CAPEX funding	297 154	2 000 000	(1 702 846)	11
		1 200	(1 200)	
Other receipts		0	0	
		0	0	
<i>Payments</i>				
Employee cost	(19 835)	(80 000)	60 165	12
Suppliers	(523 654)	(500 000)	(23 654)	13
Taxes	0	0	0	
Cash flows from investing activities	0	(4 500)	4 500	
<i>Expenditure to maintain operating capacity</i>				
Property, plant, and equipment acquired	0	(4 500)	4 500	
Proceeds from sale of property, plant, and equipment			0	
Purchase of intangible assets	0		0	
Cash flows from financing activities	235 998	(1 416 620)	1 652 698	14
Movement in project funds payable	0	0	0	
Proceeds from Shareholders' loan	236 037	(1 416 620)	1 652 657	
Repayments of Shareholders' loan		0	0	
Finance lease repayments	(39)	(80)	41	
Net increase/(decrease) in cash and cash equivalents	0	0	0	
Cash and cash equivalents at beginning of the year	0	0	1	
Cash and cash equivalents at the end of the year	1	0	1	

Notes	
11	The negative it is mainly due to the late collection of receivables and majority of current year collection is prior year receivables
12	The variance it mainly due to vacant position that are not yet filled
13	The variance it mainly due timing differences between invoices paid before end of June and those accrued for payment in July 2022
14	The variance it due to money borrowed from loan to shareholder since there is a delay in the settlement of debtors by COJ departments

SECTION 4: NET ASSETS

STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	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	50 558	66 836
Adjustments	0	0	0	0	0
Prior year adjustments				0	0
Balance on 01 July 2020	60	16 278	16 278	50 558	66 836
Changes in net assets					
Surplus for the year	0	0	0	(9 075)	(9 075)
Total changes	0	0	0	(9 075)	(9 075)
Balance on 01 July 2021	60	16 278	16 278	41 483	57 761
Changes in net assets					
Profit for the year	0	0	0	(9 192)	(9 192)
Total changes	60	16 278	16 278	32 291	48 569
Balance on 30 September 2022	60	16 278	16 278	32 291	48 569

SECTION 5: RATIO ANALYSIS FOR THE PERIOD ENDED 31 MARCH 2022

Key Performance Area	Targets	Actual 30 September 2021	Actual 30 September 2022
Current ratio	Above 1 : 1	1.14 : 1	1.04:1
Solvency ratio	Above 1 : 1	1.11 : 1	1.05:1
Salaries to expenditure ratio	Below 60%	70%	61%
Revenue	R19 million	R116 million	R23 million
Expenditure (including taxation)	R34 million	R136 million	R33 million
Surplus / (Deficit)	(R 12 million)	(R17 million)	(R9 million)
Total net assets	R47.4 million	R66 million	R42,5 million
Capital expenditure	10%	6,66%	11,90%

Notes

- | | |
|---|---|
| 1 | Current ratio. is just above the target and is slightly lower than the ratio from the prior year. Included in current liabilities is the sweeping account with the shareholder which increases with the interest on a monthly basis and increase in payables to due invoices accrued to be paid in October 2022. |
| 2 | Solvency ratio. is just above the target and slightly below the previous year mainly due to invoices that were received in June . The continued pressure on the overall loan from shareholder due to outstanding debtors still puts pressure on the liquidity ratios. |
| 3 | Remuneration to expenditure ratio. is above target and slightly higher percentage due to an overall increase in the operational expenditure which affects the denominator of the ratio. |

SECTION 6: SUPPLY CHAIN MANAGEMENT

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), 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.

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 CoJ'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 September 2022 there was 1 service provider appointed where less than three quotations were returned or obtained to a combined value of R19,800.00 (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 June 2022 to 30 September 2022 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's share of capital and operating expenditure. For the period 1 July 2022 to 30 September 2022, the overall BBBEE share of expenditure was R171,411,592.20 This translates into an achievement of 100% BBBEE claimed against quarterly expenditure.

TABLE 31: SUMMARY OF BBBEE EXPENDITURE⁵

Description	Q1 2022/23		
	Total Expenditure	BBBEE Claimed	BBBEE %
Capex	R170,054,366.36	R169,222,359.00	100%
Opex	R2,183,473.18	R2,189,233.14	100%
Consolidated Opex and Capex	R172,237,809.54	R172,411,592.20	100%

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 a B-BBEE 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.

⁵ The reason why there is a difference in total expenditure and expenditure claimed for BBBEE is that the JDA's 5% Development Fee and retentions have been exclude

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

FIGURE 5: BBBEE CONTRIBUTION TABLE

Enterprise / SMME Development

In line with national development and shared growth imperatives, the CoJ recognizes that creating jobs and ensuring that SMMEs have access to procurement opportunities are essential elements of an economically viable city.

Over the years, the JDA has established processes and practices to support job creation and enterprise and skills development for previously disadvantaged groups, including black people, women, youth, and people with disabilities. But the impact of these processes and practices have not been adequately measured and reported on in the past. The agency has also recognized the need to consolidate and extend these practices by designing and implementing a programme that will drive the achievement of empowerment objectives and align projects and approaches to address the challenges facing previously disadvantaged enterprises.

The enterprise development programme is made up of the following components:

- **Emerging contractor development** for SMMEs working on JDA projects (both subcontractors and those contracted directly by the JDA). This includes general training.
- Training on **winning business** for SMMEs (with a focus on unsuccessful bidders identified through the JDA tender process).

The JDA reports on the SMME share of both actual expenditure and contractual commitments for all active contracts. The table below shows the SMME share of capital and operating expenditure. The SMME share of JDA's operating and capital expenditure was R80,468,885.17 for the period 1 July 2022 to 30 September 2022. This constitutes achievement of 47% for the period under review.

TABLE 32: SUMMARY OF SMME EXPENDITURE⁶

Description	Q1 2022/23		
	Total Expenditure	SMME Claimed	SMME %
Capex	R170,054,336.36	R79,059,090.14	46%
Opex	R2,183,473.18	R1,409,775.03	65%
Consolidated Opex and Capex	R172,237,809.54	R80,468,865.17	47%

Report in Irregular, Fruitless and Wasteful Expenditure and Due Process

For the period 1 July 2022 to 30 September 2022 there was no irregular, fruitless, wasteful, and unauthorized transactions.

SECTION 7: PENDING LITIGATIONS AND POSSIBLE LIABILITIES

TABLE 33: PENDING LITIGATIONS

CASE / MATTER	AMOUNT CLAIMED	DATE INSTITUTED	DISCRIPTION	CURRENT STATUS	ANTICIPATED COMPLETION DATE	CHANCES OF SUCCESS
Ubuntu Kraal (Pty) Ltd vs JDA	± 23 555 160, 06 million	13/12/2013	Damages suffered by Ubuntu Kraal because of “alleged” negligence by the JDA and other parties.	<p>On Friday, 13 December 2013 the JDA was served with summons. The summons relates to the “alleged” negligence on the part of the JDA during the widening of the Klipspruit valley road during the construction of the BRT routes around 2010. It is alleged that because of such construction, which resulted in flooding in 2010 and 2011, damages to buildings and properties to the tune of approximately R23 555 160, 06 was incurred by the plaintiff. The JDA has been cited as the first defendant and the City of Johannesburg as the second defended in the matter, together with other 5 defendants.</p> <p>The JDA has appointed RoutledgeModise Attorneys (T/A Hogan Lovells) to assist in defending the matter. Routledge Modise have handed over the matter to the insurer’s attorneys at the request of the JDA’s insurers (Webber Wentzel Bowens). The matter is being defended by the JDA and COJ’s insurer’s lawyers. The Matter was set for trial in June 2018 but was withdrawn from the trial roll. There have been no developments since the matter was removed from the trial roll in June 2018. The plaintiff’s attorneys have withdrawn as attorneys of record on this matter and the attorneys that are meant to take over this matter have not yet filed their notice of substitution</p> <p>We have written to the attorney and are yet to receive a response as to whether they still intend pursuing this matter.</p>	Not yet determined at this stage.	Not yet determined at this stage.

CASE / MATTER	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
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 labor and a hearing</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.		

CASE / MATTER	AMOUNT CLAIMED	DATE INSTITUTED	DISCRIPTION	CURRENT STATUS	ANTICIPATED COMPLETION DATE	CHANCES OF SUCCESS
				<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 labor court on a date yet to be set by the court.</p>		Not yet determined at this stage.

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 208	<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.</p> <p>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. The JDA and City have since decided to file our own heads of arguments despite the failure by the applicant to do so.</p> <p>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/DEPARTMENT.

No claims within the first quarter report of 2022/23 financial year.

SECTION 9: 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.

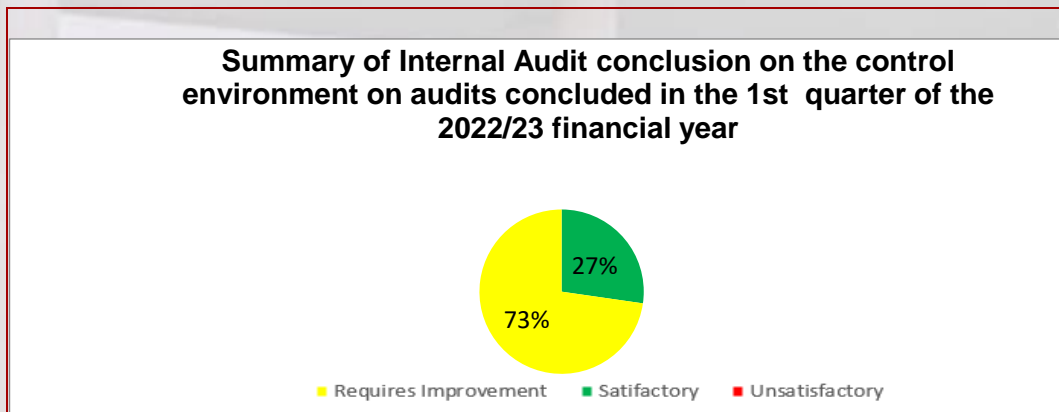
TABLE 34: AMOUNTS OWED BY GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES

Name of department	Balance	Comments
	R' 000	
City of Johannesburg - CAM	149 297	Majority of claims are the current year - additional requirements for submissions are holding up the claims i.e. project progress reports
City of Johannesburg- Transport	187 708	Majority of the balance relates to claims from the previous financial year. Accruals were only raised by client department in August 2022 and process to pay is currently underway.
City of Johannesburg - Department of planning	-	All year end balances were paid. Budgets in the current year is under CAM
City of Johannesburg - EMS	57 637	Claims for the current year have been settled timeously, prior year claims are still outstanding. Accruals raised currently being processed
City of Johannesburg - Department of Health	17 288	Claims for the current year
City of Johannesburg - GSPCR	3 850	Balance mainly relates to amounts outstanding relating to long overdue that is more than 180 days.
City of Johannesburg - Community Development	53 350	Balance relates to claims for both the current and prior year. There was a delay in the settlement of year end accruals due to a approval process required at Com Dev.
City of Johannesburg - Economic Development	23 168	Included is current claims and prior years claims. Prior year claims are awaiting the handover process within ED.
City of Johannesburg - COOs office	145 112	Inefficiencies in client department processes. Claims are not being settled timeously; current Acting COO intervention was requested. Part payments have been received but not the entire balance.
Johannesburg Roads Agency	-	Invoices settled in July 2022
City of Johannesburg – Housing & Social	32 710	Balance mainly relates to amounts outstanding from June 2022 claims.
Total	670 066	

CHAPTER 6: INTERNAL & EXTERNAL AUDIT FINDINGS

SECTION 1: PROGRESS ON INTERNAL AUDIT PLAN

The chart below serves to reflect an overview of the audit conclusion made regarding the control environment based on the audits completed by internal audit in the period of 1 July to 30 September 2022. Overall, there were eight (8) audit projects completed by internal audit.



35: PROGRESS AGAINST THE APPROVED 2022/23 ANNUAL INTERNAL AUDIT PLAN (1 JULY 2022 – 30 SEPTEMBER 2022)

No.	Audit Description	Status	Overall Conclusion
1.	Business Continuity Management Framework and Program Implementation.	Audit Completed	Requires Improvement
2.	Review of Project Communication Strategy.	Audit Completed	Requires Improvement
3.	Marketing Strategy Implementation Review.	Audit Completed	Requires Improvement
4.	1st Quarter (2022/23) Follow-up on Internal and External Audit findings.	Audit Completed	Requires Improvement
5.	Audit of the 2021/22 Commitments schedule.	Audit Completed	Requires Improvement
6.	Review of the draft 2021/22 Annual Financial Statements	Audit Completed	Requires Improvement
7.	Review of the 2021/22 annual report – performance information review for completeness and reliability	Audit Completed	Requires Improvement
8.	2021/22 4th Quarter - Audit of performance information (Audit of the Pre- Determined Objectives)	Audit Completed	Requires Improvement
9.	Appointment of Main Contractor –for the Upgrade of Melville Park Precinct	Audit Completed	Satisfactory
10.	Appointment of Main Contractor – for the implementation of the Ransburg public environment upgrade	Audit Completed	Satisfactory
11.	Appointment of main contractor - for the construction of Alexandra BRT Depot Access Road	Audit Completed	Satisfactory

TABLE 36: 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. <ul style="list-style-type: none"> • Overall control environment of The audited process/focus area is of a vulnerable standard. • Overall control environment for the audited
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	<ul style="list-style-type: none"> • Primarily “Minor or insignificant” risk findings. <ul style="list-style-type: none"> • Overall control environment for the audited process/focus area is of the required standard. • Adequate compensating controls in place.

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 31 August 2022, Internal Audit verified that eighty-four percent (84%) of audit findings were resolved and sixteen percent (16%) of audit findings.

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

TABLE 37: INTERNAL AUDIT FINDINGS

Financial Period	Total Unresolved Findings	Total Resolved Findings	Total Findings
2014/15	0	2	2
2015/16	0	17	17
2016/17	0	45	45
2017/18	0	58	58
2018/19	2	38	40
2019/20	1	32	33
2021/22	1	19	20
2021/22	11	13	24
Total	54	225	279
Percentage	19%	81%	100%

SECTION 3: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS

The table below provides a summary of AG Findings raised from 2014/2015 to 2021/22 financial period:

TABLE 38: 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	1	4	5
2018/19	0	5	5
2019/20	0	21	21
2021/22	6	5	11
Total	7	86	93
Percentage	8%	92%	100%

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.

SECTION 4: 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.

ANNEXURES

ANNEXURE 1: ACRONYMS AND ABBREVIATIONS

ACRONYM	Definition
ARP	Alexandra Renewal Programme
BBBEE	Broad-Based Black Economic Empowerment
BRT	Bus Rapid Transit
CAE	Chief Audit Executive
CBD	Central Business District
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CPC	Community Participation Consultant
CoJ	City of Johannesburg
CSA	Capability support agents
EM	Executive Manager
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
SCM	Supply Chain Management
IT	Information technology
King Code	King Report on Governance for South Africa and the King Code of Governance Principles
KPI	Key performance indicator
MFMA	Municipal Finance Management Act (2003)
NMT	Non-motorized transit
OPCA	Operation Clean Audit Committee
SMME	Small, Medium, and Micro enterprise
TOD	Transport Orientated Development