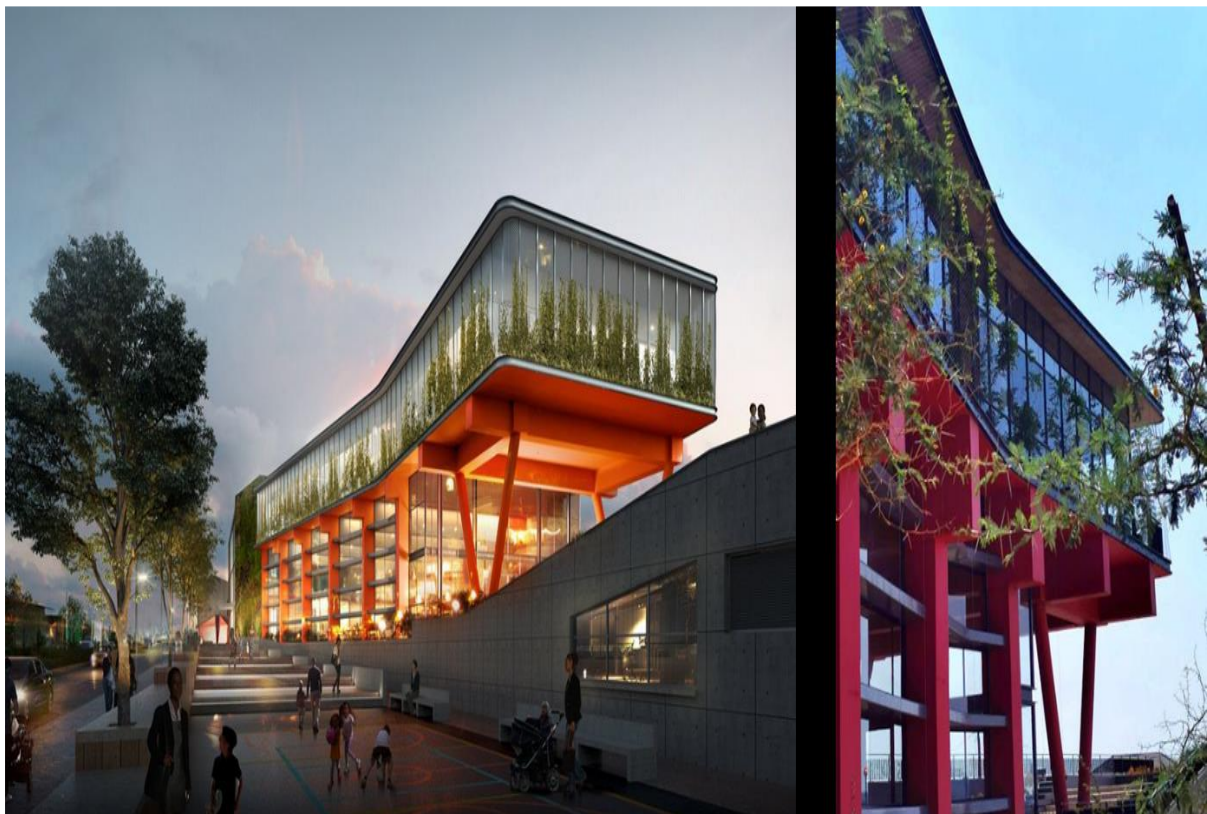


# JOHANNESBURG DEVELOPMENT AGENCY (SOC) LIMITED

Registration no: 2001/005101/07



## FIRST QUARTER PERFORMANCE REPORT 2021/22 JULY TO SEPTEMBER 2021

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:	M Ntanga (Chairperson) T Motloung K Marawu TTM Maepa M Lecoge TG Sambo V Ntshangase SS Ndlungwane NE Veyi SNK Mokoena SK Sibuyi S Moonsamy (Acting Chief Executive Officer) S Mkhize (Acting Chief Financial Officer)
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Website:	<a href="http://www.jda.org.za">www.jda.org.za</a>
Bankers:	Standard Bank of SA Limited
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

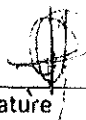

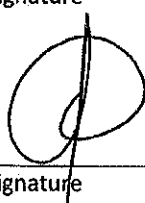
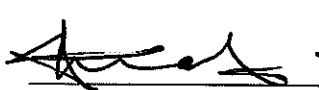
**Innovation and creativity:** Promoting an environment of fast-tracked decision-making and broader financial leverage, within which developments are planned, led, managed, and implemented

**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

Ms Sherylee Moonsamy Name & Surname Acting Chief Executive Officer/MD	 Signature	04 October 2021 Date of approval
Mr Sihle Mkhize Name & Surname Acting Chief Financial Officer	 Signature	04 October 2021 Date of approval
Mr Mongezi Ntanga Name & Surname Chairperson of the Board	 Signature	12 October 2021 Date of approval
Cllr Thapelo Amad Name & Surname MMC: Development Planning	 Signature	11 October 2021 Date of approval

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## CHAPTER 1: JDA LEADERSHIP AND CORPORATE PROFILE

### SECTION 1: CHAIRPERSON'S FOREWORD

As the JDA concludes the first quarter of 2021/22, the organisation's capital expenditure was R80.2 million against a targeted YTD budget of R303.5 million. This represents 6.61% of the overall annual budget of R1.2 billion. While the Q1 target of 25% was not achieved, the organisation must be commended for exceeding the allocations for the SMME, BBBEE and EPWP job targets.

The JDA did experience some delays as contractors still adjusting to ensuring Covid-19 regulations, such as ensuring access control and temperature screening consistently on all construction sites. Although almost a year later after the nationwide lockdown was enforced, most construction sites are still not at 100% capacity due to the various changing lockdown levels.

There were areas in which the JDA could significantly improve, such areas include, ensuring that development milestones, particularly around awarding of contracts are adhered to. Secondly, while the target of 50 EPWP opportunities was exceeded the Board is expecting to see an improvement in the numbers of EPWP opportunities created. The JDA must play its role by supporting this important nationwide programme.

The JDA operates in a fluid environment, and the JDA management team must ensure that it effectively and efficiently manages the expectations and perceptions of all stakeholder groups throughout the development cycle. The JDA has learnt from experience, that is it essential that clear and regular communication and mobilisation activities, explaining the purpose, scope, and outcomes of each project to reduce misunderstanding and misinformation.

In this regard, every development undertaken by the JDA is to be supported by development facilitation and stakeholder functions in the pre-development and post-development phases to enhance the value added by the capital works interventions and improve the longer-term sustainability of the capital investment.

The Board also recognises that there will be challenges in maintaining and exceeding the high level of performance expected of the JDA and we are closely working with management to focus on improving capacity requirements and supporting structures, processes, and systems in 2021/22. I believe that this will assist in achieving the mandate of the JDA and delivering on the critical priorities for the Government of Local Unity and strategic priorities that guide the City of Johannesburg.



**Mr Mongezi Ntanga**  
**Board Chairperson**  
**04 October 2021**



## SECTION 2: CHIEF EXECUTIVE OFFICER'S REPORT

This First Quarter report has been prepared against the JDA's 2021/22 business plan and scorecard as approved by the city. The 2021/22 business plan is closely aligned with the 2040 Growth and Development Strategy (GDS) the four IDP Outcomes / Pillars and eleven strategic priorities of the Government of Local Unity.

Of the JDA's 17 Strategic KPIs, the JDA achieved 71% of the performance target, 0% performance target partially achieved and 29% of the performance target was not achieved.

I am proud to report that in term of the performance the JDA exceeded its EPWP opportunity target and BBBEE and SMME targeted expenditure for the quarter. 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 Jabulani, Soweto. The Jabulani node is maturing into a functional CBD in Soweto, with the JDA finalising 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, system, and depots. Other project types in this programme include the Bophelong Clinic and Community facilities in Drieziek and Ivory Park for example.

Although there has been a significant delay in finalising Service Level Agreements with various key client departments that impacted on our overall performance, the JDA is still committed and dedicated in delivering on those projects and contribute holistically to the overall GDS2040 and the GLU 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.

**Ms Sherylee Moonsamy (CA) SA**  
**Acting Chief Executive Officer**  
**04 October 2021**

### 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 for us to remain financially sustainable.

For the period ended 30 September 2021 the JDA had earned total revenue of R15 million (2020/21: R19.1 million) and incurred total expenditure of R24.4 million (2020/21: R20.2 million) which resulted in an overall deficit of R9 million (2020/21: Deficit of R1.2 million).

The organisation achieved 50% (2020/21: 88%) 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 79% (2020/21: 76% overall against target). This includes the internal interest charged on an overdraft balance with the City of Johannesburg of R3 million. The JDA is required to implement projects with cash flow reserves that are currently held by the client departments.

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

TABLE 1: ACTUAL OPERATIONAL BUDGET

	Actual 30 September 2020 R'000	Prior year September R'000	Actual R'000	Budget R'000	Variance R'000	% Of actual against budget
Revenue		R19 090	R15 307	R15 026	R282	102%
Operating costs (before interest)		(R20 242)	(R20 937)	(R29 132)	R8 195	72%
Interest expense		(-)	(R3 469)	(R1 716)	(R1 753)	202%
Total operating costs		(R20 242)	(R24 406)	(R30 848)	R6 442	79%
Surplus/(Deficit)		(R1 152)	(R9 099)	(R15 822)	R6 723	58%

Excluding the internal interest charged on the overdraft balance, a variance of 21% against the budget was realised. This variance is mainly due to certain operational processes that have been delayed or could not commence due to the nationwide lockdown that was enforced.

Actual capital expenditure for the period ended 30 September 2021 was R80.2 million (2020/21: R149.8 million) against an annual budget of R1.2 billion (2020/21: R1.3 billion). This represents 6.61% (2020/21: 68.27%) of the overall annual budget.

The organization's total assets exceeded the total liabilities. The total net assets on 30 September 2021 were R72 million (2020/21: R63.9 million).

The table below reflects the financial performance ratio of the organization for the period ended September 2021.



TABLE 2: FINANCIAL RATIOS

Key Performance Area		Actual 30 September 2020	Actual 30 September 2021
Current ratio	Above 1: 1	1.03: 1	1.1:1
Solvency ratio	Above 1: 1	1.08: 1	1.1:1
Salaries to expenditure ratio	Below 60%	92%	76%
Revenue	R30.8 million	R19 million	15.3 million
Expenditure (including taxation)	R30.8 million	R20 million	R24.4 million
Surplus / (Deficit)	R nil	(R1.2 million)	(R9.5 million)
Total net assets	R66.8 million	R63.9 million	72.7 million
Capital expenditure	25%	13.72%	6,61%

The overall liquidity and solvency position of the JDA, is higher than the prior year and above the current industry norms. The main contributing factor to the overall variance in comparison to the prior year is the higher receivables and lower loan to shareholder balance. Our major concern currently is the long outstanding balances owed by the city departments to the JDA and the overall impact this has on the liquidity and solvency of the JDA. During the current financial year, the JDA had commenced the year with R488 million outstanding and 90% of which has been collected since then by improving our debtor's management processes through constant interactions with the departments.

The remuneration ratio is higher than the norm which is mainly because of a lower overall expenditure denominator. The ratio is based on employee costs of R18.6 million over total expenditure of R24.4 million, which results in 76% of the expenditure. The JDA is primarily a service-orientated entity as majority of the operational costs relate to employee remuneration.

**Sihle Mkhize CA (SA)**  
**Acting Chief Financial Officer**  
**04 October 2021**

## 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 neighbourhoods, mostly in the inner city. However, this has evolved to focusing on transforming Johannesburg into a resilient, sustainable, and liveable 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

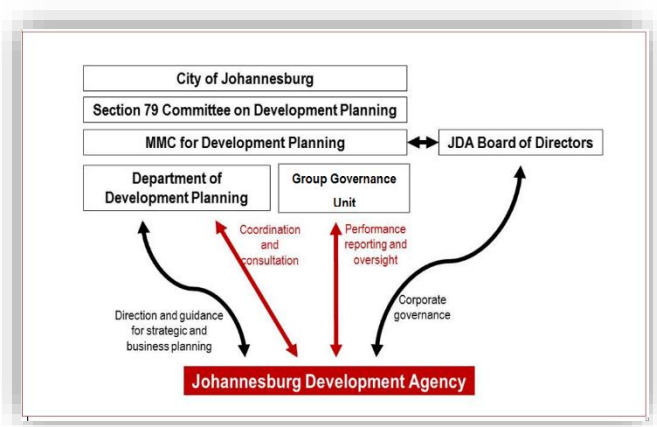
### **Outcomes and challenges**

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 mobilise 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 liveable 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
<b>Create great places</b>	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.
<b>Catalyse growth and investment</b>	Catalysing growth in areas with latent investment potential. Catalytic intervention and strategic capital investments in areas that have been previously marginalised 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
<b>Connect people to opportunities</b>	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
<b>Co-produce solutions</b>	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.	
<b>Continuous improvement</b>	Underpinning all the strategic goals, there is the need for the JDA to run as efficiently as possible.	

## 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

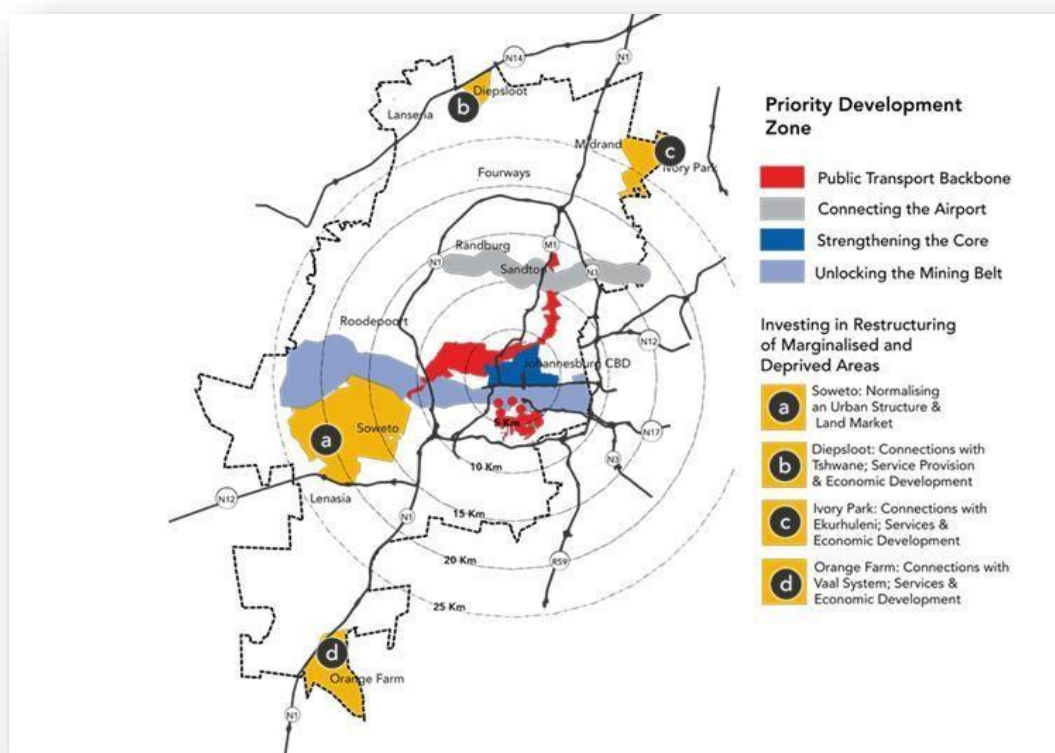


TABLE 4: SDF PRIORITY TRANSFORMATION AREAS AND CORRESPONDING JDA DEVELOPMENT REGIONS AND PROGRAMMES

SDF Priority Transformation areas	Corresponding JDA Regional Programmes	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"> <li>• Programme 1: Strategic Economic Node Delivery Programme</li> <li>• Programme 2: Accelerated Infrastructure Delivery Programme</li> <li>• Programme 3: Economic Empowerment Programme</li> </ul>
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 towards 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 co-ordination** - 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** - Analyse, 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.

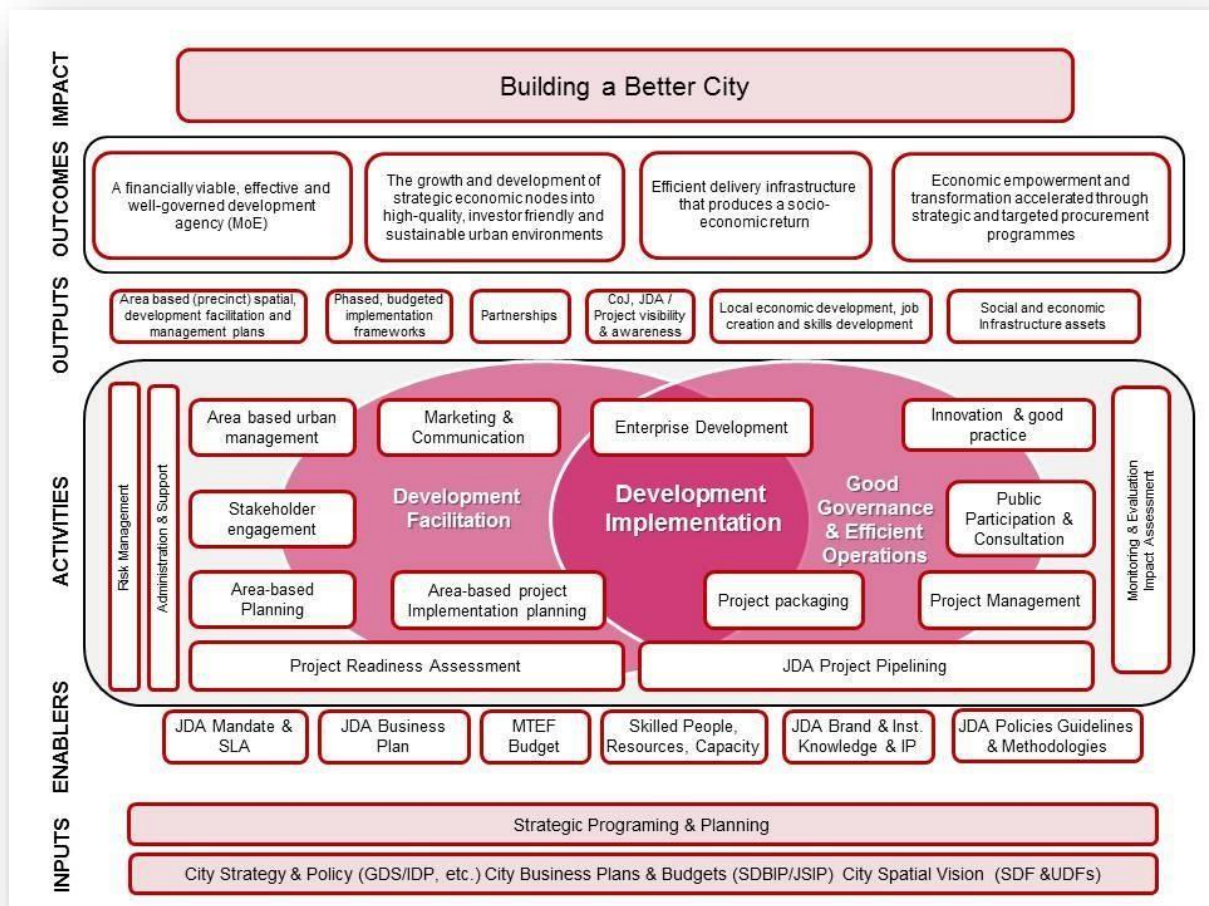
The JDA has aligned the main elements of our work and highlights the flow between them:

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 R80.2 million (2020/21: R149.8 million) against an annual budget of R1.2 billion. This represents 6.61% (2020/21: 13.72%) of the overall annual budget.
- For the period ended 30 September 2021 the JDA had earned total revenue of R15 million (2020/21: R19.1 million) and incurred total expenditure of R24 million (2020/21: R20.2 million) which resulted in an overall deficit of R9 million (2020/21: Deficit of R1.2 million).
- The organisation achieved 50% (2020/21: 88.22%) 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 79% (2020/21: 75.8% overall against target). This includes the over-expenditure in internal interest charged on an overdraft balance with the City of Johannesburg of R3 million. The JDA is required to implement projects with cash flow reserves that are currently held by the client departments.
- Excluding the internal interest charged on the overdraft balance, a variance of 21% against the budget was realised. This variance is mainly due to certain operational processes that have been delayed or could not commence due to the nationwide lockdown that was enforced.
- The organisation's total assets exceeded the total liabilities. The total net assets on 30<sup>th</sup> September 2021 were R73 million (2020/21: R63.9 million).
- The first quarter performance report has been prepared against the JDA's 2021/22 Business Plan and Scorecard. Regarding performance against the JDA's 17 Strategic KPIs, the JDA achieved 71% performance target achieved, 0% performance target partially achieved, and 29% performance target not achieved.
  - In comparison with the same period in the previous financial year the JDA achieved 71% targeted performance, 0 performance target partially achieved, and 29% performance target not achieved.
- For the period 1 July 2021 until 30 September 2021, the overall BBBEE share of expenditure was R 93 554 488 This translates into an achievement of 104% BBBEE claimed against quarterly expenditure.
- The SMME share of JDA's operating and capital expenditure was R 36 894 491 for the period 1<sup>st</sup> July 2021 to 30<sup>th</sup> September 2022. This constitutes an achievement of 40% for the period under review.
- A total of 91 EPWP work opportunities were reported against a first quarter target of 50.

TABLE 5: CAPITAL BUDGET MANAGEMENT OVERALL PROGRAMME PERFORMANCE<sup>1</sup>

Overall Programme Performance	2021/22 Annual Budget	Target YTD	Actual YTD	Target %	% Actual / Annual budget Expenditure
	R' 000	R' 000	R'000	%	%
Overall Programme Performance	1 214 144	303 536	80 199	25%	6,61%

<sup>1</sup> This measures effective capital budget management, in particular expenditure against set targets for project delivery. Targets of 95% expenditure have been set in respect of all funding sources for the financial year.

TABLE 6: OPERATING BUDGET MANAGEMENT

	2021/22	Year to date		% Achievement Against target	% Achievement for Annual
	Original Budget	Target	Actual		
	R'000	R'000	R'000		
Revenue R'000)	123 391	30 848	15 307	50%	12%
Costs (R'000)	123 391	30 848	24 781	80%	20%
Net surplus/(deficit)	-	-	(9 474)		

## CHAPTER 2: CORPORATE GOVERNANCE

### SECTION 1: CORPORATE GOVERNANCE STATEMENT

#### Governance Framework

The JDA recognises 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 recognise 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. 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, characterised by the values of responsibility, accountability, fairness, and transparency, has been a defining characteristic of the entity since the company's establishment in 2001.

The fundamental objective has always been to do business ethically while building a sustainable company that recognises the short- and long-term impact of its activities on the economy, society, and the environment. In its deliberations, decisions and actions, the board is sensitive to the legitimate interests and expectations of the entity's stakeholders.

### **Corporate citizenship**

As an entity of a municipality, the JDA has social and moral obligations to the citizens. The Board is responsible for ensuring that the JDA protects enhances and invests in the economy, society, and the natural environment,

and pursues its activities within the limits of social, political, and environmental responsibilities outlined 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 neighbourhood 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 Councillor, Ward Committees and residents' associations are the key link for citizens to get involved in public participation processes in planning and project development.

The Board of Directors of the JDA subscribes to good corporate governance expressed in the King Code and the Code of Conduct for Directors referred to in section 93L of the Municipal Systems Act, 2000 (MSA). The Board recognises 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. Mr Kevin Phaahla is chairperson of the Board and a non-executive director. 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, biannual, 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.

The appointed JDA Board of Directors consists of the following members:

- (i) Mr Kevin Mabatalale Phaahla (Chairperson)
- (ii) Mr Mongezi Ntanga
- (iii) Mr Thabo Motloun
- (iv) Ms Khanyisa Marawu
- (v) Mr Tahir Tebogo Maepa
- (vi) Ms Mpho Lecoge
- (vii) Mr Tiyani Given Sambo
- (viii) Mr Velaphi Ntshangase
- (ix) Dr Sandile Shepherd Ndlungwane
- (x) Ms Nomakhosazana Ella Veyi
- (xi) Ms Sue NK Mokoena
- (xii) Ms Sandra Koketso Sibuyi
- (xiii) Mr Anthony Ngcezula (Chief Executive Officer and Executive Director)
- (xiv) Ms Sherylee Moonsamy (Chief Financial Officer and Executive Director)

The appointed independent members to the Audit and Risk Committee are as follows:

- (i) Ms Keabetswe Onuoka
- (ii) Mr Tumisho Makofane
- (iii) Mr Vincent Vhena
- (iv) Ms Farida Alidi

TABLE 8: BOARD COMPOSITION

Board member	Capacity: Executive/ Non-Executive	Race	Gender	Board Committee Membership
Kevin Mabatalale Phaahla	Chairperson (Non-executive)	Black	Male	Development and Investment Committee
Mongezi Ntanga	Non-executive	Black	Male	Development and Investment Committee
Thabo Motloun	Non-executive	Black	Male	Audit and Risk Committee
Khanyisa Marawu	Non-executive	Black	Female	Social Ethics, Human Resources and Remuneration Committee (Chair)
Tahir Tebogo Maepa	Non-executive	Black	Male	Development and Investment Committee (Chair) Social Ethics, Human Resources and Remuneration Committee

Board member	Capacity: Executive/ Non-Executive	Race	Gender	Board Committee Membership
Mpho Lecoge	Non-executive	Black	Female	Social Ethics, Human Resources and Remuneration Committee
Tiyani Sambo	Non-executive	Black	Male	Audit and Risk Committee (Chair)
Velaphi Ntshangase	Non-executive	Black	Male	Development and Investment Committee
Sandile Ndlungwane	Non-executive	Black	Male	Development and Investment Committee
Nomakhosazana Ella Veyi	Non-executive	Black	Female	Social Ethics, Human Resources and Remuneration Committee
Sue NK Mokoena	Non-executive	Black	Female	Social Ethics, Human Resources and Remuneration Committee
Sandra Koketso Sibuyi	Non-executive	Black	Female	Development and Investment Committee

Together, the JDA directors have a range of different skills and experience that they bring to bear for the benefit of the entity. These include accounting, finance, legal, business management, human resources and labour relations, marketing, construction, and development management.

The 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 10: BOARD AND BOARD COMMITTEE MEETINGS & ATTENDANCE (01 JULY 2021 TO 30 SEPTEMBER 2021)

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
Kevin Phaahla	4	4	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	0	0
Mongezi Ntanga	4	4	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	1	0
Thabo Motloug	4	4	0	0	3	3	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Khanyisa Marawu	4	4	0	0	N/A	N/A	N/A	N/A	1	1	0	0	N/A	N/A	N/A	N/A
Tahir Tebogo Maepa	4	4	0	0	N/A	N/A	N/A	N/A	1	1	0	0	1	1	0	0
Mpho Lecoge	4	4	0	0	N/A	N/A	N/A	N/A	1	1	0	0	N/A	N/A	N/A	N/A



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
Tiyani Sambo <sup>2</sup>	4	4	0	0	3	3	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Velaphi Ntshangase	4	4	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	0	0
Sandile Ndlungwane	4	4	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	0	0
Nomakhosazana Ella Veyi	4	4	0	0	N/A	N/A	N/A	N/A	1	1	0	0	N/A	N/A	N/A	N/A
Sue NK Mokoena	4	4	0	0	N/A	N/A	N/A	N/A	1	1	0	0	N/A	N/A	N/A	N/A
Sandra Koketso Sibuyi	4	4	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	0	0
Vincent Vhena (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
Tumisho Makofane (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	3	2	1	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Keabetswe Onuoka (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

<sup>2</sup> No fee is payable due to member is under the employment of the state.

2 IAC members attended Special Board meeting (joint sitting) to consider the JDA's Business Plan.

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
Farida Alidi (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 11: COMPOSITION OF COMMITTEES

Composition	Mandate and Quarterly Activities
<b>Audit and Risk Committee</b>	
<p>The Audit and Risk Committee, which consists of two non-executive directors and four independent members, meets not less than four times a year. Most members of this committee are financially literate. The following members served on the committee during the period under review:</p> <ul style="list-style-type: none"> <li>• Tiyani Sambo (Chairperson)</li> <li>• Thabo Motloung</li> <li>• Vincent Vhena (Independent Member)</li> <li>• Tumisho Makofane (Independent Member)</li> <li>• Keabetswe Onuoka (Independent Member)</li> <li>• Farida Alidi (Independent Member)</li> </ul>	<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>
<b>Social and Ethics / Human Resources and Remuneration Committee</b>	
<p>In line with the best practice of corporate governance, the Board maintains a Human Resources &amp; Remuneration Committee/Social &amp; Ethics Committee (HR &amp; REMCO/Social &amp; 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"> <li>• Khanyisa Marawu (Chairperson)</li> <li>• Mpho Lecoge</li> <li>• Nomakhosazana Veyi</li> <li>• Sue Mokoena</li> <li>• Tahir Maepa</li> </ul>	<p>The committee meets not less than 4 (four) times a year. The executive directors are excluded from the HR &amp; Remuneration Committee/Social &amp; 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>
<b>Development and Investment Committee</b>	
<p>The following members served on the committee during the period under review:</p> <ul style="list-style-type: none"> <li>• Tahir Maepa (Chairperson)</li> <li>• Kevin Phaahla</li> <li>• Velaphi Ntshangase</li> <li>• Mongezi Ntanga</li> <li>• Sandra Sibuyi</li> </ul>	<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>

Composition	Mandate and Quarterly Activities
<ul style="list-style-type: none"> <li>Sandile Ndlungwane</li> </ul>	

***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 organisation'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 2021 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 12: EXECUTIVE DIRECTOR'S, SENIOR MANAGEMENT AND NON-EXECUTIVE DIRECTOR'S &amp; INDEPENDENT AUDIT COMMITTEE MEMBERS REMUNERATION AND ALLOWANCES FOR 01 July 2021 until 30 September 2021

Name	Designation	Salary/Board Fees	Pension	Acting allowance	Bonus/Board Retention Fees	Travel allowance	Total
<b>Executive Directors &amp; Senior Management</b>							
A Ngcezula	CEO	608 007					608 007
S Moonsamy	CFO	402 594	51 213				453 807
R Shirinda	Company Secretary	374 100	39 276				413 376
B Seopela	EM: Corporate Services	524 589	-				524 589
N Mulovhedzi	Acting EM: Development Implementation	300 249	38 190	50 920			389 359
P Mkhize	Senior Development Manager	311 646	32 715	-			344 361
A Kgoathe	Senior Development Manager	213 577	27 168				240 745
<b>Sub-Total</b>		<b>2 734 762</b>	<b>188 562</b>	<b>50 920</b>	<b>-</b>	<b>-</b>	<b>2 974 245</b>
<b>Non-Executive Directors &amp; Independent Audit Committee Members</b>							
K Phaahla	Board Chairperson	86 000					86 000
T Maepa	Board Member (Chairperson of D&I Committee)	74 000					74 000
K Marawu	Board Member (Chairperson of REMCO)	68 000					68 000
T Sambo	Board Member (Chairperson of ARC)	-					-
T Motloun	Board Member	78 000					78 000

Name	Designation	Salary/Board Fees	Pension	Acting allowance	Bonus/Board Retention Fees	Travel allowance	Total
M Ntanga	Board Member	66 000					66 000
V Ntshangase	Board Member	66 000					66 000
S Ndlungwana	Board Member	66 000					66 000
N Veyi	Board Member	66 000					66 000
S Mokoena	Board Member	66 000					66 000
K Onuoka	Independent Audit and Risk Committee Member	18 000					18 000
V Vhena	Independent Audit and Risk Committee Member	18 000					18 000
T Makofane	Independent Audit and Risk Committee Member	12 000					12 000
F Alidi	Independent Audit and Risk Committee Member	18 000					18 000
M Lecoge	Board Member	66 000					66 000
S Sibuyi	Board Member	66 000					66 000
<b>Sub-Total</b>		<b>834 000</b>	-		-	-	<b>834 000</b>
<b>TOTAL</b>		<b>3 568 762</b>	<b>188 562</b>	<b>50 920</b>	-	-	<b>3 808 245</b>

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:

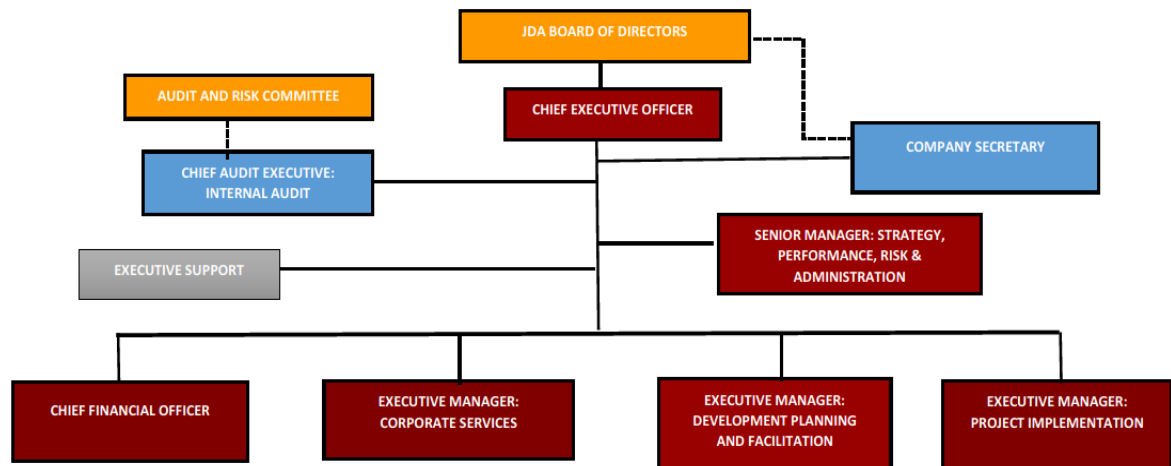
- Organising, preparing agendas, and taking minutes of meetings.
- Dealing with correspondence, collating information, writing reports, ensuring decisions made are communicated to the relevant people.
- Advising the Board and management on corporate governance matters.
- Contributing to meeting discussions, 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 optimise the impact of the catalytic public investments, and the establishment of urban management partnerships to ensure the sustainability of the catalytic public investments. The organisational structure during the reporting period is presented below.

FIGURE 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 approved and implemented during the 2021/22 financial year are as follows:

TABLE 13: IMPLEMENTED RISK MANAGEMENT PROGRAMMES AND/OR ACTIVITIES

Programmes and/or activities
Strategic Risks Management and Monitoring
Operational Risks Management and Monitoring
Universal Regulatory Register (URR) and Compliance Monitoring
Enterprise-Wide Risk Management Training
Anti-Fraud & Anti-Corruption and Ethics Management Training
Verification of Declaration of Interest

### ***Corporate Ethics and Organisational Integrity***

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

The JDA's main objective has always been to do business ethically while building a sustainable company that recognises the short- and long-term impact of its activities on the economy, society, and the environment. In its deliberations, decisions and actions, the Board is sensitive to the interests and expectations of the JDA's stakeholders.

### **Code of Conduct**

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

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

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

The code requires all staff to act with the utmost integrity and objectivity, and 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 endeavour to combat financial crime, ensures compliance with all relevant legislation and regulations. The antifraud and anticorruption programme supports and fosters a culture of zero tolerance to fraud, corruption, and unlawful conduct.

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

Employees are regularly briefed and trained 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 document and was approved by EXCO<sup>3</sup> and is monitored quarterly.

Critical to the anti-fraud and anti-corruption programme is the prevention strategic pillar as contained in the Fraud Prevention Strategy and Response Plan, except for the Whistle Blowing Policy which was recommended to be presented to the Social & Ethics Committee prior to Board approval.

- Fraud Risk Management Policies
- Fraud Prevention Strategy and Response Plan; and
- Declaration of Interest Policy

The Whistle Blowing Policy was presented to the Social & Ethics Committee and certain amendments were proposed to ensure alignment to the COJ Whistle Blowing Policy. The Policy is under review to ensure alignment to the COJ’s Policy. The Whistle Blowing Policy to be presented in the next Audit & Risk Committee.

There was one case of fraud and corruption reported in the 2021/22 financial year. Refer to the Fraud Case Register below:

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<sup>3</sup> The fraud risk register is approved by EXCO as it is an operational document. The Board approved the strategic risk register for current year in the previous financial year, as part of the business planning approval process. The strategic risk register includes fraud and corruption risk.

TABLE 14: REPORTED CASES

Note: As per the City's instruction all cases are to be investigated centrally through Group Forensics and Investigation Services.

Date of Case Reported	Reference Number	Where or to whom it was reported	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
09/09/2021	101/09/2021	Supply Chain Manager	Not Known	Circulation of fraudulent documents trying to change suppliers banking details.	Fraud	Not yet allocated	N/A
2021/03/24	101/03/2021	Joburg Development Agency	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	N/A
2019/07/19	7/2-011424/17	Public Protector	Not known	Acquisition of land at an excessive amount for construction of Walter Sisulu Square.	Corruption	The case is closed. The letter detailing the reasons for closure was received.	Sello Ernest Raselalome Sello@pprotec.org
2019/01/22	GFIS 116/02/2019	Chief Executive Officer	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.	Lesiba Mashasha Deputy Director Sibande 0837026918
2018/12/07	GFIS 44/12/2018	Chief Executive Officer	One	Unauthorized wavering of Construction penalties.	Maladministration	The investigation is in progress, matter is investigated by GFIS.	Phuthi Ramara Deputy Director Sibande 0837026918
2018/08/30	GFIS 171/08/2018	City of Johannesburg Group Fraud and Investigation Services	Not known	Alleged solicitation of bribes and kickbacks	Fraud/Corruption	The investigation is in progress, matter is investigated by GFIS.	Deputy Director Sibande 0827026918

Date of Case Reported	Reference Number	Where or to whom it was reported	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
2018/06/13	107/06/2018	City Manager	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.	Deputy Director Sibande 0827026918
2018/04/11	GFIS 184/04/2018	COJ Fraud Hotline.	One	JDA Official allegedly solicited bribe.	Corruption/ bribery	The investigation is in progress, matter is investigated by GFIS.	Deputy Director Sibande 0827026918
2018/03/16	105/03/2018	Chief Executive Officer	Not known	Unfair disqualification of SMMEs.	Suspected corruption	The investigation is in progress, matter is investigated by GFIS.	Deputy Director Sibande 0827026918
2017/10/16	GFIS	City of Johannesburg Group Fraud and Investigation Services	One	Underpayment of SMMEs.	Maladministration.	Audit / review is underway as per GFIS's report recommendation.	Bobby Johnston Vincent Mtsweni Dudu Skhosana

## SECTION 5: ICT GOVERNANCE

In line with the approved ICT governance Charter, the ICT Steering Committee has in this quarter continued to conduct monthly meetings to ensure that there is oversight over the ICT function.

The Committee Chair in turn reports to the Audit and Risk Committee, which reports to the JDA Board of Directors. This ensures that the JDA is not only compliant with the COBIT framework but is also fully compliant to the prescripts of ICT Governance enshrined in the King Code of Governance.

### **Policies**

All ICT policies are currently up to date and approved.

### **Network**

The network uptime this quarter was 100 % against a target of 100 %. The network performance target for the quarter was therefore achieved. The performance of the network is measured via an automated system which analyses and consolidates all performance criteria for the quarter as follows.

### **Digitization**

The key focus for Quarter 1 has been to ramp up digitization efforts meant, firstly to automate non-automated key business areas, and secondly to centralize already automated processes in other systems under one ERP system.

### **Launch of a Stakeholder Issue Management system**

The management of stakeholder issues has largely been a manual and non-consolidated process.

The implementation of a Stakeholder Issue Management system is 100% complete, against the quarter target of 100 %. The system is therefore live.

The Stakeholder Issue Management system is being used by both the Stakeholder unit, which deals with all stakeholder issues in all JDA's projects, as well as the Enterprise Development unit which deals mainly with SMMEs on all JDA's projects.

The Stakeholder Issue Management system allows for the interactive capture of all stakeholder issues in one centralized automated platform. The Stakeholder Issue Management system automatically escalates issues that are not resolved within a 5-day timeframe to each successive layer of management from middle to highest level within the organization to ensure that issues are resolved timeously.

The Stakeholder Issue Management system has in-built intelligence that analyses all Stakeholder and SMMEs issues captured and produces a dashboard of these issues by performance indicator type for example a dashboard of.

- high risk issues (these issues have a potential of halting project progress)
- un-resolved issues by project, issues by region, issues by ward



- issues by escalation layer (issues escalated to Project managers, to Senior Project managers, to Executive for Development Implementation, to the CEO)

The dashboards are immediately available to all Management as they open the system, meaning that Management have an immediate holistic view of the issues dashboard which enables them to manage the resolution of the issues very closely.

### **Complimentary launch of an “App” and “SMS ” facility for public participation**

As a compliment to the Stakeholder Issue management system, an “app” will be launched to extend public participation in reporting of issues. The App is simply meant to compliment the public participation process, whereby members of the public will be able to additionally report/log any other issues they may be experiencing on the JDA projects. All issues logged via the “app or SMS ”will automatically be updated to the Stakeholder Issue Management system database.

The App and SMS facilities are at 70% completion, and once tested will be launched and communicated to members of the public.

### **Implementation of the SAP for Development Facilitation and Planning business Units**

The Development Facilitation and Planning business units are responsible for the planning and facilitation of all projects of the JDA. They play a critical process in preparing JDA projects for implementation.

Previously, processes for these two business units were manual.

The automation of the entire Planning and Facilitation business units’ processes on the centralized SAP ERP system is 100 % complete, against a target of 100% completion for quarter 1.

The units’ projects and allied processing are now live on the SAP ERP system.

The implemented automation allows all projects under planning to be created, managed, and reported on centrally via the SAP ERP system. Management in this context refers but is not limited to.

- Planning processes/project budget management
- Planning expenditure processing and reporting
- Planning project milestones tracking and management

This is a milestone achievement which will boost efficiencies within the planning and facilitation departments from both a process and management perspective. More importantly it completes the automation of the project management cycle.

### **Migration of the Finance Module**

The migration of the Finance Module to the central ERP SAP system is at an advanced stage. The configuration of all finance submodules is on 85% technical completion. Data migration to a staging platform has been facilitated to for cleansing and validation of data before it is finally moved to a production environment.

User training and user acceptance testing will close off the project. This is a significant implementation as it ensures that completes the expenditure cycle management under one centralized SAP ERP system.

## SECTION 6: COMPLIANCE WITH LAWS & REGULATIONS

The JDA monitors compliance with applicable legislation and regulations throughout the entity on a regular basis. Regulatory compliance describes the goals that JDA aspires to achieve in their efforts to ensure that they are aware of and take steps to comply with relevant laws and regulations, whereas general compliance means conforming to a rule, such as a specification, policy, standard or law.

Due to the increasing number of regulations and need for operational transparency, JDA has adopted the use of consolidated and harmonized sets of compliance controls which will be achieved through the successful implementation of the compliance management programme. This approach ensures that all necessary governance requirements can be met without the unnecessary duplication of effort and activity from resources.

The JDA has committed to undertake an annual risk analysis review of legislation, particularly of new and changed legislation, to keep the Regulatory Universe for JDA relevant and up to date. These processes include:

-

- Developing a system for identifying the legislation that applies to JDA's activities is in progress.
- Assign responsibilities for ensuring that legislation and regulatory obligations are fully implemented in JDA.
- Provide training for officials, and other relevant stakeholders in the legislative requirements that affect them.
- Provide officials with the resources to identify and remain up to date with new legislation.
- Conduct audits to ensure there is full compliance.
- Establish a mechanism for reporting non-compliance.
- Identify accidents, incidents, and other situations where there may have been non-compliance.

In relation to compliance performance, the JDA has detected or registered 4 out of 268 compliance obligations that are non-compliant for the first quarter. The overall URR compliance is 98.5%.

JDA has not incurred any irregular, fruitless, wasteful, and unauthorized transactions for the period of the 01 July 2021 until 30 September 2021.

## SECTION 7: CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT

The CSR committee resolved that in the current financial year there will be implementation of projects that were on hold in the last financial year. These include donations to technical schools in Diepsloot, Orange Farm, Eikenhof, Alexandra and Ivory Park. Other CSR projects identified include Learnership and Bursaries and Mandela Day. The annual budget for this financial year is R 350 000.00.

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

**TABLE 10: CSR FOCUS AREAS FOR THIS FINANCIAL YEAR:**

Focus areas	Programs
Area Regeneration	Upgrades to the built environment, area management initiatives which impact on cleanliness, safety and security, improved investment attraction to the area
Arts and Culture	Arts and culture development in underprivileged areas
Community Sport	Support community sports development programs in underprivileged areas
Conservation and Environment	Support projects that focus on conservation awareness and education including waste management, water conservation, energy, and disaster relief programs (e.g., food) gardens)
Education	Support for community or public education facilities; programs that support the production of indigenous, appropriate knowledge streams relevant to the JDA and its work; programs that support the improvement of Mathematics, Science, Information, and Communications Technology, Engineering for underprivileged children.
Health	Support of community clinics; health programs in the community; HIV/AIDS Awareness and community food gardens and poverty alleviation
	Provision of a healthy, open, inclusive, and safe working environment; employee engagement and wellbeing
Training development	Community training, skills development for unemployed or underemployed; educational programs in the community; Women and Youth leadership development
	Learnership/internship program; graduate training programme; bursaries, Participation in national government's Youth Employment Service (YES4Youth) Program, and the JDA's Enterprise Development Program.
	Ongoing education, training, and development of JDA employees, employee wellness program
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 decisions 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 neighbourhoods, 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 catalyse private investment, enterprise, and neighbourhood 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 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 minimise 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 liveable, 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 Revitalisation 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 2021/22 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 16: 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
2017/18	51581697	01/11/2017	03/04/2019	Accidental damage	R250 000.00	Not yet determined.	Contractors all risk	Awaiting Insurer's advice.
2017/18	51574102	01/11/2017	03/04/2019	Accidental damage	R7 500.00	Not yet determined.	Contractors all risks	Awaiting Insurer's advice.
2017/18	51581695	01/11/2017	03/04/2019	Accidental damage	R49 680.00	Not yet determined.	Contractors all risks	Awaiting Insurer's advice.

A progress reports with regards to the status of each claim are provided to the JDA by the broker insurance company monthly. All the above claims are still active; therefore, none have expired.

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### SECTION 1: HIGHLIGHTS AND ACHIEVEMENTS

The first quarter performance report has been prepared against the JDA's 2021/22 Business Plan and Scorecard. Regarding performance against the JDA's 17 Strategic KPIs, the JDA achieved 71% performance target achieved, 0% performance target partially achieved, and 29% performance target not achieved.

The focus on reporting on highlights and achievement is reflected for each of the JDA's substantive programmes, as per the table below.

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 17: 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	%
Priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty  Priority 2: Ensure pro-poor development that addresses spatial and all forms of income inequality and provides meaningful redress.	Inner-city regeneration, including key economic nodes  Increased infrastructure investment (from both public and private sectors)  Working to cut red tape and improve the ease of doing business in the city  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	7	(1-2-3-4-5-6-7)	5	71%	0	0%	2	29%
IDP Priority 5: Create an honest and transparent City that fights corruption.	Increasing forensic investigative capability and controls	2	(8-9)	2	100%	0	0%	0	0%
IDP Priority 8: Enhance our financial sustainability.	Focusing on driving up capital expenditure investment in infrastructure	2	(10-11)	1	50%	0	0%	1	50%
Day-to-day Program	Other IDP or Day-to Day programs	6	(12-13-14-15-16-17)	4	67%	0	0%	2	33%
		<b>17</b>		<b>12</b>	<b>71%</b>	<b>0</b>	<b>0%</b>	<b>5</b>	<b>29%</b>

## 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:

- Although the construction is completed there is no finalization of the agreement regarding the Post Office portion of land which forms part of the JITI development. The matter is sitting with the JPC to finalize the negotiations of the land acquisition agreement.
- Construction on most sites since the nationwide lockdown was initiated has been in accordance with the relevant lockdown level requirements at the specific time. However, almost a year later since it was implemented, construction on sites has not yet returned to full capacity as there are still restrictions being imposed from the lockdown.
- Delays with regards to signing of SLA – three (3) of the major clients delayed the signing of SLAs. i.e., JRA, Social Development, EMS which resulted in projects starting late.
- Bus Rapid Transit projects shortage of funding – majority of BRT projects have no funding or under-funded in the current financial year.



## 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 18: 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 <sup>3</sup> 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.

The overall year to date capex expenditure at first quarter was R80.2 million (2020/21: R149.8 million) against an annual budget of R303.5 million (2020/21: R272.9million). This represents 6.61% (2020/21: 68.27% of target and 13,72% of annual budget) of the overall annual budget. There are still various factors that continue to affect projects

TABLE 19: CAPITAL BUDGET MANAGEMENT OVERALL PROGRAMME PERFORMANCE

Overall Programme Performance	2020/21 Annual Budget	Target YTD	Actual YTD	Target %	% Actual / Annual budget Expenditure
	R' 000	R' 000	R'000	%	%
<b>Overall Programme Performance</b>	<b>1 214 144</b>	<b>303 536</b>	<b>80 199</b>	<b>25%</b>	<b>6,61%</b>

## 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 for specific developments, such as area-based revitalisation.

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. Hence anything less than 80% is regarded as not achieved.

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

Table 20:1 KPI ACHIEVEMENT RATINGS







Achievement	Rating
	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 2019/20	2021/22 Annual Target	2021/22 Q1 Target	2021/22 Q1 Actual	Variance	Quarterly Achievement Rating	Explanation of progress as at the end of 30 September 2021	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	1) Number of pre-feasibilities studies conducted. <sup>4</sup>	4	9 (cumulative)	1	1	-		Target achieved.	
			Inner City Transport Masterplan				Target achieved.		
	2) Number of projects at the concept design phase.	8	12 (cumulative)	2	2	0			
			Ivory Park UDF_ Development Catalytic Node infrastructure projects				Target achieved		
			inner City Transport Masterplan				Target achieved		
	3) Number of projects reaching the contract award stage.	10	31 (cumulative)	9	6	-3			
			1. Bertrams New Multipurpose Centre				Target Not Achieved.	Detail designs in progress anticipated to be completed end September 2021	Delays encountered because of the late finalization and confirmations from client departments. Mitigation would be to accelerate SCM procurement processes in realizing the appointment of the contractors.



<sup>4</sup> Detailed local area plans, detailed local area implementation plans or area-based studies produced, reviewed, or updated

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 2019/20	2021/22 Annual Target	2021/22 Q1 Target	2021/22 Q1 Actual	Variance	Quarterly Achievement Rating	Explanation of progress as at the end of 30 September 2021	Variations and steps to be taken to improve performance
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,			2. Yetta Nathan Social development Centre				Target not Achieved.	Detail designs in progress anticipated to be completed end September 2021	Delays encountered because of the late finalization and confirmations from client departments. Mitigation steps included accelerate SCM procurement processes in realizing the appointment of the contractors.
			3. Turffontein Clinic				Target Achieved		
			4. JAG Refurbishment & Security upgrades				Target Not achieved	Not achieved due to availability of information from end user department. i.e., Existing drawings & security specifications	Professionals to accelerate the regeneration of information i.e., as built
			5. RAMP Community Development				Target Achieved		
			6. RAMP Social development				Target Achieved		
			7. Orange Farm PEU				Target Achieved		

			8. MPC Matholesville				Target not achieved	BEC concluded, RFQ to be readvertised following the recommendation of BEC	Request for a special BAC
			9. Kaalfontein MPC New Construction				Target not achieved	BEC concluded, report to be tabled at a special BAC before end September 2021	Request for a special BAC
	4) Number of projects Reaching practical completion stage.	8	26 (cumulative)	2	1	1		Target was not achieved.	
			1. Park and Ride Facility: Design and Construction of a Park n Ride in Greenside Region E (Phase 1)				Target achieved.		
			2. RT Guardhouses & Customer Care				Target not achieved	Budget was confirmed late. The Universal Access part of the contract now signed off by JRA. The extension of time granted for changeover of steel fabrication supplier on the Lees / Graystone guardhouse.	Follow-up meeting to be scheduled with OPH to work out way forward with planned works & their requirements. New professionals to do proposal for the new site appointed. The works are proceeding to be completed during Q2. BAC approval to be sought for the pending appointments as bids closed 1 <sup>st</sup> week of September 2021.

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 programs	Key Performance Indicator	Baseline 2019/20	2021/22 Annual Target	2020/21 Q1 Target	2020/21 Q1 Actual	Variance	Quarterly Achievement Rating	Explanation of progress as at the end of 30 September 2020	Variations and steps to be taken to improve performance
work, culture, and leisure	5) Number of precincts management implementation plans. <sup>5</sup>	1	3 (cumulative)	0	0	-		Target achieved.	
	6) Number of JDA Communication and Media related Initiatives.	379	280 (cumulative)	70	95	+25		Target achieved.	
	7) Number of impacts performance assessments completed. <sup>6</sup>	1	4 (cumulative)	0	0	-		Target achieved.	

**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 2019/20	2021/22 Annual Target	2021/22 Q1 Target	2021/22 Q1 Actual	Variance	Quarterly Achievement Rating	Explanation of progress as at the end of 30 September 2020	Variations and steps to be taken to improve performance
Increasing forensic investigative capability and controls	8) Percentage resolution of Internal Audit findings.	89%	100%	10%	88%	+78%		Target achieved.	
	9) Percentage resolution of Auditor General findings.	100%	100%	50%	70%	+20%		Target achieved.	

<sup>5</sup> Includes precinct management plans that are operationalized (implemented) or produced, reviewed, or updated

<sup>6</sup> Impact assessments completed can either be area, community or project related





## 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 2019/20	2021/22 Annual Target	2021/22 Q1 Target	2021/22 Q1 Actual	Variance	Quarterly achievement Rating	Explanation of progress as at the end of 30 September 2021	Variations and steps to be taken to improve performance
Focusing on driving up capital expenditure investment in infrastructure	10) Percentage of budget spent on city- wide infrastructure.	68%	95% (cumulative)	25%	6,61%	-18,39%			Delays were due to various factors that continue to affect projects including poor contractor performance and stakeholder stoppages, however, the basis of the 25% targeted capital expenditure is based on a city-wide performance indicator and not necessarily aligned to each project milestone and progress.
	11) Percentage of valid invoices paid within 30 days of the invoice date.	96%	100%	100%	99%	-1%			



7 From the previous financial year

**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 2019/20	2021/22 Annual Target	2021/22 Q1 Target	2021/22 Q1 Actual	Variance	Quarterly Achievement Rating	Explanation of progress as at the end of 30 September 2021	Variations and steps to be taken to improve performance
Other IDP or Day-to-Day Programs	12) Percentage spent on Broad-Based Economic Empowerment through local procurement as a share of total	104%	100%	100%	101%	+1%		Target achieved.	
	13) Number of Expanded Public Works Programs (EPWP) work opportunities created City-wide. 8	339	500 (cumulative)	50	91	+41		Target achieved.	

\* 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.

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 2019/20	2021/22 Annual Target	2021/22 Q1 Target	2021/22 Q1 Actual	Variance	Quarterly Achievement Rating	Explanation of progress as at the end of 30 September 2021	Variations and steps to be taken to improve performance
	14) Percentage of SMME expenditure as a share of total expenditure.	32%	30%	30%	40%	+10%		Target achieved.	
	15) Percentage spends on JDA operating budget against approved operating budget.	115%	95% (cumulative)	25%	20%	-5%		Target Not achieved.	

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 2020/21	2021/22 Annual Target	2021/22 Q1 Target	2021/22 Q1 Actual	Variance	Quarterly Achievement Rating	Explanation of progress as at the end of 30 September 2021	Variations and steps to be taken to improve performance
	16) Percentage implementation of the strategic risk management action plan findings resolved.	73%	95% <sup>9</sup> (cumulative)	10%	15%	+5%		Target achieved.	
	17) Percentage of predetermined objectives targets achieved	47%	85%	85%	75%	-10%		<p>Target was not achieved.</p> <p>The following KPIs were not achieved:</p> <ul style="list-style-type: none"> <li>- #15 Percentage spends on JDA operating budget against approved operating budget.</li> <li>- #17 Percentage of predetermined objectives targets achieved</li> </ul>	

## 6.1 PROGRAMME EXPENDITURE

For period ended 30 September 2021

TABLE 22: EXPENDITURE BY FUNDING SOURCE

	CAPEX FOR SEPTEMBER 2021				CAPEX FOR THE YEAR				ANNUAL	BUDGET
	ACTUAL	BUDGET	VARIANCE	VAR	ACTUAL	BUDGET	VARIANCE	VAR	BUDGET	USED
	R	R	R	%	R	R	R	%	R	%
<b><u>PROJECTS PER FUNDING SOURCE</u></b>										
<b><u>PUBLIC TRANSPORT CORRIDOR DEVELOPMENT</u></b>										
<b>BRIXTON SOCIAL CLUSTER: WORK PACKAGE 1 NEW MULTIPURPOSE SPORTS AND RECREATION</b>	R 0	R 3 833 333	(R 3 833 333)	0,00%	R 0	R 11 500 000	(R 11 500 000)	(100,00%)	R 46 000 000	0,00%
<b>TEST ECO DISTRICT PROTOTYPES TOD CORRIDORS</b>	0	750 000	(750 000)	0,00%	144 061	750 000	(605 939)	(80,79%)	3 000 000	4,80%
<b>NEW TURFONTEIN CLINIC AND MULTIPURPOSE</b>	0	1 820 250	(1 820 250)	0,00%	0	5 460 750	(5 460 750)	(100,00%)	21 843 000	0,00%
<b>SUB-TOTAL</b>	<b>0</b>	<b>6 403 583</b>	<b>(6 403 583)</b>	<b>0,00%</b>	<b>144 061</b>	<b>17 710 750</b>	<b>(17 566 689)</b>	<b>(99,19%)</b>	<b>70 843 000</b>	<b>0,20%</b>
<b><u>JDA ON BUDGET</u></b>										
<b>INNER CITY EASTERN GATEWAY_TOD AND MOVEMENT CORRIDORS</b>	2 315 535	1 666 667	648 868	138,93%	2 315 535	5 000 000	(2 684 465)	(53,69%)	20 000 000	11,58%
<b>REGENERATION OF LENASIA CBD AND ANCHORVILLE INDUSTRIAL HUB – REGION G</b>	0	833 333	(833 333)	0,00%	5 125 236	2 500 000	2 625 236	105,01%	10 000 000	51,25%
<b>ORLANDO EAST STATION PRECINCT</b>	0	833 333	(833 333)	0,00%	0	2 500 000	(2 500 000)	(100,00%)	10 000 000	0,00%
<b>PENNYVILLE PRECINCT RENEWAL</b>	0	0	0	0,00%	195 984	500 000	(304 016)	(60,80%)	2 000 000	9,80%

	CAPEX FOR SEPTEMBER 2021				CAPEX FOR THE YEAR				ANNUAL	BUDGET
	ACTUAL	BUDGET	VARIANCE	VAR	ACTUAL	BUDGET	VARIANCE	VAR	BUDGET	USED
	R	R	R	%	R	R	R	%	R	%
<b><u>PROJECTS PER FUNDING SOURCE</u></b>										
RANDBURG CBD REGENERATION RENEWAL	0	833 333	(833 333)	0,00%	0	2 500 000	(2 500 000)	(100,00%)	10 000 000	0,00%
BALFOUR PARK TRANSIT PRECINCT DEVELOPMENT	0	1 666 667	(1 666 667)	0,00%	0	5 000 000	(5 000 000)	(100,00%)	20 000 000	0,00%
MELVILLE ACTIVITY STREET	0	0	0	0,00%	0	500 000	(500 000)	(100,00%)	2 000 000	0,00%
REVITALISATION OF PAGEVIEW AND VREDEDORP	0	100 000	(100 000)	0,00%	0	300 000	(300 000)	(100,00%)	10 000 000	0,00%
CORR - PERTH EMPIRE CORRIDOR OF FREEDOM TRAFFIC IMPACT ASSESSMENT (TIA), STORMWATER MASTERPLAN AND NEW CONSTRUCTION: PHASE 2	0	120 000	(120 000)	0,00%	0	360 000	(360 000)	(100,00%)	12 000 000	0,00%
CORR - LOUIS BOTHA CORRIDOR OF FREEDOM TRAFFIC IMPACT ASSESSMENT (TIA), STORMWATER MASTERPLAN AND NEW CONSTRUCTION AND UPGRADING RENEWAL CORRIDORS OF FREEDOM INTERVENTION ORANGE GROVE E REGIONAL	0	416 667	(416 667)	0,00%	0	1 250 000	(1 250 000)	(100,00%)	5 000 000	0,00%
IVORY PARK UDF_ DEVELOPMENT_CATALYTIC NODE INFRASTRUCTURE PROJECTS	0	833 333	(833 333)	0,00%	3 925 715	2 500 000	1 425 715	57,03%	10 000 000	39,26%
DIEPSLOOT DEVELOPMENT RENEWAL PRECINCT REDEVELOPMENT DIEPSLOOT WES A REGIONAL	2 007 820	1 666 667	341 153	120,47%	4 145 862	5 000 000	(854 138)	(17,08%)	20 000 000	20,73%

	CAPEX FOR SEPTEMBER 2021				CAPEX FOR THE YEAR				ANNUAL	BUDGET
	ACTUAL	BUDGET	VARIANCE	VAR	ACTUAL	BUDGET	VARIANCE	VAR	BUDGET	USED
	R	R	R	%	R	R	R	%	R	%
<b><u>PROJECTS PER FUNDING SOURCE</u></b>										
BANAKEKELN HOSPICE NEW CLINIC ALEXANDRA EXT.38 E WARD	0	1 500 000	(1 500 000)	0,00%	0	4 500 000	(4 500 000)	(100,00%)	18 000 000	0,00%
OPERATIONAL CAPEX NEW OPERATIONAL CAPEX NEWTOWN F CITY WIDE	0	416 667	(416 667)	0,00%	0	1 250 000	(1 250 000)	(100,00%)	5 000 000	0,00%
ORCHARDS CLINIC	0	1 500 000	(1 500 000)	0,00%	0	4 500 000	(4 500 000)	(100,00%)	15 000 000	0,00%
KLIPFONTEIN WELLNESS CENTRE	0	833 333	(833 333)	0,00%	0	2 500 000	(2 500 000)	(100,00%)	30 000 000	0,00%
ROODEPORT CBD REGENERATION RENEWAL PRECINCT REDEVELOPMENT REGION C	0	1 250 000	(1 250 000)	0,00%	0	3 750 000	(3 750 000)	(100,00%)	15 000 000	0,00%
<b>SUB-TOTAL</b>	<b>4 323 355</b>	<b>14 470 000</b>	<b>(10 146 645)</b>	<b>29,88%</b>	<b>15 708 332</b>	<b>44 410 000</b>	<b>(28 701 668)</b>	<b>(64,63%)</b>	<b>214 000 000</b>	<b>7,34%</b>
<b><u>COMMUNITY DEVELOPMENT (COMM DEV)</u></b>										
LEHAE MPC NEW CONSTRUCTION LEHAE G	0	0	0	0,00%	0	1 000 000	(1 000 000)	(100,00%)	4 000 000	0,00%
JOHANNESBURG LIBRARY F	121 186	833 333	(712 147)	14,54%	121 186	2 500 000	(2 378 814)	(95,15%)	10 000 000	1,21%
KAALFONTEIN MPC NEW CONSTRUCTION	91 392	2 500 000	(2 408 608)	3,66%	1 318 089	7 500 000	(6 181 911)	(82,43%)	30 000 000	4,39%
IVORY PARK SWIMMING POOL	2 116 205	1 500 000	616 205	141,08%	2 116 205	4 500 000	(2 383 795)	(52,97%)	18 000 000	11,76%
MPC MATHOLESVILLE	85 016	1 250 000	(1 164 984)	6,80%	1 153 688	3 750 000	(2 596 312)	(69,23%)	15 000 000	7,69%
JOHANNESBURG ART GALLERY	0	200 000	(200 000)	0,00%	0	400 000	(400 000)	(100,00%)	1 000 000	0,00%

	CAPEX FOR SEPTEMBER 2021				CAPEX FOR THE YEAR				ANNUAL	BUDGET
	ACTUAL	BUDGET	VARIANCE	VAR	ACTUAL	BUDGET	VARIANCE	VAR	BUDGET	USED
	R	R	R	%	R	R	R	%	R	%
<b><u>PROJECTS PER FUNDING SOURCE</u></b>										
DRIEZIEK MPC	1 197 076	1 800 000	(602 924)	66,50%	1 197 076	5 400 000	(4 202 924)	(77,83%)	18 000 000	6,65%
REPAIRS TO COMM DEV FACILITIES	0	3 500 000	(3 500 000)	0,00%	0	10 500 000	(10 500 000)	(100,00%)	42 000 000	0,00%
MINOR WORKS AT VARIOUS FACILITIES	702 281	1 500 000	(797 719)	46,82%	3 306 578	4 500 000	(1 193 422)	(26,52%)	18 000 000	18,37%
NEWTOWN CLEANING AND SECURITY	0	300 000	(300 000)	0,00%	0	300 000	(300 000)	(100,00%)	3 000 000	0,00%
<b>SUB-TOTAL</b>	<b>4 313 156</b>	<b>13 383 333</b>	<b>(9 070 177)</b>	<b>32,23%</b>	<b>9 212 822</b>	<b>40 350 000</b>	<b>(31 137 178)</b>	<b>(77,17%)</b>	<b>159 000 000</b>	<b>5,79%</b>
<b>INNER CITY DEVELOPMENT GRANT</b>										
CONCEPTUALISATION AND DEVELOPMENT INNER CITY SPATIAL SCENARIO PLANNING	345 075	0	345 075	0,00%	345 075	0	345 075	0,00%	0	0,00%
GHANDHI SQUARE EAST	4 521 005	7 500 000	(2 978 995)	60,28%	4 521 005	7 500 000	(2 978 995)	(39,72%)	30 000 000	15,07%
<b>SUB-TOTAL</b>	<b>4 866 080</b>	<b>7 500 000</b>	<b>(2 633 920)</b>	<b>64,88%</b>	<b>4 866 080</b>	<b>7 500 000</b>	<b>(2 633 920)</b>	<b>(35,12%)</b>	<b>30 000 000</b>	<b>16,22%</b>
<b><u>EMERGENCY MANAGEMENT SERVICES (EMS)</u></b>										
CENTRAL FIRE STATION	75 075	1 666 667	(1 591 592)	4,50%	75 075	5 000 000	(4 924 925)	(98,50%)	17 391 304	0,43%
<b>SUB-TOTAL</b>	<b>75 075</b>	<b>1 666 667</b>	<b>(1 591 592)</b>	<b>4,50%</b>	<b>75 075</b>	<b>5 000 000</b>	<b>(4 924 925)</b>	<b>(98,50%)</b>	<b>17 391 304</b>	<b>0,43%</b>
<b><u>HEALTH DEPARTMENT</u></b>										
ELIAS MOTSOLEDI CLINIC	0	500 000	(500 000)	0,00%	0	500 000	(500 000)	(100,00%)	2 500 000	0,00%
PROTEA GLEN CLINIC	0	0	0	0,00%	0	500 000	(500 000)	(100,00%)	2 500 000	0,00%



	CAPEX FOR SEPTEMBER 2021				CAPEX FOR THE YEAR				ANNUAL	BUDGET
	ACTUAL	BUDGET	VARIANCE	VAR	ACTUAL	BUDGET	VARIANCE	VAR	BUDGET	USED
	R	R	R	%	R	R	R	%	R	%
<b><u>PROJECTS PER FUNDING SOURCE</u></b>										
SOUTH HILLS CLINIC	0	500 000	(500 000)	0,00%	0	500 000	(500 000)	(100,00%)	2 500 000	0,00%
NALEDI CLINIC	2 117 465	3 666 667	(1 549 202)	57,75%	2 261 720	11 000 000	(8 738 280)	(79,44%)	44 000 000	5,14%
ZANDSPRUIT CLINIC	0	50 000	(50 000)	0,00%	0	50 000	(50 000)	(100,00%)	2 000 000	0,00%
RABIE RIDGE CLINIC	0	0	0	0,00%	0	500 000	(500 000)	(100,00%)	2 500 000	0,00%
HIKHENSILE CLINIC	0	200 000	(200 000)	0,00%	0	200 000	(200 000)	(100,00%)	2 000 000	0,00%
PROTEA SOUTH CLINIC	0	127 000	(127 000)	0,00%	0	127 000	(127 000)	(100,00%)	12 700 000	0,00%
FREEDOM PARK CLINIC	0	200 000	(200 000)	0,00%	0	200 000	(200 000)	(100,00%)	2 500 000	0,00%
<b>SUB-TOTAL</b>	<b>2 117 465</b>	<b>5 243 667</b>	<b>(3 126 202)</b>	<b>40,38%</b>	<b>2 261 720</b>	<b>13 577 000</b>	<b>(11 315 280)</b>	<b>(83,34%)</b>	<b>73 200 000</b>	<b>3,09%</b>
<b><u>INNER CITY FUND (ICF)</u></b>										
INNER CITY PARTNERSHIP FUND	1 989 643	1 375 000	614 643	144,70%	1 989 643	4 125 000	(2 135 357)	(51,77%)	16 500 000	12,06%
INNERCITY CORE	0	16 667	(16 667)	0,00%	172 410	50 000	122 410	244,82%	2 000 000	8,62%
<b>SUB-TOTAL</b>	<b>1 989 643</b>	<b>1 391 667</b>	<b>597 976</b>	<b>142,97%</b>	<b>2 162 053</b>	<b>4 175 000</b>	<b>(2 012 947)</b>	<b>(48,21%)</b>	<b>18 500 000</b>	<b>11,69%</b>
<b>NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT (NDPG)</b>										
JABULANI TOD: PHASE 6A - SAFE HUB	1 800 182	2 214 083	(413 901)	81,31%	8 424 578	6 642 250	1 782 328	26,83%	26 569 000	31,71%
<b>SUB-TOTAL</b>	<b>1 800 182</b>	<b>2 214 083</b>	<b>(413 901)</b>	<b>81,31%</b>	<b>8 424 578</b>	<b>6 642 250</b>	<b>1 782 328</b>	<b>26,83%</b>	<b>26 569 000</b>	<b>31,71%</b>

	CAPEX FOR SEPTEMBER 2021				CAPEX FOR THE YEAR				ANNUAL	BUDGET
	ACTUAL	BUDGET	VARIANCE	VAR	ACTUAL	BUDGET	VARIANCE	VAR	BUDGET	USED
	R	R	R	%	R	R	R	%	R	%
<u>PROJECTS PER FUNDING SOURCE</u>										
<u>TRANSPORTATION PTIS FUNDING:</u>										
PHASE 1C STATIONS	0	2 083 333	(2 083 333)	0,00%	0	6 250 000	(6 250 000)	(100,00%)	21 739 131	0,00%
GUARD HOUSES AND CUSTOMER CENTRES	0	463 000	(463 000)	0,00%	0	1 389 000	(1 389 000)	(100,00%)	7 831 304	0,00%
OTHER: PASSENGER INFORMATION SIGNAGE (FINGER BOARDS - "ON STREET)	0	231 500	(231 500)	0,00%	0	694 500	(694 500)	(100,00%)	2 415 652	0,00%
<b>SUB-TOTAL</b>	<b>0</b>	<b>2 777 833</b>	<b>(2 777 833)</b>	<b>0,00%</b>	<b>0</b>	<b>8 333 500</b>	<b>(8 333 500)</b>	<b>(100,00%)</b>	<b>31 986 087</b>	<b>0,00%</b>
<u>DEPARTMENT OF SOCIAL DEVELOPMENT (SOC DEV)</u>										
SHELTER FOR DISPLACED PEOPLE REGION F	0	1 000 000	(1 000 000)	0,00%	0	3 000 000	(3 000 000)	(100,00%)	12 000 000	0,00%
BERTRAMS MULTIPURPOSE CENTRE	3 405 198	2 916 667	488 531	116,75%	3 405 198	8 750 000	(5 344 802)	(61,08%)	35 000 000	9,73%
YETTA NATHAN SOCIAL DEVELOPMENT CENTRE	1 603 528	1 666 667	(63 139)	96,21%	1 603 528	5 000 000	(3 396 472)	(67,93%)	20 000 000	8,02%
NORTHERN FARM, FLEURHOF FARM AND EIKENHOF FARM	0	83 333	(83 333)	0,00%	0	250 000	(250 000)	(100,00%)	1 000 000	0,00%
SHELTERS FOR GBV REGION G	0	0	0	0,00%	0	550 000	(550 000)	(100,00%)	1 500 000	0,00%
<b>SUB-TOTAL</b>	<b>5 008 726</b>	<b>5 666 667</b>	<b>(657 941)</b>	<b>88,39%</b>	<b>5 008 726</b>	<b>17 000 000</b>	<b>(11 991 274)</b>	<b>(70,54%)</b>	<b>68 000 000</b>	<b>7,37%</b>
<u>TRANSPORTATION COJ FUNDING:</u>										

	CAPEX FOR SEPTEMBER 2021				CAPEX FOR THE YEAR				ANNUAL	BUDGET
	ACTUAL	BUDGET	VARIANCE	VAR	ACTUAL	BUDGET	VARIANCE	VAR	BUDGET	USED
	R	R	R	%	R	R	R	%	R	%
<b><u>PROJECTS PER FUNDING SOURCE</u></b>										
<b>COMPLETE STREETS: (KFW - GERMAN DEVELOPMENT BANK): ORLANDO EAST TO UJ SOWETO ROUTE</b>	3 108 521	1 083 333	2 025 188	286,94%	3 108 521	3 250 000	(141 479)	(4,35%)	13 000 000	23,91%
<b>PTF: SMALL PUBLIC TRANSPORT FACILITIES: TSHEPISONG:</b>	0	83 333	(83 333)	0,00%	0	250 000	(250 000)	(100,00%)	1 000 000	0,00%
<b>COMPLETE STREETS: NMT FACILITIES LINKING RAILWAY STATIONS NEW DUBE CHIAWELO D CITY WIDE:</b>	0	416 667	(416 667)	0,00%	0	1 250 000	(1 250 000)	(100,00%)	5 000 000	0,00%
<b>PTF: SMALL PUBLIC TRANSPORT FACILITY DESIGN KYA SAND NEW NODAL TRANSPORT FACILITIES KYA SAND:</b>	0	2 500 000	(2 500 000)	0,00%	0	7 500 000	(7 500 000)	(100,00%)	30 000 000	0,00%
<b>PTF SMALL PUBLIC TRANSPORT FACILITY DESIGN AND CONSTRUCTION OF ZOLA PUBLIC TRANSPORT FACILITY NEW NODAL TRANSPORT FACILITIES ZOLA D REGIONAL</b>	0	83 333	(83 333)	0,00%	0	250 000	(250 000)	(100,00%)	1 000 000	0,00%
<b>PTF: SMALL PUBLIC TRANSPORT FACILITIES: ORANGE FARM EXT 7 (REGION G)</b>	1 191 681	833 330	358 351	143,00%	1 191 681	2 499 991	(1 308 310)	(52,33%)	49 000 001	2,43%
<b>SMALL: PUBLIC TRANSPORT FACILITY IN ZAKARIYA PARK REGION G</b>	3 562 553	2 500 000	1 062 553	142,50%	3 562 553	7 500 000	(3 937 447)	(52,50%)	30 000 000	11,88%
<b>PARKING STRESS SURVEYS FOR MABONENG DISTRICT, BERE, AND KENSINGTON</b>	0	215 000	(215 000)	0,00%	0	215 000	(215 000)	(100,00%)	860 000	0,00%

	CAPEX FOR SEPTEMBER 2021				CAPEX FOR THE YEAR				ANNUAL	BUDGET
	ACTUAL	BUDGET	VARIANCE	VAR	ACTUAL	BUDGET	VARIANCE	VAR	BUDGET	USED
	R	R	R	%	R	R	R	%	R	%
<b><u>PROJECTS PER FUNDING SOURCE</u></b>										
"FEASIBILITY STUDY FOR ORANGE FARM, ENNERDALE AND JOHANNESBURG CBD AND CORRIDOR"	0	228 000	(228 000)	0,00%	0	684 000	(684 000)	(100,00%)	2 732 557	0,00%
FEASIBILITY STUDY ON THE IVORY PARK TO SANDTON CORRIDOR	0	500 000	(500 000)	0,00%	0	500 000	(500 000)	(100,00%)	4 115 443	0,00%
FEASIBILITY STUDY ON THE SOWETO TO SANDTON CORRIDOR	0	560 000	(560 000)	0,00%	0	560 000	(560 000)	(100,00%)	3 536 750	0,00%
FEASIBILITY STUDY FOR DIEPSLOOT- FOURWAYS-RANDBURG CBD AND SUNNINGHILL AND SANDTON CORRIDOR	0	174 880	(174 880)	0,00%	0	524 640	(524 640)	(100,00%)	2 098 560	0,00%
PTF PUBLIC TRANSPORT FACILITY SANDTON	0	41 667	(41 667)	0,00%	108 035	125 000	(16 965)	(13,57%)	500 000	21,61%
COMPLETE STREETS: NMT LINKS TSHEPISONG	0	0	0	0,00%	0	200 000	(200 000)	(100,00%)	1 000 000	0,00%
COMPLETE STREETS DEEP SOUTH	480 364	416 667	63 697	115,29%	480 364	1 250 000	(769 636)	(61,57%)	5 000 000	9,61%
PTF ROSEBANK	0	500 000	(500 000)	0,00%	0	1 500 000	(1 500 000)	(100,00%)	6 000 000	0,00%
COMPLETE STREETS TURFONTEIN	178 880	416 667	(237 787)	42,93%	178 880	1 250 000	(1 071 120)	(85,69%)	5 000 000	3,58%
PUBLIC TRANSPORT STOPS: COSMO CITY	0	300 000	(300 000)	0,00%	0	300 000	(300 000)	(100,00%)	1 000 000	0,00%
COMPLETE STREETS: NMT LINKING PHEFENI STATION	0	100 000	(100 000)	0,00%	0	300 000	(300 000)	(100,00%)	1 000 000	0,00%

	CAPEX FOR SEPTEMBER 2021				CAPEX FOR THE YEAR				ANNUAL	BUDGET
	ACTUAL	BUDGET	VARIANCE	VAR	ACTUAL	BUDGET	VARIANCE	VAR	BUDGET	USED
	R	R	R	%	R	R	R	%	R	%
<b><u>PROJECTS PER FUNDING SOURCE</u></b>										
SMALL: PTF LAKESIDE NEW NODAL	0	200 000	(200 000)	0,00%	0	300 000	(300 000)	(100,00%)	1 000 000	0,00%
PTF: REDEVELOPMENT OF INNER-CITY RANKS	0	5 562 500	(5 562 500)	0,00%	0	16 687 500	(16 687 500)	(100,00%)	66 750 000	0,00%
PTF SUNNINGHILL	104 240	83 333	20 907	125,09%	333 976	250 000	83 976	33,59%	1 000 000	33,40%
RANDBURG CBD MASTERPLAN	269 288	0	269 288	0,00%	269 288	155 200	114 088	73,51%	1 552 206	17,35%
ZANDSPRUIT MASTERPLAN	0	0	0	0,00%	0	243 000	(243 000)	(100,00%)	2 430 435	0,00%
PUBLIC TRANSPORT DATA	220 642	339 000	(118 358)	65,09%	220 642	339 000	(118 358)	(34,91%)	3 393 074	6,50%
INNER CITY TRANSPORT MASTERPLAN	0	23 600	(23 600)	0,00%	0	23 600	(23 600)	(100,00%)	236 500	0,00%
TRAVEL DEMAND MANAGEMENT	0	0	0	0,00%	0	0	0	0,00%	2 173 913	0,00%
PARKING MANAGEMENT POLICY	0	8 696	(8 696)	0,00%	0	8 696	(8 696)	(100,00%)	869 565	0,00%
COMPLETE STREETS: NMT LINKING ORANGE FARM	0	0	0	0,00%	0	200 000	(200 000)	(100,00%)	1 000 000	0,00%
FEASIBILITY STUDY INTEGRATED CORRIDOR MANAGEMENT	81 332	138 000	(56 668)	58,94%	81 332	138 000	(56 668)	(41,06%)	1 386 973	5,86%
LENASIA SCHOLAR TRANSPORT MASTERPLAN	0	83 333	(83 333)	0,00%	55 228	250 000	(194 772)	(77,91%)	1 000 000	5,52%
ROODEPOORT CBD TRANSPORT MASTERPLAN	0	217 300	(217 300)	0,00%	0	217 300	(217 300)	(100,00%)	2 173 913	0,00%
<b>SUB-TOTAL</b>	<b>9 197 501</b>	<b>17 608 639</b>	<b>(8 411 138)</b>	<b>52,23%</b>	<b>9 590 500</b>	<b>48 720 927</b>	<b>(39 130 427)</b>	<b>(80,32%)</b>	<b>246 809 890</b>	<b>3,89%</b>

	CAPEX FOR SEPTEMBER 2021				CAPEX FOR THE YEAR				ANNUAL	BUDGET
	ACTUAL	BUDGET	VARIANCE	VAR	ACTUAL	BUDGET	VARIANCE	VAR	BUDGET	USED
	R	R	R	%	R	R	R	%	R	%
<b><u>PROJECTS PER FUNDING SOURCE</u></b>										
<b><u>OTHER</u></b>										
<b>ORANGE FARM TURNKEY PROJECT</b>	5 129 289	20 000 000	(14 870 711)	25,65%	19 193 090	60 000 000	(40 806 910)	(68,01%)	240 000 000	8,00%
<b>5TH ROAD BRIDGE</b>	0	0	0	0,00%	0	2 000 000	(2 000 000)	(100,00%)	6 907 615	0,00%
<b>MODDERFONTEIN BRIDGE</b>	3 551 651	500 000	3 051 651	710,33%	3 551 651	1 600 000	1 951 651	121,98%	10 936 668	32,47%
<b>M2 FINGER JOINTS</b>	0	0	0	0,00%	0	2 000 000	(2 000 000)	(100,00%)	22 155 718	0,00%
<b>SUB-TOTAL</b>	<b>8 680 940</b>	<b>20 500 000</b>	<b>(11 819 060)</b>	<b>42,35%</b>	<b>22 744 741</b>	<b>63 600 000</b>	<b>(40 855 259)</b>	<b>(64,24%)</b>	<b>257 844 283</b>	<b>8,82%</b>
<b>TOTAL</b>	<b>42 372 123</b>	<b>98 826 139</b>	<b>(56 454 016)</b>	<b>42,88%</b>	<b>80 198 688</b>	<b>277 019 427</b>	<b>(196 820 739)</b>	<b>(71,05%)</b>	<b>1214 143 564</b>	<b>6,61%</b>

## 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) Optimise 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	Quarter 1 EPWP Opportunities created in 2021/22
Program 1	32
Program 2	8
Program 3	51
<b>TOTAL</b>	<b>91</b>

## 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 are 144 positions on the JDA staff establishment and organogram

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 Development Managers,
  2. Senior Manager: Strategy, Performance, Risk and Administration,
  3. Senior Manager: Financial Management,
  4. Senior Manager: Supply Chain Management,
  5. Senior Manager: Human Capital Operations and Talent Management,
  6. Senior Manager: Communication, Marketing and Public Relations,
  7. Senior Manager: Internal Audit,
  8. Senior Manager: Marketing and Communication,
  9. Senior Manager: Information, Communication & Infrastructure Management,
  10. Manager: Management Accounting,
  11. Manager: Facilities,
  12. Manager: Stakeholder Engagement and Relationship Management,
  13. Manager: Enterprise Oversight,
- **Professional and Middle Management comprises of:**
  1. Risk and Integrity Manager,
  2. Communications and Marketing Manager,
  3. Development Facilitation Specialist,
  4. Senior Internal Auditor,
  5. Internal Auditor,
  6. Public Relations and Social Media Specialist,
  7. Corporate Social Responsibility Officer,
  8. Planning and Facilitation Specialist,
  9. Development Facilitation Specialist,



10. Business Development Officer,
11. Spatial/Urban Planning Officer,
12. Enterprise Development Specialists,
13. Project Managers,
14. Manager: Project Quality and Support,
15. Accountants,
16. Accounts Payable Officer,
17. Demand and Acquisition Specialist,
18. Contract Management Specialist,
19. Marketing Business Partners,
20. Risk and Compliance Officer,
21. Information and Document Management Specialist,
22. SHE Officer,
23. Facilities and Security Officer,
24. ICT Network and Security Officer,
25. ICT Governance Officer,
26. ICT Support Officer,
27. Information and Document Specialist,
28. ICT Administrator (Infrastructure Engineer),
29. HR Business Partners,
30. Performance and OD Specialist,
31. Employee Relations Specialist,
32. Manager: Legal Services,
33. Manager: Strategy and performance,
34. Stakeholder Engagement Specialist.

- **Skilled Employees consists of:**

1. Technical, Academically Qualified and Junior Management,
2. Executive Support.
3. Legal Services Assistant
4. Assistant Company Secretary
5. ICT Coordinator and Help Desk
6. Data Capturers
7. Administrator and Data Capturers
8. Maintenance Specialist
9. Security Specialist
10. Coordinator
11. Events Coordinator
12. Project Coordinator

- **Semi-Skilled Employees consists of Drivers and Receptionists.**

- **Unskilled Employees consists of General Workers and Housekeepers.**

In terms of physical location, there are 95 employees including 2 learners and temporary 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 16: COST OF SICK LEAVE - (JULY 2021 – 30 SEPTEMBER 2021)**

Salary band	Total sick leave	Proportion of sick leave without medical certificate	Employees using sick leave	Total employees in post <sup>4</sup>	Average sick leave per employee	Estimated cost
	Days	%	No.	No.	Days	R 000
Top management	0	0	0	0	0	0

Salary band	Total sick leave	Proportion of sick leave without medical certificate	Employees using sick leave	Total employees in post <sup>4</sup>	Average sick leave per employee	Estimated cost
	Days	%	No.	No.	Days	R 000
Executive management (including Chief Audit Executive)	0	0	0	3	0	0
Senior management	0	0	0	14	0	0
Middle management	0	0	0	34	0	0
Skilled technical/junior management	22	0	1	25	22	53
Semi-skilled	0	0	0	3	0	0
Unskilled	0	0	0	9	0	0
<b>TOTAL</b>	<b>22</b>	<b>0%</b>	<b>1</b>	<b>88</b>	<b>22</b>	<b>53</b>

## SECTION 2: EMPLOYEE REMUNERATION (TOTAL COSTS INCLUDING EXECUTIVES)

The Total Remuneration Costs for the period from 1<sup>st</sup> July 2021 to 30<sup>th</sup> September 2021 amount to R 15 658 627,00. 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 1<sup>st</sup> July 2021 to 30<sup>th</sup> September 2021 amount to R 288 972.

## SECTION 3: KEY VACANCIES

The following is a list of key vacancies recorded in fourth quarter of the 2021/22 financial year:

TABLE 25: KEY VACANCIES

Open Vacancies	Progress
Executive Manager: Development Planning and Facilitation	Recruitment Stage
Senior Manager: Strategy, Performance, Risk and Administration	Recruitment Stage
Chief Audit Executive	Recruitment Stage
Executive Manager: Development Implementation	Recruitment Stage
Senior Manager: Financial Management	Recruitment Stage
Senior Manager: Supply Chain Management	Recruitment Stage
Senior Manager: Human Capital Operations and Talent Management	Recruitment Stage
Senior Manager: Communication, Marketing and Public Relation	Recruitment Stage
Senior Manager: Internal Audit	Recruitment Stage
Senior Manager: Marketing & Communication	Recruitment Stage
Senior Manager: Information, Communication & Infrastructure Management	Recruitment Stage
Communication and Marketing Manager	Recruitment Stage
Information and Document Management Specialist	Recruitment Stage
Data Capturer	Recruitment Stage

TABLE 26: STAFF ESTABLISHMENT

Description	Approved no. of posts per approved organogram	No. of employees	No. of vacancies	% Of vacancies
Top management level	1	0	1	10%
Executive management	6	3	3	50%
Senior management	17	14	3	17,6%
Middle management	71	36	35	49,2%
Skilled technical/junior management	39	24	15	38,4%
Semi-skilled	4	3	1	25%
Unskilled housekeepers/cleaners	6	9*	0	0%
<b>Total</b>	<b>144</b>	<b>89*</b>	<b>58</b>	<b>40,2%</b>

The basis for turnover rates is annual. In the current period under review staff turnover is 5%.

TABLE 27: TURNOVER RATE

Details	Total active employees at the beginning of the financial year	Terminations during financial year (YTD)	Turnover rate
	No.	No.	%
2021/22	94	5	5%

In the first quarter of the 2021/22 financial year, a total of 5 terminations were recorded.

### Retention Initiatives

The JDA remains committed to developing strategies to mitigate resignations through various initiatives, which 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.
- Periodic Salary Benchmarking to ensure alignment and best practice with industry remuneration packages along with participation with CoJ initiatives on pay parity.
- Organisational development and Job profiling.
- 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 organisation's employment equity practices, strategies, direction, and initiatives.

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

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

TABLE 28: EMPLOYMENT EQUITY DEMOGRAPHICS STATUS FOR PERIOD UNDER REVIEW

Occupational Levels									Foreign Nationals		Total
	Male				Female						
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Executive Management	1	0	0	0	1	0	1	0	0	0	3
Senior Management	7	0	0	0	7	0	0	0	0	0	14

Occupational Levels									Foreign Nationals		Total
	Male				Female						
	A	C	I	W	A	C	I	W	Male	Female	
Professionally qualified and experienced specialists and mid-management	19	1	0	0	15	1	0	0	0	0	36
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	2	0	0	0	21	0	1	0	0	0	24
Semi-skilled and discretionary decision making	1	0	0	0	2	0	0	0	0	0	3
Unskilled and defined decision making	5	0	0	0	4	0	0	0	0	0	9
Total Permanent	35	1	0	0	50	1	2	0	0	0	89

The JDA status for period under review:

- 95% of employees are African
- 59 % of employees are Female
- 52% of employees in senior management positions are black females

- 1% of the JDA employees have physical disabilities. The JDA is committed to improve the percentage representation of people from designated groups across all occupational categories.

**TABLE 21: STAFF MOVEMENTS**

Staff movements	African		Colored		Indian		White		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Appointments	0	0	0	0	0	0	0	0	0
Deceased	0	1	0	0	0	0	0	0	1
Transfers	0	0	0	0	0	0	0	0	0
Retirements	0	0	0	0	0	0	1	0	1
Absenteeism	0	0	0	0	0	0	0	0	0
Resignations	1	0	0	0	0	1	0	1	3
End of contract	0	0							
<b>Total</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>5</b>

## SECTION 5: SKILLS DEVELOPMENT AND TRAINING

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

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

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

The JDA has created a culture of both on-the-job and off-the-job learning, which is embraced by all employees.

An Individual Learning Plans (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 500 000 has been allocated for training and development for the 2021/2022 financial year. The actual expenditure stands at R 114 850, 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 summarised the outcome of disciplinary hearings conducted within the entity for the period under review:

TABLE 30: DISCIPLINARY HEARINGS FINALISED AS AT 30 SEPTEMBER 2021

Type of misconduct	Number	% Of Total
Dishonesty	0	0
Absenteeism	0	0

Type of misconduct	Number	% Of Total
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
<b>Total</b>	<b>0</b>	<b>0</b>

## 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 66 days, with Sick leave being the second most utilized leave type, with a total of 22 days, followed by Family responsibility leave 6 days and finally Study Leave 5 days.

TABLE 31: LEAVE ANALYSIS PERFORMANCE AS AT 30 JUNE 2021

Type of Leave	July 2021	August 2021	September 2021	Total
Annual Leave	5	31	30	66
Sick Leave	22	0	0	22
Family Responsibility	6	0	0	6
Study Leave	0	2	3	5
<b>TOTAL</b>	<b>33</b>	<b>33</b>	<b>33</b>	<b>99</b>

## SECTION 9: EMPLOYEE WELLNESS

The JDA is committed to maintaining a healthy workforce and providing a safe and hygienic working environment. The JDA's has Life EHS as service provider outsourced to offer free trauma counselling 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 will, post Covid 19 restrictions, hold Wellness Days. Employees can have their basic health assessed and receive feedback and guidance on corrective measures and counselling. The overall objective therefore of the employee wellness programme 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 in a professional and confidential manner, 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, provides free condoms, shares videos, and offers free helplines. The programme ensures that employees with HIV/AIDS are treated in a fair, consistent manner and are informed about their rights and employee benefits.

## **SECTION 10: EMPLOYEE BENEFITS**

The Total Remuneration Costs for the period from 1<sup>st</sup> July 2020 to 30<sup>th</sup> September 2021 amount to R 15 658 627.00 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 1<sup>st</sup> July 2020 to 30<sup>th</sup> September 2021 amount to R 288 972.00

## **SECTION 11: OCCUPATIONAL HEALTH & SAFETY PROGRAMMES**

The safety audit service provider's contract ended on the 30<sup>th</sup> of September 2021. The appointment of another service provider is anticipated to be concluded by first quarter of 2021/22 financial year.

The safety audit was last conducted at the end of September 2020 to identify the level of compliance with the Occupational Health and Safety Act for the JDA for 2020/21 financial year. These audits identify risks and cases of noncompliance 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. A last report prepared estimated that the JDA's compliance rate for period under review was 94.77%. The areas of non-compliance include:

- Inadequate working space for employees - Service provider (Architects) has finalized the space designs. Finalising budget for the implementation of the space planning designs
- Unsafe Stacking Storage Boxes in Offices - Boxes to be removed to offsite storage have been identified and quotes from Service Providers have been sourced for the removal and storage of JDA files in boxes.



## CHAPTER 5: FINANCIAL PERFORMANCE

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

## STATEMENT OF FINANCIAL POSITION FOR THE QUARTER ENDED 30 SEPTEMBER 2021

	Year ended 30 September 2021			
	Actual	Budget	Variance	
	R'000	R'000	R'000	
<b>Non-current assets</b>	<b>29 316</b>	<b>30 800</b>	<b>-1 484</b>	<b>1</b>
Property plant and equipment	6 339	10 000	(3 661)	
Deferred tax	3 634	2 800	834	
Intangible assets	19 343	18 000	1 343	
<b>Current assets</b>	<b>855 313</b>	<b>850 002</b>	<b>5 311</b>	<b>2</b>
Trade and other receivables	609 110	600 000	9 110	
Vat Receivable	246 202	250 000	(3 798)	
Cash and cash equivalents	1	2	(1)	
<b>Total assets</b>	<b><u>884 629</u></b>	<b><u>880 802</u></b>	<b><u>3 827</u></b>	
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>	<b>72 397</b>	<b>76 278</b>	<b>(3 881)</b>	<b>3</b>
Contribution from owner	16 278		(0)	
Accumulated surplus/(deficit)	56 119	60 000	(3 881)	
<b>Non-current liabilities</b>	<b>25 683</b>	<b>25 681</b>	<b>2</b>	<b>4</b>
Finance lease obligation	42	41	1	
Deferred taxation	25 641	25 640	1	
Project funds payable	-	-	0	
<b>Current liabilities</b>	<b>786 549</b>	<b>778 843</b>	<b>9 524</b>	
Loans from shareholders	657 327	637 549	19 778	<b>5</b>
Trade and other payables	79 236	90 000	(10 764)	<b>6</b>
VAT payable	-	-	0	
Finance lease obligation	394	294	100	
Project fund payable	42 183	44 000	1	
Provisions – bonus	7 409	7 000	409	
<b>Total equity and liabilities</b>	<b><u>884 629</u></b>	<b><u>880 802</u></b>	<b><u>5 645</u></b>	

Notes	
<b>1</b>	The decreases on the property plant and equipment it is due to assets(laptops) that were not yet purchased in Q1 and the decreases in depreciation because of the change in accounting estimate.
<b>2</b>	The increase on the current asset is due to the following (1) The favourable variance on trade receivable is due to invoices that were issued to COJ in September (2) The movement on the Vat on receivable is due to Vat refunds that are due to JDA
<b>3</b>	Changes on the Reserve/Net Assets is due to the deficit of R9.5 million
<b>4</b>	The movement of the non-current liability is immaterial
<b>5</b>	The variance is above the target overdraft of R300 million. This is mainly due to invoices that were raised /accrued in June 2021 that were paid in July. However, JDA contracts with suppliers with regards to the development projects implemented by the JDA on behalf of the City of Johannesburg and pays these suppliers within the legislated period of 30 days. These expenditure items are then claimed from the city with the inclusion of the JDA management fee. Majority of the long outstanding claims related to the City of Johannesburg. Although the recovery time for claims has reduced, the JDA still incurs capital expenditure during the claims recovery period which results in final overdraft balance on the treasury sweeping account.
<b>6</b>	The increases on the trade and other payables are due to invoices that were received in September which will be paid within 30 days.

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

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE QUARTER ENDED 30 SEPTEMBER 2021

	September 2020	Original approved	Quarter ending 30 September 2021			Year to date			Notes
	Actual	budget	Actual	Budget	Variance	Actual	Budget	Variance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Gross revenue	14 878	123 391	15 307	30 848	(15 541)	15 307	30 848	(15 541)	5
Operating costs	(29 123)	(116 527)	(21 312)	(29 132)	7 820	(21 312)	(29 132)	7 820	6
<b>Gross surplus/(deficit)</b>	<b>(14 245)</b>	<b>6 864</b>	<b>(6 005)</b>	<b>1 716</b>	<b>(7 721)</b>	<b>(6 005)</b>	<b>1 716</b>	<b>(7 721)</b>	
Other operating income and expenditure	(6 297)	(6 864)	(3 469)	(1 716)	(1 753)	(3 469)	(1 716)	(1 753)	
Interest expense	(6 297)	(6 864)	(3 469)	(1 716)	(1 753)	(3 469)	(1 716)	(1 753)	7
Interest income	0	0	0	0	0	0	0	0	
<b>Deficit before tax</b>	<b>(20 542)</b>	<b>0</b>	<b>(9 474)</b>	<b>0</b>	<b>(9 474)</b>	<b>(9 474)</b>	<b>0</b>	<b>(9 474)</b>	
Taxation	0	0	0	0	0	0	0	0	
<b>Surplus/(Deficit) after tax</b>	<b>(20 542)</b>	<b>0</b>	<b>(9 474)</b>	<b>0</b>	<b>(9 474)</b>	<b>(9 474)</b>	<b>0</b>	<b>(9 474)</b>	

Notes	
5	Management fees are budgeted for in accordance with the capital project expenditure. The overall actual revenue is below the budget revenue by 49% due to capex expenditure not being achieved
6	The negative variance it mainly due to the delay in the procurement process which resulted in the target not being achieved
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 were received late or still outstanding from the various departments. The JDA contracts with suppliers with regards to the development projects implemented by the JDA on behalf of the City of Johannesburg and pays these suppliers within the legislated period of 30 days. These expenditure items are then claimed from the city with the inclusion of the JDA management fee. Majority of the long outstanding claims related to the City of Johannesburg. Although the recovery time for claims has reduced, the JDA still incurs capital expenditure during the claims recovery period which results in final overdraft balance on the treasury sweeping account. The outstanding balance as at the end of the first quarter relates to balances that were owing from the 2020/21 financial year.

## SECTION 3: CASH FLOW STATEMENT

## CASH FLOW STATEMENT FOR THE QUARTER ENDED 30 SEPTEMBER 2021

	Year to date			
	Actual	Budget	Variance	
	R'000	R'000	R'000	
<b>Cash flows from operating activities</b>				
	<b>(342 341)</b>	<b>(134 057)</b>	<b>(208 284)</b>	
<i>Receipts</i>				
Grants	0	0	0	
Interest received	0	0	0	
Cash receipts from CAPEX funding	112 896	120 510	(7 614)	<b>11</b>
Other receipts	3 559	1 200	2 359	
		0	0	
<i>Payments</i>		0	0	
Employee cost	(16 749)	(18 649)	1 900	<b>12</b>
Suppliers	(442 047)	(500 000)	57 953	<b>13</b>
Interest paid	0	0	0	
<b>Cash flows from investing activities</b>	<b>0</b>	<b>(4 500)</b>	<b>4 500</b>	
<i>Expenditure to maintain operating capacity</i>				
Property, plant, and equipment acquired	0	0	0	
Proceeds from sale of property, plant, and equipment			0	
Purchase of intangible assets	0		0	
<b>Cash flows from financing activities</b>	<b>342 338</b>	<b>137 918</b>	<b>480 256</b>	<b>14</b>
Movement in project funds payable	0	0	0	
Proceeds from Shareholders' loan	342 416	400 000	(57 584)	
Repayments of Shareholders' loan		0	0	
Finance lease repayments	(78)	(80)	2	
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(3)</b>	<b>(639)</b>	<b>636</b>	
<b>Cash and cash equivalents at beginning of the year</b>	<b>4</b>	<b>639</b>	<b>(635)</b>	
<b>Cash and cash equivalents at the end of the year</b>	<b><u>1</u></b>	<b><u>0</u></b>	<b><u>1</u></b>	

Notes	
<b>11</b>	The negative balance is mainly due to the target not being achieved which resulted in decreases on the Capital receipts
<b>12</b>	The variance is mainly due to vacant position that are not yet filled
<b>13</b>	The variance is mainly due to decreases on the capex invoice due to target not being met/not achieved
<b>14</b>	The variance is 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 2021

	Share capital	Share premium	Total share capital	Accumulated surplus	Total net assets
		R'000	R'000	R'000	R'000
Opening balance as previously reported	60	16 278	16 278	67 640	83 918
Adjustments	0	0	0	0	0
Prior year adjustments				0	0
<b>Balance on 01 July 2020</b>	<b>60</b>	<b>16 278</b>	<b>16 278</b>	<b>67 640</b>	<b>83 918</b>
Changes in net assets					
Surplus for the year	0	0	0	(2 047)	(2 047)
Total changes	0	0	0	-2 047	-2 047
<b>Balance on 01 July 2021</b>	<b>60</b>	<b>16 278</b>	<b>16 278</b>	<b>65 593</b>	<b>81 871</b>
Changes in net assets					
Profit for the year	0	0	0	(9 474)	(9 474)
Total changes	60	16 278	16 278	56 119	72 397
<b>Balance on 30 September 2021</b>	<b>60</b>	<b>16 278</b>	<b>16 278</b>	<b>56 119</b>	<b>72 397</b>

## SECTION 5: RATIO ANALYSIS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

Key Performance Area		Actual 30 September 2020	Actual 30 September 2021
Current ratio	Above 1: 1	1.03: 1	1.1:1
Solvency ratio	Above 1: 1	1.08: 1	1.1:1
Salaries to expenditure ratio	Below 60%	92%	76%
Revenue	R30.8 million	R19 million	15.3 million
Expenditure (including taxation)	R30.8 million	R20 million	R24.4 million
Surplus / (Deficit)	R nil	(R1.2million)	(R9.5 million)
Total net assets	R66.8 million	R63.9 million	72.7 million
Capital expenditure	25%	13.72%	6,61%

Notes	
<b>1</b>	<b>Current ratio</b> is just above the target and is above when you compare with last year quarter one. Included in current liabilities is the sweeping account with the shareholder which increases with the interest monthly.
<b>2</b>	<b>Solvency ratio</b> is just above the target and above than the first quarter of the previous year mainly due to invoices that were received in September. The continued pressure on the overall loan from shareholder due to outstanding debtors still puts pressure on the liquidity ratios.
<b>3</b>	<b>Remuneration to expenditure ratio</b> is above target and above last year quarter due to an overall reduction in the operational expenditure which affects the denominator of the ratio.
<b>4</b>	The target was not achieved since it was below by 18%

## 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 on), the Risk and Compliance Manager, the Executive Manager: Development Facilitation and the Supply Chain Manager.
- The Operating Expenditure Bid Adjudication Committee includes the Chief Financial Officer (chairperson), the Supply Chain Manager, and the Executive Manager: Marketing, the IT Manager, and the Risk and Compliance Manager. Neither committee is authorised 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 2021 to 30 September 2021 there were 3 service providers appointed where less than three quotations were returned or obtained to a combined value of R 114 000.48 (Excluding VAT).

According to Regulation 44 of the Municipal Supply Chain Management Regulations the regulation prohibits municipal entities from awarding contracts to a person who is in the service of the State. For the period 1 July 2021 to 30 September 2021 the JDA has not awarded any contract to a person who is in the employment of the State.

### **Black Economic Empowerment**

The JDA reports on the BBBEE share of both actual expenditure and contractual commitments for all active contracts. The table below shows the BBBEE share of capital and operating expenditure. For the period 1<sup>st</sup> July 2021 to 30<sup>th</sup> September 2021, the overall BBBEE share of expenditure was R 93 554 488.16. This translates into an achievement of 101% BBBEE claimed against quarterly expenditure.

TABLE 32: SUMMARY OF BBBEE EXPENDITURE<sup>5</sup>

Description	Q1 2021/22		
	Total Expenditure	BBBEE Claimed	BBBEE %
Capex	R 15,145,682.65	R11,432,839.33	75%
Opex	R 77,285,406.39	R 82,121,648.84	106%
<b>Consolidated Opex and Capex</b>	<b>R 92,431,089.04</b>	<b>R 93,554,488.16</b>	<b>101%</b>

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

<sup>5</sup> 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 excluded  
Johannesburg Development Agency (SOC) Limited **Q1 Performance Report 2021/22**



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 B-BBEE level 1, 125% for level 2, 110% for level 3, 100% for level 4, 80% for level 5, and 60% for level 6, 50% for level 7 and 10% for level 8.

The JDA confirms the validity of BBBEE certificates by verification agencies by tracing the name of the agency to the South African National Accreditation System's list of accredited agencies. Each BBBEE level is translated into a BBBEE score reflected as a percentage. For example, BBBEE level 6 equals 60%, while BBBEE level 1 equals 135%.

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 recognises 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 recognised 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 R 36 894 491.50 for the period 1<sup>st</sup> July 2021 to 30<sup>th</sup> September 2021. This constitutes an achievement of 40% for the period under review.

TABLE 33: SUMMARY OF SMME EXPENDITURE<sup>6</sup>

Description	Q1 2021/22	
	SMME Expenditure	SMME %
Capex	R 7,033,681.57	46%
Opex	R 29,860,809.93	39%
<b>Consolidated Opex and</b>	<b>R 36,894,491.5</b>	<b>40%</b>

#### ***Report in Irregular, Fruitless and Wasteful Expenditure and Due Process***

JDA has not incurred any irregular, fruitless, wasteful, and unauthorized transactions for the period of the 1 July 2021 until 30 September 2021.

<sup>6</sup> Note: Any discrepancies between this table and the financial statements are due to timing differences between when the expenditure is captured in the Development Information Management System and the report on actual invoices paid. These variances are not significant, and the ratios remain valid.

## SECTION 7: PENDING LITIGATIONS AND POSSIBLE LIABILITIES

TABLE 34: 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 Routledge Modise 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.</p> <p>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</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
				on this matter and the attorneys that are meant to take over this matter have not yet filed their notice of substitution. We have written to the attorney and are yet to receive a response as to whether they still intend pursuing this matter.		
Bertrams Priority Block vs JDA	Not applicable	February 2008	Relocation of illegal occupants in various buildings around Bertrams 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 agreement without a protracted litigation process.	On-going	Good
Grayston Bridge Collapse (scaffolding)		2015	The scaffolding supporting the bridge collapsed in 2015 resulting in 2 fatalities and additional 9 people injured because of the collapse.  The matter was investigated by the department of labour and a hearing	The outcome from the Department of Labour has been received 19 November 2019. The Presiding Officer has issued findings against various parties in this matter including the JDA. The findings against the JDA relate to contravention of the construction regulations. The JDA has since sought legal advice on the outcome of the Department of Labour's findings. The JDA has been advised that there has been omission on	Grayston Bridge Collapse (scaffolding)	

CASE / MATTER	AMOUNT CLAIMED	DATE INSTITUTED	DISCRIPTION	CURRENT STATUS	ANTICIPATED COMPLETION DATE	CHANCES OF SUCCESS
			commenced in 2016 and concluded in July 2018.	<p>the part of the Presiding Officer to consider the provisions of section 37(2) of the Occupational Health and Safety Act. Accordingly, the JDA has addressed a letter to the Chief Presiding inspector indicating its intention to appeal the matter, first with the Department of Labour as dictated by the rules. Since having lodged an appeal to the Labour Court against the decision of the Chief Inspector, we received a Notice to Oppose from the State Attorney, who is representing the Chief Inspector in the above matter.</p> <p>In addition, we received the written record of proceedings forming the subject of the appeal from the State Attorney on 30 June 2020. In accordance with the Labour Court Rules, we extracted certain portions of the record for purposes of the appeal proceedings and served a certified copy thereof on the State Attorney and filed another copy at the Labour Court on 16 July 2020. In the circumstances, the Appellants' concise written representations were received on Thursday, 30 July 2020.</p> <p>Now that both parties have submitted their written representations, the Registrar of the Labour Court, will set the matter down. To date, we have not been provided a date by the Registrar. The matter will be heard in the labour court on a date yet to be set by the court.</p>		

CASE / MATTER	AMOUNT CLAIMED	DATE INSTITUTED	DISCRIPTION	CURRENT STATUS	ANTICIPATED COMPLETION DATE	CHANCES OF SUCCESS
Bona Electronic Solutions (Pty) Ltd/Naledi Consortium	Not yet determined	December 2018	<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.</p> <p>The JDA and City have since decided to file our own heads of arguments despite the failure by the applicant to do so.</p> <p>The matter will be held in court at the date yet to be determined.</p>	Bona Electronic Solutions (Pty) Ltd/Naledi Consortium	

## SECTION 8: INSURANCE CLAIMS AGAINST/TO MOE/DEPARTMENT.

No claims within the first quarter report of 2021/22 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 35: AMOUNTS OWED BY GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES

Name of department	Balance	Comments
	<b>R' 000</b>	
City of Johannesburg - CAM & USDG	130 432	The Balance relates to amount outstanding from June 2021 and September claims that were submitted.
City of Johannesburg- Transport	215 238	Balance mainly relates to amounts outstanding from June 2021 claims and claims that were submitted in September.
City of Johannesburg - Department of Transportation and Planning	19182	Balance mainly relates to amounts outstanding from June 2021 claims and claims that were submitted in September.
City of Johannesburg - EMS	37 179	Balance mainly relates to amounts outstanding for longer than 30 days. Majority of the balance relates to claims which were submitted more than 180 days ago.
City of Johannesburg - Department of Health	5 122	Balance mainly relates to amounts outstanding from June 2021 claims and claims that were submitted in September.

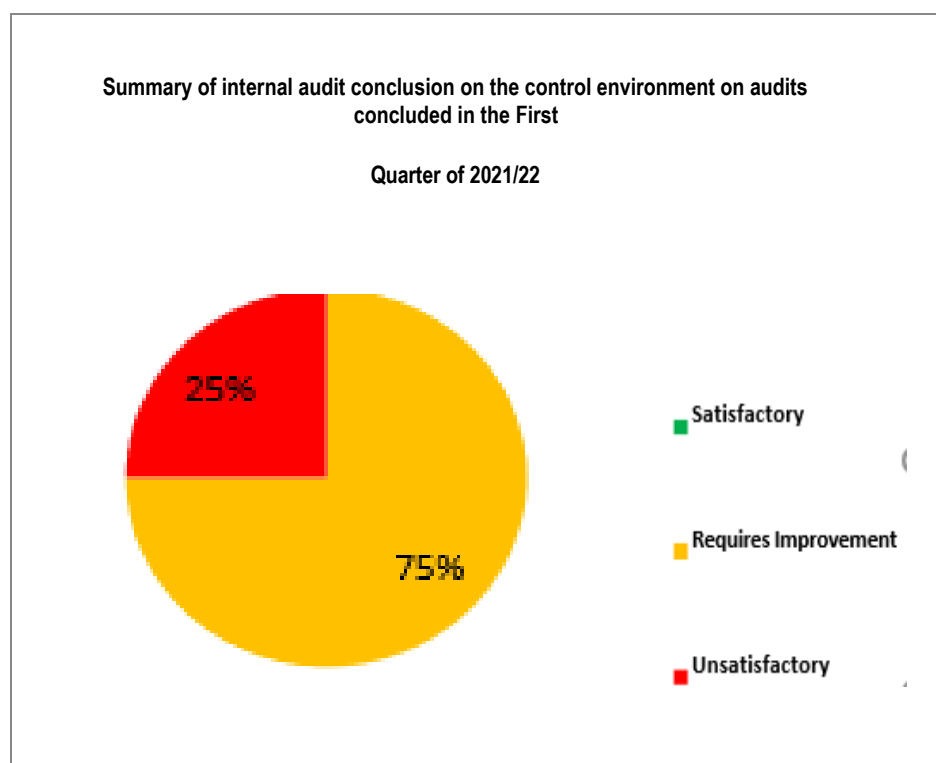
City of Johannesburg - GSPCR	3 850	Balance mainly relates to amounts outstanding relating to long overdue that is more than 180 days old
City of Johannesburg - Other departments (Department of Economic Development, Department of Housing, Department of Social Development, Department of Community Development, Johannesburg Roads Agency (SOC) Ltd)	161 606	Balance mainly relates to amounts outstanding from June 2021 claims and claims that were submitted in September.
<b>Total</b>	<b>572 609</b>	



## CHAPTER 6: INTERNAL & EXTERNAL AUDIT FINDINGS

### SECTION 1: PROGRESS ON INTERNAL AUDIT PLAN

The chart below serves to indicate an overview of the audit conclusion made regarding the control environment based on the audits completed by internal audit in the first quarter of 2021/22 financial year. Overall, there were four (4) audit projects completed by internal audit.



**TABLE 27: PROGRESS AGAINST THE APPROVED 2020/21 ANNUAL INTERNAL AUDIT PLAN (1 JULY 2021 – 30 SEPTEMBER 2021)**

No.	Audit Description	Status	Overall Conclusion
1	Audit of the commitment schedule.	Completed	Unsatisfactory
2	Review of the annual report – performance information review for completeness and reliability	Completed	Requires improvement
3	Review of the draft Annual Financial Statements	Completed	Requires improvement
4	1st Quarter Follow-up on internal and external audit findings Disaster recovery testing	Completed	Requires improvement

TABLE 28: CONTROL ENVIRONMENT CONCLUSION EXPLANATION

Control Environment	Definition	Indicator
<b>Unsatisfactory</b>	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"> <li>• A breakdown in the overall management of a part of the business or the process being reviewed.</li> <li>• Primarily “Catastrophic” risk findings.</li> <li>• Actions are likely to bring JDA’s brand and reputation into disrepute.</li> <li>• A breakdown in accounting, reporting and other key financial and operating controls.</li> <li>• Non-existent financial and operating controls.</li> <li>• Non-compliance to laws and regulations.</li> </ul>
<b>Requires improvement</b>	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"> <li>• Primarily “Major or moderate” risk findings.</li> <li>• Inadequate compensating controls.</li> <li>• Overall control environment of the audited process/focus area is of a vulnerable standard.</li> <li>• Overall control environment for the audited</li> </ul>
<b>Satisfactory</b>	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"> <li>• Primarily “Minor or insignificant” risk findings.</li> <li>• Overall control environment for the audited process/focus area is of the required standard.</li> <li>• Adequate compensating controls in place.</li> </ul>

## SECTION 2: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS

TABLE 29: INTERNAL AUDIT FINDINGS

Financial Period	Total Unresolved Findings	Total Resolved Findings	Total Findings
2013/14	0	2	2
2014/15	1	16	17
2015/16	0	45	45
2016/17	2	54	58
2017/18	2	35	40
2018/19	1	28	33
2019/20	3	8	20
2020/21	20	0	20
<b>Total</b>	<b>29</b>	<b>206</b>	<b>235</b>
<b>Percentage</b>	<b>12%</b>	<b>88%</b>	<b>100%</b>

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. Quarterly, Internal Audit also conducts a follow-up on the implementation of Internal and External audit recommendations. These reports are presented to the Audit and Risk Committee, who monitors the progress made by management on the implementation of recommendations and action plans.

### SECTION 3: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS

The table below provides a summary of AG Findings raised in the 2014/2015 to 2019/20 financial period:

**TABLE 30: AUDITOR GENERAL FINDINGS**

Financial Period	Total Unresolved Findings	Total Resolved Findings	Total Findings
2014/15	2	9	11
2015/16	0	34	34
2016/17	0	6	6
2017/18	1	4	5
2018/19	1	4	5
2019/20	21	0	21
<b>Total</b>	<b>25</b>	<b>57</b>	<b>82</b>
<b>Percentage</b>	<b>30%</b>	<b>70%</b>	<b>100%</b>

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 an 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 co-ordination and management vitally important by ensuring timeous implementation of corrective action to clear audit findings, 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 to ensure that resources are used efficiently and effectively.

The JDA has a system of internal control to provide cost-effective assurance that the entities 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, Operation Clean Audit Committee, to review, monitor and evaluate programme performance and make corrective measures where necessary.

Management is committed to addressing control weaknesses identified by internal and external audit through 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 that audit findings are promptly resolved. Based on the internal audits completed in this financial year, 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 Recognised Accounting Practice
ICT	Information and communication technology
IT	Information technology
King Code	King Report on Governance for South Africa and the King Code of Governance Principles
KPI	Key performance indicator
MFMA	Municipal Finance Management Act (2003)
NMT	Non-motorised transit
OPCA	Operation Clean Audit Committee
SMME	Small, Medium, and Micro enterprise
TOD	Transport Orientated Development