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# JOHANNESBURG DEVELOPMENT AGENCY (SOC) LIMITED

Registration no: 2001/005101/07



## ANNUAL INTEGRATED REPORT 2021/22

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

**COMPANY INFORMATION:**

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<b>Bankers</b>	:	Standard Bank of SA Limited
<b>Auditors</b>	:	Auditor-General

**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

**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

<p><u>Sihle Induzi</u> Name &amp; Surname Chief Financial Officer</p>	<p><u>[Signature]</u> Signature</p>	<p>Date of approval: <u>29 November 2022</u></p>
<p><u>Mokhele Mngoni</u> Name &amp; Surname Chief Executive Officer/MD</p>	<p><u>[Signature]</u> Signature</p>	<p>Date of approval: <u>29 November 2022</u></p>
<p><u>LIONEL BARNIER</u> Name &amp; Surname Chairperson of the Board</p>	<p><u>[Signature]</u> Signature</p>	<p>Date of approval: <u>29 November 2022</u></p>
<p><u>Belinda Echeozonjoku</u> Name &amp; Surname MMC</p>	<p><u>[Signature]</u> Signature</p>	<p>Date of approval: <u>6 December 2022</u></p>

# ACRONYMS AND ABBREVIATIONS

TABLE 1: ACRONYM AND ABBREVIATIONS

ACRONYM	Definition
ARP	Alexandra Renewal Programme
BBBEE	Broad-Based Black Economic Empowerment
BRT	Bus Rapid Transit
CBD	Central Business District
CPC	Community Participation Consultant
CoJ	City of Johannesburg
EPWP	Expanded Public Works Programme
GDS	Growth and Development Strategy Joburg 2040
GMS	Growth Management Strategy
GRAP	Generally Recognized Accounting Practice
ICT	Information and Communication Technology
IT	Information Technology
King Code	King Report on Governance for South Africa and the King Code of Governance Principles
KPI	Key Performance Indicator
MFMA	Municipal Finance Management Act (2003)
MOE	Municipal Owned Entity
NMT	Non-Motorized Transit
SMME	Small, Medium and Micro Enterprise
TOD	Transit Orientated Development

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## ABOUT THIS REPORT

### SECTION 1: SCOPE

Since 2012, the Johannesburg Development Agency (JDA) has applied circular 63 of the Municipal Finance Management Act (MFMA) (2003), issued by the National Treasury in the preparation of its annual reports. The circular prescribes the content municipalities should cover in their annual reports. The 2020/21 integrated annual report provides all of the required data and tables.

To comply with local and international sustainable reporting best practice guidelines, the 2019/20 integrated annual report also takes into account financial, social and economic factors in reporting on the JDA's operations. The guidelines applied include:

- Reporting requirements as per the Municipal Finance Management Act No. 56 of 2003, Circular 63 (MFMA)
- The South African Statements of Generally Recognized Accounting Practice (GRAP)
- Section 46(1) of the Municipal Systems Act (2000).
- International Integrated Reporting Council's Integrated Report Framework (IIRC IRF)
- King Code of Governance for South Africa
- National Treasury Guidelines and Regulations
- The Batho Pele principles

The JDA's outcomes are aligned with those set out in the City of Johannesburg's 2016/17–2020/21 integrated development plan and the Joburg 2040 Growth and Development Strategy (GDS), the collective and shared vision for the future of Johannesburg.

### SECTION 2: MATERIALITY

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

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



**TABLE 2: INTERNAL AND EXTERNAL CRITERIA WERE USED TO IDENTIFY MATERIAL ISSUES**

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

### SECTION 3: ASSURANCE STATEMENT

The JDA's executive management, internal audit unit, and the Audit and Risk Committee have reviewed and assessed the entity's integrated annual report for 21/22 to ascertain whether minimum disclosure requirements were adhered to in terms of the following:

**TABLE 3: MINIMUM DISCLOSURE REQUIREMENTS**

Integrated reporting framework	MFMA: Circular 63 annual reporting requirements
Ethical leadership and corporate citizenship	Chairperson's foreword and executive summary
Boards and directors Board independence Board reporting Board's performance Board committees Directors' remuneration	Governance Governance structures Intergovernmental relations Public accountability participation Supply chain management, by-laws and oversight committees Risk management Anticorruption and fraud Disclosure of financial interests Councillors and committee
Audit and Risk Committee Finance competence Audit and Risk Committee performance	Service delivery
The governance of risk	Organisational development performance
Compliance with laws, codes, rules and standards	Financial performance
Internal audit Assessment of governance risk, management ethics and internal control processes	Appendices and annual financial statements
Governing stakeholder relationships	
Integrated reporting disclosure Financial disclosure Sustainability disclosure	
Integrated reporting philosophy	

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

## SECTION 4: BOARD RESPONSIBILITY AND APPROVAL

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

The directors are responsible for the preparation of the other information in the integrated annual report and are responsible for both its accuracy and consistency with the financial statements. The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the entity will not be a going concern in the foreseeable future based on the forecast and available cash resources. Refer to the Directors' report in Chapter 5 concerning the appropriateness of the going concern assumption for the preparation of the financial statements.

The financial statements were approved by the Board of Directors on 29<sup>th</sup> August 2022 and signed on its behalf by Mr L Brenner the Chairperson of the Board.

# CHAPTER 1: JDA LEADERSHIP AND CORPORATE PROFILE

## SECTION 1: FOREWORD BY MEMBER OF THE MAYORAL COMMITTEE

As the MMC of Development Planning in the City of Johannesburg, I am proudly responsible for the Johannesburg Development Agency (or JDA). The JDA provides the essential area-based facilitation and project implementation services required by the city to ensure the delivery on long-term spatial and economic goals set out in the 2040 – the City's Growth and Development Strategy and the priorities of the MPG.

The City of Johannesburg has developed a growth and development strategy to take us into 2040. It is a strategy that not only provides a vision of the future but importantly, defines clear outcomes against which to measure progress.

This strategy is central to the work of JDA, in particular, the agency is led by the 2040 strategy's ideals of resilience, liveability and sustainability. This is driven by the conviction that a resilient city is flexible and strong enough to solve complex and unanticipated problems.

Emphasis is placed on harnessing project implementation to increase shared economic growth and implement Broad-Based Black Economic Empowerment, creating jobs and economic opportunities for all residents, especially for disadvantaged communities and businesses.

In 2021/22, the JDA objectives responded to the MPG Priorities in several ways. Firstly, by focusing particularly on the urban regeneration of key economic nodes in and around the Inner City, in Roodepoort, Lenasia and Jabulani. Secondly, playing an active role in the more marginalised areas including Diepsloot, Alexandra, Ivory Park, Drieziek and Lehae. Secondly through the efficient and effective delivery of infrastructure projects, including the continued roll-out of the Rea Vaya BRT infrastructure and the promotion of green building technologies such as solar water heating, efficient lighting and sustainable urban drainage systems in its designs and projects. Thirdly, by promoting economic empowerment and transformation, by targeting 30% of the value of all construction contracts for local SMMs as well as to try and optimise the number of local construction jobs created. Finally, the JDA follows a strong facilitation and partnership role by working with local and governmental stakeholders to co-produce solutions and develop a shared vision for sustainable development implementation.



*Cllr Belinda Echeozonjoku  
MMC Development Planning*

Cllr Belinda Echeozonjoku  
**Member of the Mayoral Committee for Development Planning**

## SECTION 2: BOARD CHAIRPERSON'S REPORT

The City of Johannesburg at its AGM held in February 2022 heralded the appointment of a new Board of Directors. The Board comprises a balance of knowledge, experience, diversity and independent thinking. This combination of skills and abilities will provide collective leadership for JDA to achieve its development and investment objectives.

During the remainder of the financial year under review, the Board achieved the following:

- Held a JDA induction workshop with the senior management team
- Attended a COJ induction program
- Appointed required Board subcommittees
- Resolved on the appointment process of a Chief Executive Officer and Chief Audit Executive
- Resolved on the appointment of an acting CEO as an interim position
- Approved the Board Charter
- Held a JDA strategy session between the JDA Board and the executive team to discuss some of the more pertinent strategic issues the organisation is facing and.
- Conducted interviews for both the Chief Executive Officer and Chief Audit Executive and will soon be finalizing these appointments.
- Approved the JDA Business Plan for the 2022/23 financial year.
- Approved the Contracting Project plans for 2022/23 which includes all the projects that the JDA will be implementing in the 2022/23 financial year and their relevant milestones.
- Reviewed and approved Finance, IT, Supply Chain and Human resource policies that will be in place for the next two financial years.

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

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

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

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

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

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

**Lionel Brenner**  
**Board Chairperson**

### SECTION 3: CHIEF EXECUTIVE OFFICER'S REPORT

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

This Annual Performance 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 strategic priorities of the Multi-Party Government.

Of the JDA's 17 Strategic KPIs, the JDA achieved 41% performance target achieved, 35% performance target partially achieved, and 24% performance target not achieved.



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

I am proud to report that in term of the performance the JDA exceeded BBBEE and SMME targeted expenditure for the period. In terms of development progress on project implementation, the JDA continued its support of the City's strategic priorities through its two programmes. The focus of the Strategic Economic Node Delivery Programme has been on projects in the inner city and precincts along the TOD development corridors, such as the Roodepoort TOD as well as in Lenasia and Jabulani. The Jabulani node is maturing into a functional CBD in Soweto, with the JDA finalizing the following National Treasury NDPG funded projects Phase 5, Bolani Road, Phase 6b, the Community Safe Hub and in Phase 7 Inhlazane/ Molapo Bridge.

The focus on the second programme, Accelerated Public infrastructure Delivery Programme has been primarily on the Rea Vaya BRT infrastructure and system, and depots. Other project types in this programme include the Bophelong Clinic and Community facilities in Drieziek and Ivory Park for example.

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

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

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

**Mr Mokgema Mongane**

**Chief Executive Officer**

## SECTION 4: CHIEF FINANCIAL OFFICER'S REPORT

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

For the year ended 30 June 2022 the JDA had earned total revenue of R109 million (2020/21: R115.8 million) and incurred total expenditure of R125 million (2020/21: R135.6 million) which resulted in an overall deficit of R15 million before taxation (2020/21: Deficit of R19.7 million).

The organisation achieved 93% (2020/21: 96%) 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 106% (2020/21: 112% overall against target). This includes the over-expenditure in internal interest charged on an overdraft balance with the City of Johannesburg of R27 million.

The JDA is required to implement projects with cash flow reserves that are currently held by the client departments.



*Ms Sherylee Moonsamy  
Chief Financial Officer*

The interest charged by the City of Johannesburg based on long-outstanding client department claims continues to put immense pressure on the JDA financial standing and continued financial sustainability. This comes because of the current financial model that allows for the funds to be settled post the implementation of projects on behalf of client departments. The breakdown of the operational expenditure against budget is as follows:

**TABLE 1: ACTUAL OPERATIONAL BUDGET**

	Actual Prior year Audited 30 June 2021	Actual	Budget	Variance	% Of actual against budget
		R'000	R'000	R'000	
<b>Revenue</b>	<b>R115,880</b>	<b>R109,777</b>	<b>R118,249</b>	<b>(R8,472)</b>	<b>93%</b>
Operating costs (before interest)	(R119,770)	(101 268)	(R111,385)	R10 117	90%
Interest expense	(R15,880)	(R28 157)	(R6,864)	(R21 293)	310%
<b>Total operating costs</b>	<b>(R135,651)</b>	<b>(R129 425)</b>	<b>(R118,249)</b>	<b>(R11 175)</b>	<b>91%</b>
<b>Surplus/(Deficit) before taxation</b>	<b>(R19,770)</b>	<b>(R19 648,)</b>	<b>Rnil</b>	<b>(R15,140)</b>	

Excluding the internal interest charged on the overdraft balance, a variance of 12% against the budget was realised. This variance is mainly due to savings from current funded and vacant positions as a result of the City-wide moratorium placed.

Actual capital expenditure for the period ended 30 June 2022 was R1,096 billion (2020/21: R1.1 billion) against an annual budget of R1.361 billion (2020/21: R1.5 billion). This represents 80,49% (2020/21: 75%) of the overall annual budget.

The organisation's total assets exceeded the total liabilities. The total net assets on 30 June 2022 were R56.2 million (2020/21: R66.8 million).

The table below reflects the financial performance ratio of the organization for the period ended June 2022.

**TABLE 2: FINANCIAL RATIOS**

Key Performance Area	Targets	Actual 30 JUNE 2021	Actual 30 JUNE 2022
Current ratio	Above 1: 1	1.08: 1	1.02: 1
Solvency ratio	Above 1: 1	1.08: 1	1.04: 1
Salaries to expenditure ratio	Below 60%	60%	57%
Revenue	R112 million	R115.8 million	R109. 8 million
Expenditure (including taxation)	R112 million	R135.6 million	R141.1 million
Surplus / (Deficit)	R nil	(R19.7 million)	(R31.7) million)
Total net assets	R47.4 million	R66.8 million	R35. million
Capital expenditure	95%	83%	80%

The overall liquidity and solvency position of the JDA is lower than the prior year and below the current industry norms. The main contributing factor to the overall variance in comparison to the prior year is the higher receivables and higher 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 R599 million outstanding and 80% of which has been collected however past the agreed 30 days period. Any delay in this collection has a negative impact on the JDAs cashflow.

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 R70,8 million over total expenditure of R125 million, which results in 57% of the expenditure. The JDA is primarily a service-orientated entity as majority of the operational costs relate to employee remuneration.

**Ms Sherylee Moonsamy CA (SA)**  
**Chief Financial Officer**



## SECTION 5: 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 loveable city by developing transit nodes and corridors.

### 5.1 Vision<sup>1</sup>

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

### 5.2 Mission<sup>2</sup>

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

### 5.3 Values

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

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

### ***Outcomes and challenges***

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

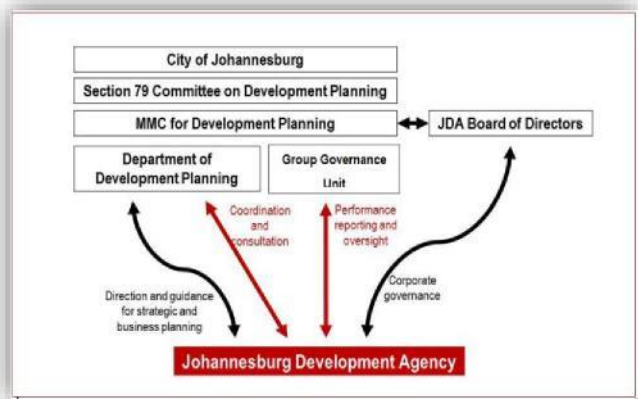
<sup>1</sup> The Vision Statement focuses on the future; it is a source of inspiration and motivation. Often it describes not just the future of the organisation but the future of the industry or society in which the organization hopes to effect change.

<sup>2</sup> The mission statement describes what the JDA wants to do now a vision statement outlines what the JDA wants to be in the future. The Mission Statement concentrates on the present; it defines the customer(s), critical processes and it informs you about the desired level of performance.

### ***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 6: STRATEGIC GOALS AND OBJECTIVES

JDA's primary purpose is to promote resilient city strategies by restructuring the urban spatial logic of the city. The JDA's current business plan represents a spatial response to specific Priority Transformation Areas as outlined in the 2040 Spatial Development Framework.

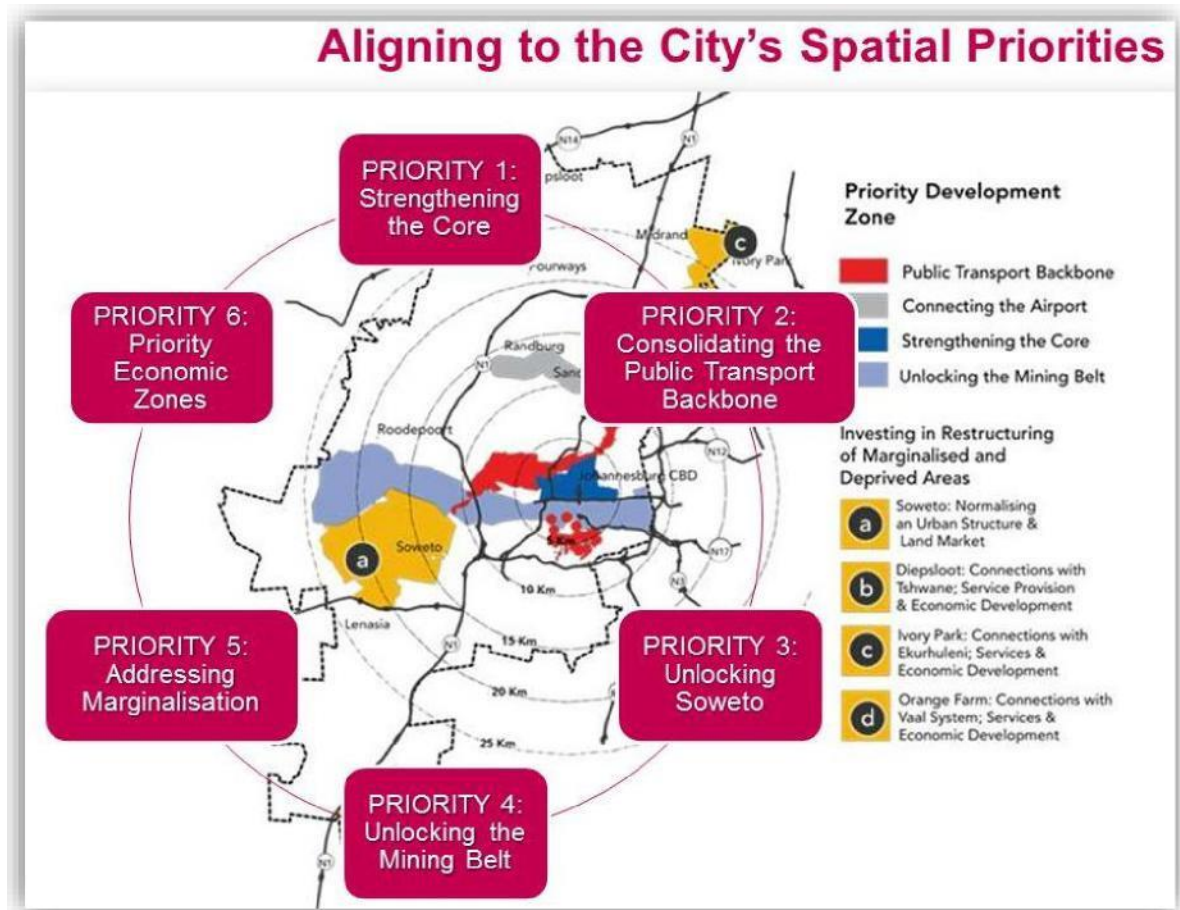


FIGURE 2: SDF 2040 PRIORITY AREAS

The JDA follows five strategic principles strategic objectives which are aligned with the Joburg 2040 GDS and the economic cluster's plans for sustainable services and economic growth.

<sup>3</sup> Democratization is undoubtedly an uneven process and the transformations in the urban space and in the public sphere in general bear the marks of this unevenness and the various contradictions and perversities they generate. (<http://www.publicspace.org/en/text-library/eng/a015-democracy-and-enclosed-spaces-from-social-movements-to-fortified-enclaves-to-hip-hop-in-s-o-paulo>)

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>Catalyze growth and investment</b>	Catalyzing growth in areas with latent investment potential. Catalytic intervention and strategic capital investments in areas that have been previously marginalized or have failed to attract private investment can unlock development potential, stimulate local economies, and boost job creation and entrepreneurial development.	To deliver sustainable social and economic infrastructure projects efficiently, effectively, and economically  To promote economic empowerment and transformation through the structuring and procurement of JDA developments
<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:

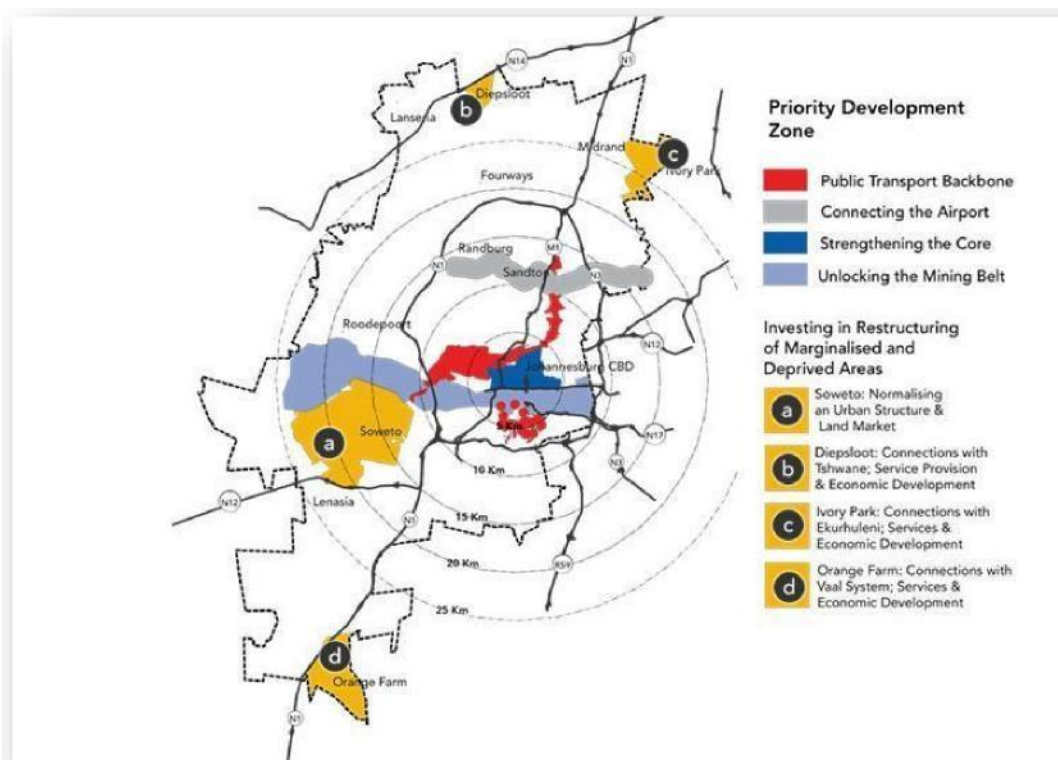
- Programme 1. Strategic Economic Node Delivery Programme
- Programme 2. Accelerated Infrastructure Delivery Programme
- Programme 3. Economic Empowerment Programme

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 3: SDF 2040 PRIORITY ZONES



To ensure that the JDA is best positioned to respond to the spatial development priorities, the JDA has set itself the following four objectives.

TABLE 4: OBJECTIVES (MEDIUM-TERM)

- |      |   |
|------|---|
| i)   | To efficiently, effectively and economically deliver sustainable social and economic infrastructure projects                              |
| ii)  | To support the growth and development of strategic economic nodes into high-quality, investor-friendly and sustainable urban environments |
| iii) | To promote economic empowerment and transformation through the structuring and procurement of JDA developments                            |
| iv)  | To strengthen and improve the JDA's corporate governance and operations to ensure that it remains an                                      |

TABLE 5: SDF PRIORITY TRANSFORMATION AREAS AND CORRESPONDING JDA DEVELOPMENT REGIONS AND PROGRAMMES

SDF Priority Transformation Areas	Corresponding JDA Programmes	Regional JDA Development Programmes
Strengthening the metro core (inner city)	Inner City and the Old South (including Sterkfontein and Mining Belt)	• Programme 1: Strategic Economic Node Delivery Programme
Unlocking Soweto	Greater Soweto (including Lenasia, Eldorado Park, Nancefield)	• Programme 2: Accelerated Infrastructure Delivery Programme
Consolidating public transport backbone	The Transit-Oriented Development Corridors: Empire-Perth Corridor and Louis Botha Corridor	• Programme 3: Economic Empowerment Programme
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 coordinates its area-based development practices and services for catalytic interventions on behalf of the Department of Development Planning and with other client departments

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

TABLE 6: PRACTICES AND SERVICES (SHORT-TERM)

- 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** - Analyze, review, and quantify private sector investment in various JDA intervention areas, and assess the socio-economic impact of these interventions. This is achieved through, among others, analyses of property market trends and factors that influence investor interest in JDA development areas. Value for money assessment.

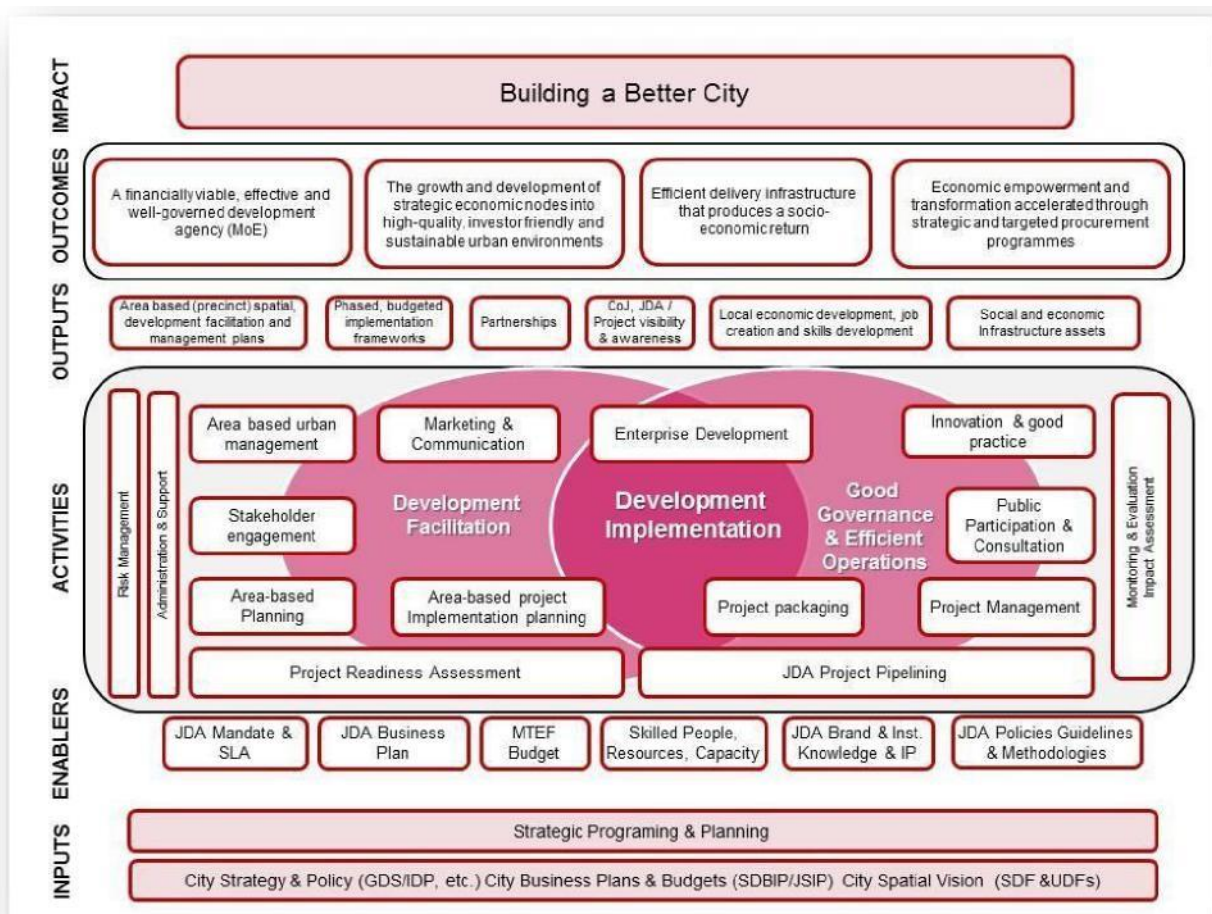
The JDA has aligned the main elements of our work and highlights the flow between them:



FIGURE 4: DEVELOPMENT PROCESS / LIFECYCLE



FIGURE 5: JDA'S VALUE CREATION PROCESS



## SECTION 7: JDA'S VALUE CREATION PROCESS

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

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

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

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

The value creation process is linked to the following:

- Our external operating context: The environment in which we operate impacts our ability to create value.
- Identify risks and opportunities: Our strategy is impacted by risks that could materially impact the delivery of value to our stakeholders
- Stakeholder engagement: We are reliant on being perceived as a credible stakeholder partner. Delivering value to stakeholders influences our reputation.
- Governance: We are a values-based organisation, committed to high standards of business integrity and ethics

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



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.

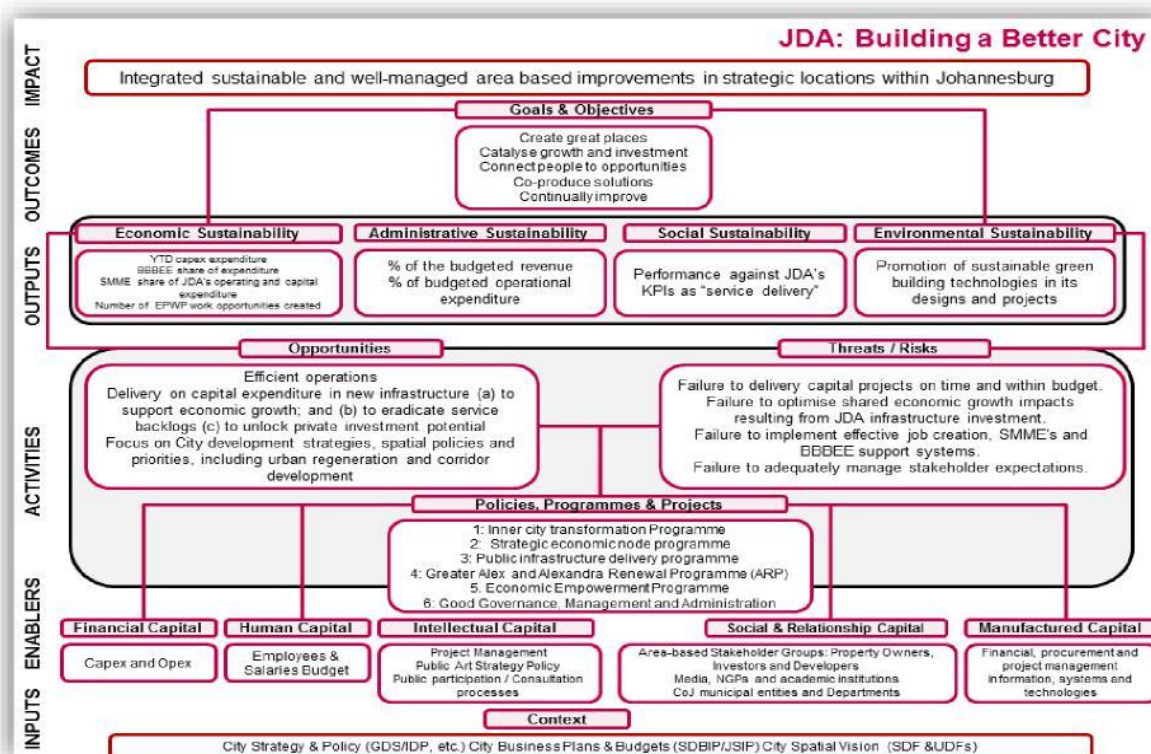


FIGURE 6: JDA'S VALUE CREATION PROCESS – LEVEL II

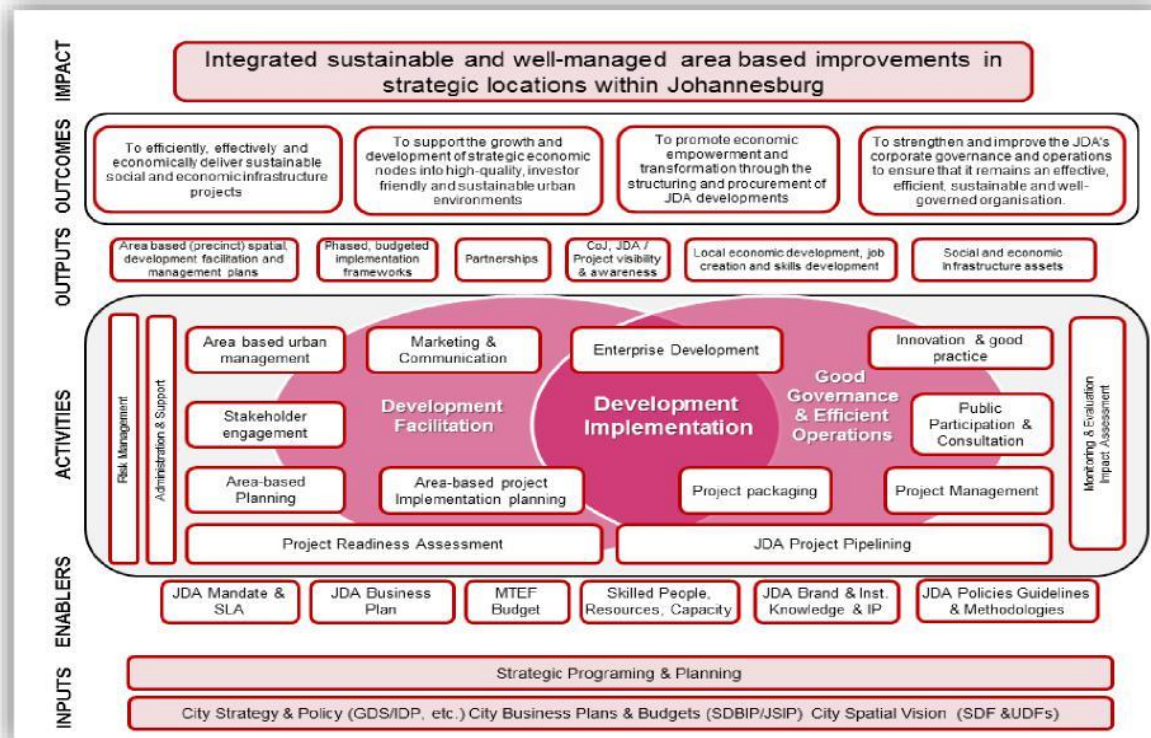


FIGURE 7: JDA'S VALUE CREATION PROCESS – LEVEL III

## 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 exercised oversight 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 performs according to a service delivery agreement and performance objectives set by the City of Johannesburg.

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

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

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

In keeping up with the latest developments the Board of Directors is in the process of ensuring that the JDA incorporates the Environmental, Social and Governance (ESGs) in its day-to-day operations and future reporting.

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

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

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 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 assures 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 also 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 some ways, including key public meetings at the start of the process and 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 areas at the neighborhood level. In many areas, these plans are initiated by the residents of a particular area. The planning department is investigating ways of helping people to pool their resources in communities to participate in preparing precinct plans.

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

The Board of Directors of the JDA subscribes to good corporate governance expressed in the King Code and the Code of Conduct for Directors referred to in section 93L of the Municipal Systems Act, 2000 (MSA). The Board recognises the need to conduct the affairs of the municipal entity with integrity to ensure increased public confidence and the confidence of its parent municipality. It is the policy of the Board to actively review and enhance the entity's systems of control and governance continuously to ensure that the entity is managed ethically and within prudently determined risk parameters.

## SECTION 1.1: BOARD OF DIRECTORS

The JDA has a unitary board, which comprises both executive and non-executive directors. Until 15 February 2022 Mr. Kevin Phaahla was the chairperson of the Board and non-executive director. While he was away, Mr. Mongezi Ntanga was the acting Board Chairperson until 15 February 2022.

With effect from 15 February 2022 Annual General meeting, Mr. Lionel Brenner was appointed as the Board Chairperson for the JDA. The JDA's sole shareholder, the City of Johannesburg CoJ, reviews the term of office for non-executive directors every year at the annual general meeting.

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

The Board provides quarterly, 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.

Prior to the Annual General Meeting held on 15 February 2022 the JDA Board of Directors as of 14 February 2022 consisted of the following members:

- (i) Mr Kevin Mabatalale Phaahla (Chairperson)
- (ii) Mr Mongezi Ntanga (Acting Board Chairperson with effect from 25 September 2021)
- (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) (Resigned effective 24 September 2021)
- (xiv) Ms Sherylee Moonsamy (Chief Financial Officer and Executive Director (Acting CEO effective 1 October 2021)

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

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

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

- (i) Mr Lionel Brenner (Chairperson)
- (ii) Mr Mthobisi Malinga
- (iii) Mr Ntona Marota
- (iv) Ms Anchen Dryer
- (v) Dr Lindelani Matshidze
- (vi) Dr. Didibuku Thwala
- (vii) Dr Christopher Whittle
- (viii) Adv Neo Ntingane
- (ix) Mr. Phathutshedzo Raphalalani (Resigned 05 August 2022)
- (x) Ms Sherylee Moonsamy (Chief Financial Officer and Executive Director (Acting CEO effective 1 October 2021)
- (xi) Mr Siyabonga Genu (was appointed acting Chief Executive Officer effective 1 April 2022)

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

- (v) Ms Nosipho Ngaka
- (vi) Mr Kwena Mashiane
- (vii) Mr John Mendelsohn

**TABLE 7: BOARD COMPOSITION FOR THE PERIOD FROM 15 FEBRUARY 2022**

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

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

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



**TABLE 8: COMPOSITION OF THE BOARD**

Board member	Capacity:	Period of Membership	Qualification/s	Race	Gender	Board committee membership
						AGM 11 February 2022
L Brenner	Chairperson (Non-executive)	11 February 2022	<ul style="list-style-type: none"> <li>• CA (SA).</li> <li>• BCompt Honours.</li> <li>• Bcom</li> </ul>	White	Male	Development & Investment
D Thwala	Non-executive director	11 February 2022	<ul style="list-style-type: none"> <li>• PhD: Engineering (Construction Project Management)</li> <li>• Management Advancement Programme (MAP 64)</li> <li>• MSc Engineering (Project Management)</li> <li>• MSc Development Planning</li> <li>• Bachelor's Degree Geography</li> <li>• Post Graduate Certificate in Education</li> <li>• African Management Programme</li> </ul>	Black	Male	Development & Investment
M Malinga	Non-executive director	11 February 2022	<ul style="list-style-type: none"> <li>• CA (SA)</li> <li>• Mcom</li> </ul>	Black	Male	Audit & Risk Social, Ethics, Human Resources & Remuneration
N Ntingane	Non-executive director	11 February 2022	<ul style="list-style-type: none"> <li>• Pupillage Advocacy Training</li> <li>• LLM Master of Law Degree in Commercial Law</li> </ul>	Black	Female	Social, Ethics, Human Resources & Remuneration
L Matshidze	Non-executive director	11 February 2022	<ul style="list-style-type: none"> <li>• PhD Construction Economics</li> </ul>	Black	Male	Development & Investment



Board member	Capacity:	Period of Membership	Qualification/s	Race	Gender	Board committee membership
						AGM 11 February 2022
A Dreyer		11 February 2022	<ul style="list-style-type: none"> <li>• BA degree with Psychology and Sociology as majors,</li> <li>• Honours in Sociology,</li> <li>• Honours in Psychology</li> <li>• MA in Clinical Psychology.</li> <li>• Registered as a clinical psychologist</li> </ul>	White	Female	Social, Ethics, Human Resources & Remuneration
N Marota	Non-executive director	11 February 2022	<ul style="list-style-type: none"> <li>• CA(SA)</li> <li>• South African Institute of Chartered Accountants</li> <li>• Registered Auditor</li> <li>• Independent Regulatory Board for Auditors</li> <li>• M.Inst.D</li> <li>• Institute of Directors South Africa</li> <li>• Masters in Business Administration (MBA)</li> <li>• Baccalaureus Commercial Honours</li> <li>• Post Graduate Certificate in Financial Accounting</li> <li>• Baccalaureus Computations</li> </ul>	Black	Male	Audit & Risk
P Raphalalani	Non-executive director	11 February 2022	<ul style="list-style-type: none"> <li>• Senior Executive Leadership Program in Africa</li> <li>• MEng Degree - Civil Engineering (NQF Level 09)</li> <li>• B. Tech - Transportation Engineering (NQF Level 07)</li> <li>• N. Diploma - Civil Engineering (NQF Level 06)</li> </ul>	Black	Male	Development & Investment Social, Ethics, Human Resources & Remuneration

Board member	Capacity:	Period of Membership	Qualification/s	Race	Gender	Board committee membership
						AGM 11 February 2022
C Whittle	Non-executive director	11 February 2022	<ul style="list-style-type: none"> <li>• PhD in Public Management</li> <li>• Master's in Business Leadership</li> <li>• Master of Arts (Political Science)</li> <li>• Bachelor of Arts (Hons) cum laude</li> <li>• Higher Education Diploma</li> <li>• Bachelors in Public Administration</li> </ul>	White	Male	Audit & Risk  Development & Investment
S Moonsamy	Executive director	March 2020	CA	Indian	Female	None
S Genu	Executive director					

**Table 9: Independent Audit and Risk Committee Members**

Board member	Capacity:	Period of Membership	Qualification/s	Race	Gender	Board committee membership
						AGM 11 February 2022
N Ngaka	Independent Audit and Risk Committee	11 February 2022	<ul style="list-style-type: none"> <li>• CA (SA)</li> <li>• PHD in Accounting – Current</li> <li>• Nyukela Public Service SMS Pre – entry Programme certificate</li> <li>• Ethics in the Public Service certificate</li> <li>• SAICA Assessor certificate</li> <li>• Master’s degree in Taxation</li> <li>• PQE 2 (Professional Qualifying exam: IRBA)</li> <li>• PQE1 (Professional Qualifying exam: SAICA)</li> <li>• Bcom (Honours) Accounting</li> <li>• Cost and management accounting diploma</li> </ul>	Black	Female	Audit and Risk Committee
K Mashiane	Independent Audit and Risk Committee	11 February 2022	<ul style="list-style-type: none"> <li>• Honours Bcom/CTA (Accounting, Auditing, Financial Management, Taxation)</li> </ul>	Black	Male	Audit and Risk Committee
J Mendelsohn	Independent Audit and Risk Committee	11 February 2022	<ul style="list-style-type: none"> <li>• Admitted attorney, 1970</li> <li>• Admitted as Notary and Conveyancer, 1975</li> </ul>	White	Male	Audit and Risk Committee

The JDA's directors bring together a range of complementary skills and experience that benefit the entity, including accounting, finance, legal, business management, human resources, labour relations, marketing, construction and development management.

## 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 (1 JULY 2022 TO 15 FEBRUARY 2022)**

Name	Board				Audit & Risk Committee				Social & Ethics/ HR & Remuneration Committee				Development & Investment Committee			
	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent
Kevin Phaahla	6	4	2	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	0	0
Mongezi Ntanga	6	6	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	0	0
Thabo Motloung	6	6	0	0	5	5	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Khanyisa Marawu	6	6	0	0	N/A	N/A	N/A	N/A	2	2	0	0	N/A	N/A	N/A	N/A
Tahir Tebogo Maepa	6	6	0	0	N/A	N/A	N/A	N/A	2	2	0	0	1	1	0	0
Mpho Lecoge	6	6	0	0	N/A	N/A	N/A	N/A	2	2	0	0	N/A	N/A	N/A	N/A
Tiyani Sambo <sup>1</sup>	6	5	1	0	5	5	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Velaphi Ntshangase	6	6	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	0	0
Sandile Ndlungwane	6	6	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	6	6	0	0	N/A	N/A	N/A	N/A	2	2	0	0	N/A	N/A	N/A	N/A
Sue NK Mokoena	6	6	0	0	N/A	N/A	N/A	N/A	2	2	0	0	N/A	N/A	N/A	N/A
Sandra Koketso Sibuyi	6	6	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	5	5	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	5	4	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	5	5	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Farida Alidi (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	5	4	1	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**TABLE 11: BOARD AND BOARD COMMITTEE MEETINGS & ATTENDANCE (15 FEBRUARY 2022 TO 30 JUNE 2022)**

Name	Board				Audit & Risk Committee				Social & Ethics/ HR & Remuneration Committee				Development & Investment Committee			
	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent
Lionel Brenner	3	3	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2	2	0	0
Mthobisi Malinga	3	3	0	0	2	2	0	0	1	1	0	0	N/A	N/A	N/A	N/A
Success Morata	3	3	0	0	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Anchen Dreyer	3	3	0	0	N/A	N/A	N/A	N/A	1	1	0	0	N/A	N/A	N/A	N/A
Neo Ntingane	3	3	0	0	N/A	N/A	N/A	N/A	1	1	0	0	N/A	N/A	N/A	N/A
Christopher Whittle	3	3	0	0	2	2	0	0	N/A	N/A	N/A	N/A	2	2	0	0

Phathutshedzo Raphalalani	3	3	0	0	N/A	N/A	N/A	N/A	1	1	0	0	2	2	0	0
Lindelani Matshidze	3	3	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2	2	0	0
Didibuku Thwala	3	3	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2	2	0	0
Nosipho Ngaka	N/A	N/A	N/A	N/A	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kwena Mashiane	N/A	N/A	N/A	N/A	2	1	1	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
John Mendelsohn (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

## Board Committees

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

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

Each committee composition is as follows:

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, meet not less than four times a year. Most members of these committee members are financially literate. The following members served on the committee during the period under review:</p> <ul style="list-style-type: none"> <li>• Success Marota (Chairperson)</li> <li>• Mthobisi Malinga</li> <li>• Christopher Whittle</li> <li>• Nosipho Ngaka (Independent Member)</li> <li>• Kwena Mashiane (Independent Member)</li> <li>• John Mendelson (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>• Neo Ntingane (Chairperson)</li> <li>• Anchen Dreyer</li> <li>• Phathutshedzo Raphaelalani</li> <li>• Mthobisi Malinga</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>• Lindelani Matshidze (Chairperson)</li> <li>• Lionel Brenner</li> <li>• Didibuku Thwala</li> <li>• Phathutshedzo Raphaelalani</li> <li>• Christopher Whittle</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>

## Duties of the Board

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

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

## Board charter

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

## SECTION 1.2: DIRECTORS & PRESCRIBED OFFICERS REMUNERATION

The JDA remunerates the non-executive directors and independent audit committee members following the policy and, in the amounts, determined from time to time by the City of Johannesburg Metropolitan Municipality, acting in its capacity as the sole shareholder of the JDA. The foregoing position was reaffirmed by special resolution at the 2022 Annual General Meeting. The non-executive directors and independent audit committee members are paid per meeting. Executive directors and prescribed officers are employees of the JDA and do not receive any additional remuneration because of their office. The table below reflects the gross or cost to company amounts paid by the JDA concerning executive directors, non-executive directors' and independent audit committee members' fees.



TABLE 12: EXECUTIVE DIRECTOR'S, SENIOR MANAGEMENT AND NON-EXECUTIVE DIRECTOR'S & INDEPENDENT AUDIT AND RISK COMMITTEE MEMBERS REMUNERATION AND ALLOWANCES FOR THE PERIOD 1 JULY 2021 - 30 JUNE 2022

Name	Designation	Salary/Board Fees	Pension	Acting allowance	Bonus/Board Retention Fees	Travel allowance	Total
<b>Executive Directors &amp; Senior Management</b>							
S Genu	Acting CEO (April - June 2022) (EM: Project Implementation Appointed Nov 2021)	1 298 844	88 004	75 514			1 462 362
S Moonsamy	CFO	1 878 767	123 681	155 675	154 779	-	2 312 902
A Ngcezula	CEO (Resigned 29 Sept 2021)	561 946					561 946
R Shirinda	Company Secretary	1 711 381	81 296		173 206		1 965 882
B Seopela	EM: Corporate Services	2 171 801			209 836		2 381 637
O Nkoane	EM: Development Planning and Facilitation (Appointed Dec 2021)	1 130 163	74 400				1 204 563
<b>Sub-Total</b>		<b>8 752 902</b>	<b>367 381</b>	<b>231 189</b>	<b>537 821</b>		<b>9 889 293</b>
<b>Non-Executive Directors &amp; Independent Audit Committee Members</b>							
K Phaahla	Board Chairperson (Retired 15 February 2022)	86 000					86 000
T Maepa	Board Member (Chairperson of D&I Committee) (Retired 15 February 2022)	104 000					104 000
K Marawu	Board Member (Chairperson of REMCO) (Retired 15 February 2022)	100 000					100 000
T Motloun	Board Member (Retired 15 February 2022)	114 000					114 000
M Ntanga	Board Member (Retired 15 February 2022)	98 000					98 000
V Ntshangase	Board Member (Retired 15 February 2022)	90 000					90 000

Name	Designation	Salary/Board Fees	Pension	Acting allowance	Bonus/Board Retention Fees	Travel allowance	Total
S Ndlungwane	Board Member (Retired 15 February 2022)	90 000					90 000
N Veyi	Board Member (Retired 15 February 2022)	88 000					88 000
S Mokoena	Board Member (Retired 15 February 2022)	96 000					96 000
M Lecoge	Board Member (Retired 15 February 2022)	96 000					96 000
S Sibuyi	Board Member (Retired 15 February 2022)	56 000					56 000
K Onuoka	Independent Audit and Risk Committee Member (Retired 15 February 2022)	30 000					30 000
V Vhena	Independent Audit and Risk Committee Member (Retired 15 February 2022)	30 000					30 000
T Makofane	Independent Audit and Risk Committee Member (Retired 15 February 2022)	24 000					24 000
F Alidi	Independent Audit and Risk Committee Member (Retired 15 February 2022)	24 000					24 000
L Brenner	Board Chairperson (Appointed 15 February 2022)	102 000					102 000
M Malinga	Board Member (Appointed 15 February 2022)	72 000					60 000
S Marota	Board Member (ARC Chair) (Appointed 15 February 2022)	86 000					86 000
A Dreyer	Board Member (Appointed 15 February 2022)	44 000					44 000
N Ntingane	Board Member (SEHR Chair) (Appointed 15 February 2022)	76 000					76 000

Name	Designation	Salary/Board Fees	Pension	Acting allowance	Bonus/Board Retention Fees	Travel allowance	Total
C Whittle	Board Member (Appointed 15 February 2022)	72 000					72 000
P Raphalalani	Board Member (Appointed 15 February 2022)	72 000					72 000
L Matshidze	Board Member (DI Chairperson) (Appointed 15 February 2022)	86 000					86 000
D Thwala	Board Member (Appointed 15 February 2022)	64 000					64 000
N Ngaka	Independent Audit & Risk member (Appointed 15 February 2022)	36 000					36 000
K Mashiane	Independent Audit & Risk member (Appointed 15 February 2022)	16 000					16 000
J Mendelsohn	Independent Audit & Risk member (Appointed 15 February 2022)	24 000					24 000
<b>Sub-Total</b>		<b>1 954 000</b>	-	-	-	-	<b>1 954 000</b>
<b>TOTAL</b>		<b>10 706 902</b>	<b>367 381</b>	<b>231 189</b>	<b>537 821</b>	-	<b>11 843 293</b>

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

### ***Loans and advances***

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

## **SECTION 1.3: COMPANY SECRETARIAL FUNCTION**

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

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

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

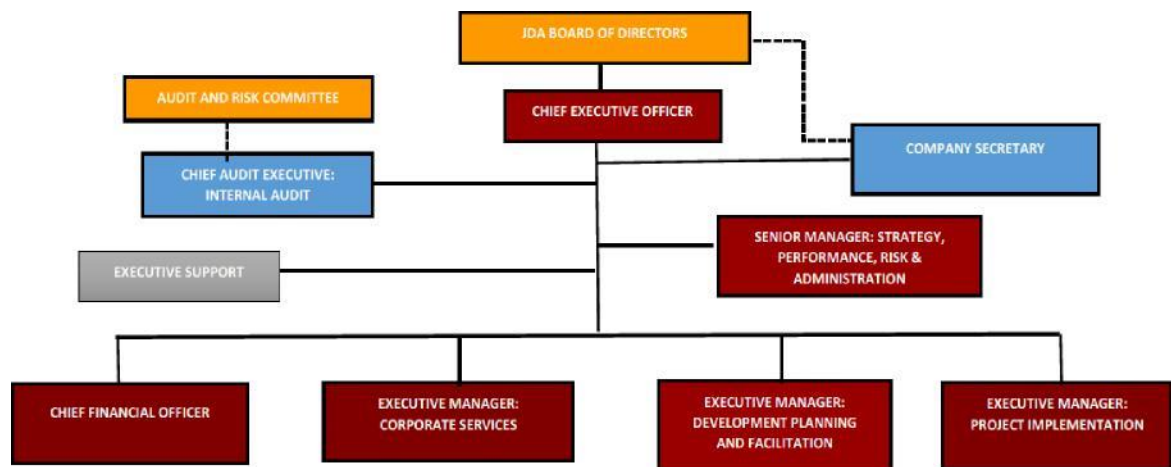
The Company Secretary's work covers a wide variety of functions, including but not limited to.

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

## SECTION 2: HIGH-LEVEL ORGANISATIONAL STRUCTURE

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

FIGURE 8: HIGH LEVEL ORGANISATION STRUCTURE



## SECTION 3: GOVERNANCE OF STAKEHOLDER RELATIONSHIPS

### *Managing Stakeholder Relationships*

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

### *City of Johannesburg Stakeholders*

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

**TABLE 13: CITY OF JOHANNESBURG STAKEHOLDERS**

CoJ Stakeholder	Nature of Engagement
Office of the Mayor	The JDA engages with the Office of the Mayor to ensure strategic engagement on city priorities, key decisions and formal oversight committees and steering groups. It ensures internal JDA priorities, policies and frameworks are in line with the Growth and Development Strategy (GDS) 2040 and other plans and policies of the city, and the JDA keeps the Office of the Mayor well informed of JDA project progress. The JDA highlights public addresses, site visits and mayoral priorities to the general public.
Office of the MMC for Development Planning	The JDA engages with the MMC for Development Planning to ensure both strategic and operational engagement on city priorities, key decisions and formal oversight committees. The JDA keeps the Office of the MMC well informed of JDA project processes, and where possible, involves the MMC in stakeholder engagement where political intervention is sought.
The JDA Board	The JDA is accountable for strategic and operational matters to the Board of Directors, which controls and maintains a fiduciary relationship with the company.
Members of the Mayoral Committee (MMCs)	The JDA has representation on and reports regularly to oversight committees, as well as to key fora with MMCs from particular client departments. The JDA also provides engagement and support to MMCs in external stakeholder engagement. On particular projects, the JDA works with specific portfolios for political support. The JDA also highlights public addresses, fora and site visits to the general public.
Office of the Speaker of the City of Johannesburg	As an agency of the City of Johannesburg, the JDA is bound by the rules on public participation as set out by the Office of the Speaker. The Speaker has to ensure public consultation, involvement and participation in the affairs of the municipality. As chairperson of the council's public participation and petitions committees, the Speaker must ensure that the public participates in city matters wherever possible and facilitates the process whereby community requests and complaints are heard and ensures that there are appropriate responses from Council. To fulfil the role of building democracy, the Speaker manages community participation in local government.
City of Johannesburg Development Planning (City Transformation) (CT)	Planning roles in the JDA are integrally linked with planning in the city. Local area planning and implementation are undertaken in partnership between the JDA and City Transformation (CT). The JDA reports to City Transformation where it acts as implementing agent for planning projects. The JDA also provides strategic planning input on decision making for planning initiatives. The JDA collaborates with CT on providing input to the Integrated Development Plan (IDP) and associated Spatial Development Framework (SDF) as well as other key strategic planning initiatives. Through its relationship with CT, the JDA influences prioritisation and budgeting for infrastructural development to maximise impact. In terms of Development Facilitation, the JDA collaborates closely with CT on spatial planning, precinct/area research and planning and project prioritisation and budgeting. Development Implementation (DI) collaborates with CT on the Capex requirements and scope of work for particular projects, and the DI teams provide critical feedback to the planning department for accurate budgeting for development projects.

CoJ Stakeholder	Nature of Engagement
Johannesburg Property Company (JPC)	JPC will remain the city property manager, handling all individual transactions of public land; however, as the key facilitator of area-based developments JDA's participation in these transactions is vital. The JDA provides strategic engagement on land acquisition and disposal matters related to JDA implemented projects. This includes input into strategic decision making on land acquisitions and disposals. At the local area level, it includes collaboration between the JDA and JPC on land identification, provision of key information and unblocking of developments on both city and privately owned land. Furthermore, it includes collaboration on transactions and connected developments are required regularly to ensure that work continues smoothly. The JDA has representation on the Joint Land Steering Committee.
Municipal owned entities (MOEs) and Departments	<p>These include Joburg Water, City Power, Johannesburg Roads Agency, City Parks, Pikitup, Department of Economic Development, Department of Community Development etc. These entities and departments act as project clients, co-implementers and operators in different projects. They are integral to any JDA development process.</p> <p>The JDA's engagement includes soliciting input into strategic planning initiatives underway by all relevant departments and the development of linkages between overall planning at the city level and the JDA business plan. At local planning and project-level, it means bringing relevant departments together to coordinate between existing opportunities and to generate plans for new area-based development. It is important to ensure that the adequate complementary infrastructure is in place (e.g., stormwater, water and electricity reticulation) as well as complementary services (e.g. small cooperatives, social services) to schedule and bring projects to completion. Development Implementation teams interact with relevant MOEs and departments on project-specific requirements. Marketing and Communications work with relevant departments, particularly where JDA acted as implementing agent, to share process and completion details as part of ensuring smooth implementation and to publicise the work of the city.</p> <p>The JDA engages with these entities individually as well as in joint forums. Technical forums are established by the DF team. They bring together the various City departments and entities working on specific investments/ projects to ensure that there is smooth communication between parties, that development blockages are unblocked and that opportunities in the particular precincts are realised. DI teams utilise these forums to resolve project-specific issues and ensure smooth coordination with other departments for development and handover processes.</p>
Housing Agencies of the City	<p>These include the City's Housing Department and Johannesburg Social Housing Company (JOSHCO), integral partners to ensuring the provision of affordable housing. The JDA provides input into strategic planning initiatives, prioritisation and budgeting for housing in the city. It also provides input into strategies for the provision of adequate housing and related social amenities in particular precincts. The JDA provides a service of implementation of refurbishment and development of housing were requested by</p>

### **National and Provincial State Stakeholders**

**TABLE 14: NATIONAL AND PROVINCIAL STATE STAKEHOLDERS**

State Stakeholder	Nature of Engagement
National departments and entities include National Treasury, South African Police Services (SAPS) and Department of Public Works (DPW) as well as other critical partners in terms of budgeting and urban management on key projects.	<p>These departments play key roles in developments across the City of Johannesburg in planning, implementation and sustainability of key developments.</p> <p>The various JDA departments engage with national and provincial departments at several levels. The JDA collaborates with departments on larger scale planning initiatives and the finalisation of national or provincial programmatic grants for infrastructural development.</p>
Provincial Departments include Departments of Human Settlements, Education, Economic Development, Safety and Security, Department of Environmental Affairs and Water Affairs etc.	<p>Utilises national or provincial programmes for area-based development initiatives. From time to time the JDA may implement projects for national or provincial client departments and from provincial grant schemes.</p>

## Community Stakeholders

TABLE 15: COMMUNITY STAKEHOLDERS

Community Stakeholders	Nature of Engagement
Private investors and developers	The JDA engages with private investors to share information about the City's work and vision and encourage private investment. It further works with the private sector in conveying the City's vision, policy and processes and assessing and establishing partnerships for achieving this vision. At a local area level, the DF team engages with private investors and developers to highlight key opportunities for increasing private investment in areas where there is state investment. It also works with these stakeholders to understand the market dynamics and inhibitors to investment as well as to carve area-based investment approaches that will enhance the public good within those areas.
Small and Medium Enterprises (SMMEs)	The JDA's mission directs the JDA to create a conducive environment for economic empowerment and makes use of programmes for the development of SMMEs (e.g., Expanded Public Works Programme). SMMEs are an essential stakeholder group to be engaged on local area projects both for determining the economic conditions and opportunities within areas and for identifying opportunities for enhancing opportunities for small business in development areas and directly in JDA projects.
City Improvement Districts (CIDs) and other Urban Management Partnerships	These are key stakeholders in terms of the conceptualisation, implementation and maintenance of area-based development. CIDs and Urban Management Partnerships are important stakeholders in the long-term urban management of investments made by the JDA and others in local neighbourhoods.
Local area-based stakeholder committees	These committees are established by the DF team and are representative of community interests in areas. They may include ward councilors, ward committee members, religious leaders, school governing bodies, business representatives, NGOs and community members, amongst others. These committees are integral for the approval and shaping of investments as well as for catalysing community efforts as a key resource for the development of local areas. These committees provide feedback on projects. They are also the platforms for resolving project-specific issues, for identifying local opportunities (including employment) and for discussing project schedules.

## Specific interest groups

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

TABLE 16: SPECIFIC INTEREST GROUPS

Specific interest groups	Nature of Engagement
Residents and business owners	A group of individuals that interact within their immediate surroundings. These are the stakeholders who should benefit from key investments. Engagements focus on how residents can create neighbourhood vision by defining specific activities that will improve the neighbourhood.
Women and Youth	These groups may be vulnerable in various ways or have unique needs that must be taken into account in projects. Engagements are directed at improving the responsiveness of developments to meet the particular needs of these groups to improve living conditions and optimise economic outcomes for them.
Organised Labour	It is necessary to engage workers on their needs in the environment (transport, access, safety etc.) as well as on the development of enterprise and employment opportunity through project interventions.
Researchers and urbanists	The JDA works with these groups at a strategic planning level as well as at project level. At a strategic level, the JDA works with researchers to inform evidence-based policy development and to gain insight into particular dynamics in areas or particular development issues. JDA planning and facilitation staff must keep abreast of critical research and discussions into various aspects of the city from demographics to new policies, reports and publications. It is valuable to shaping thinking about area-based development, and Development Implementation staff are required to keep abreast of new methodologies, design approaches, materials etc. to ensure best practice implementation of projects



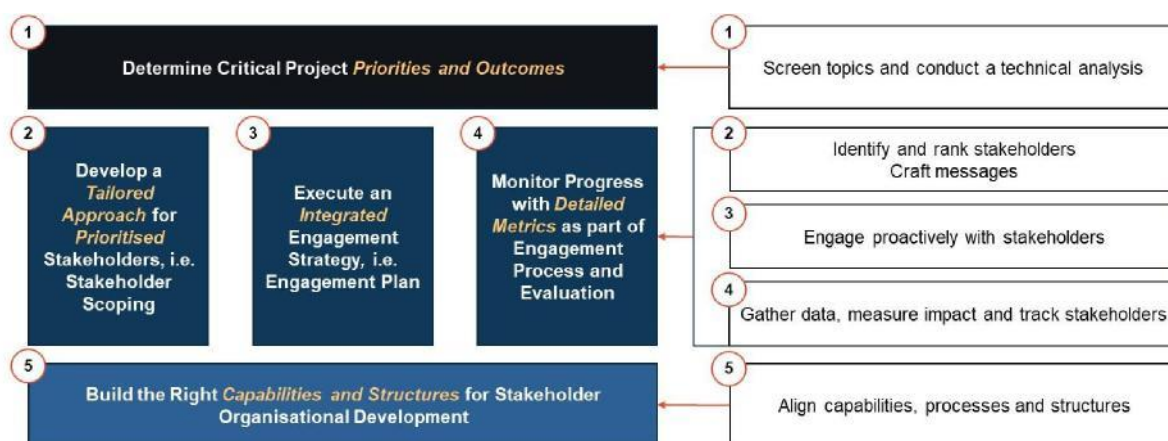
## Stakeholder Engagement Framework

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

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

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

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



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

FIGURE 9: STAKEHOLDER ENGAGEMENT FRAMEWORK:<sup>5</sup>

## SECTION 4: RISK MANAGEMENT

The JDA's Board monitors risk through the Audit and Risk Committee, which ensures that there is an effective risk management process and system in place. The committee recommends risk strategies and policies that need to be set, implemented and monitored. The JDA Board is responsible for identifying, assessing and monitoring the risks reported 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 continuously on an on-going basis at departmental level. The risk register is treated as a working risk management document because risks are constantly recorded and managed. Management monitors and evaluates the implementation and efficiency of controls and actions to improve current controls in the risk register.

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 holistically 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. JDA's management conducts an annual strategic and operational risk assessment workshop. This process is supported by an on-going risk management process at the 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 2021/22 financial year are as follows:

**TABLE 17: IMPLEMENTED RISK MANAGEMENT PROGRAMMES AND/OR ACTIVITIES**

<b>Programmes and/or activities</b>
Strategic Risks Action Plans Tracking and Monitoring
Operational Risks Action Plans Tracking and Monitoring
Universal Regulatory Register (URR) and Compliance Monitoring
Reviewed the Strategic Risk Register
Reviewed ERM Framework
2022/23 Insurance Cover Reviewed

The Executive Committee and Audit and Risk Committee will continue to monitor the implementation of the documents listed above to ensure that the organization is proactive in addressing risks and strengthening its internal control environment. All committed Strategic action plans were implemented (100%)

### ***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 at all times. 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 5: ANTICORRUPTION AND FRAUD**

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

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

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

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

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

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

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

Fraud Policies, Fraud Prevention Strategy and Response Plan were reviewed in the current financial year

#### ***REPORTED CASES***

The JDA utilizes the City of Johannesburg Anti-Corruption Hotline (NACH) which is managed by an independent service provider. Internal reporting processes include electronic reporting of fraud allegations via telephone, email, and walk in reporting. An internal electronic system for fraud allegations received via the hotline is captured and maintained in a log register from the point of reporting, before allegations are escalated to the Anti-Fraud and Anti-Corruption unit for investigation.

There were 6 cases that were reported in the 2021/22 financial year. Of the 14 total cases being investigated (which includes historical cases), 6 cases have finalised, 2 of the 6 finalised cases have been finalised as at the end of awaiting closing reports from GFIS

**TABLE 18: REPORTED CASES**

Date 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)
11/10/2021	3/10/2021	Not Known	Not Known	Alleged fraud and corruption in the recruitment of officials for contractor at JDA	Fraud /Corruption	The investigation is in progress The matter is being investigated by GFIS
24/08/2021	54/08/2021	GFIS	One	Alleged fraud and Corruption taking place at Johannesburg Development Agency regarding irregular expenditure in some of the programs such as Bus Rapid Transport, Karzene project, Orchards Clinic project and project management system implemented.	Fraud /Corruption	The matter is currently being investigated by GFIS
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
16/08/2021	39/08/2021	GFIS	Not Known	Alleged Maladministration /Corrupt activities by JDA Official (s) related to Panel Contractors Procurement and submission of Section 116 Report to the Board Committee.	Maladministration	The investigation is finalised, closing memo in progress
05/08/2021	21/08/2021	GFIS	One	Alleged maladministration against the former Chairperson of the Joburg Development Agency.	Maladministration	The investigation is in progress. The matter is being investigated by GFIS.

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)
21/07/2021	30/07/2021	Supply Chain Manager	Not Known	Alleged Corruption and Bribery related to projects awarded to MASSTON JV BASH	Corruption	The investigation is in progress. The matter is being investigated by GFIS.
12/05/2021	44/05/2021	Supply Chain Manager	One	Alleged solicitation of a bribe (undisclosed amount) by a person representing to be a JDA employee for tender JDA/MARKT/AERIAL-PHOTO/004/2020	Fraud & Corruption	The investigation is finalised, closing memo in progress
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 Velma Construction Pty Ltd for construction of Eastern Gateway Oval Park.	Fraud & Corruption	Not yet allocated
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.
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.
2018/12/07	GFIS 44/12/2018	Chief Executive Officer	One	Unauthorized waiving of Construction penalties.	Maladministration	The investigation is in progress, matter is investigated by GFIS.
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.
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.
2017/10/16	GFIS 485/09/2017	City of Johannesburg Group Fraud and Investigation Services	One	Underpayment of SMMEs.	Maladministration.	Audit / review is underway as per GFIS's report recommendation.

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

## SECTION 6: ICT GOVERNANCE

### ICT Steering Committee

The ICT Steering Committee is constituted in line with principle 12 of the KING IV of code of governance in South Africa. The core mandate of the ICT Steering Committee is to ensure that the ICT function is efficiently managed, appropriately resourced, and properly governed. To this extent the ICT Steering Committee has continued to play an oversight role in line with its mandate.

### ICT Framework and Policy Status

As of 30 June 2022, all ICT policies were active and approved. The ecosystem of active and approved policies includes but is not limited to;

- ICT Governance Framework
- ICT Governance Charter
- ICT Strategy
- ICT Cloud policy
- ICT Security policy
- Internet and Email Usage policy
- Backup Policy
- DRP

Each policy is buttressed by several procedures that become a vehicle for the tactical implementation of the policy. The ICT Security policy has the highest off-shoot of approved procedures such as the but not limited to the Firewall procedure, Cyber Security strategy, Patch management procedure, Anti-virus procedure, to mention a significant few.

### Supply Chain and Finance business process integration into SAP

As of 30 June 2022, the integration of the Finance and Supply chain modules had been 100% achieved. This marks a significant achievement in the history of the JDA and the first time that all pivotal JDA value chain processes are housed under one system, in this instance SAP.

The Supply chain and Finance Teams went through a thorough process of User Accepting Testing cycles where they were able over and above the training they had received, to get a practical feel of the system integration of the two modules and more specifically how they would fit in the integration.

The SAP platform, therefore, becomes the fulcrum around which all supply project management, supply chain management, and finance management business processes will evolve in one integrated movement going into the new financial year.

More than achieving 100% integration, there is an addition of a new and wider ecosystem of controls around contracts management especially, electronic approvals, integrated budget management for both OPEX and Capex. Standard operating procedures have been developed to ensure that there is uniformity in execution of common processes through the integrated value chain.

## **Change Management**

As exciting as the integration of the SCM and Finance chain modules are, the integration heralds significant change in processes and collectively impacts organizational culture. Change management therefore becomes a significant barometer in continuing to measure the various degrees of employee usage of the system and their fit into the integration process as they continue to engage more and more with the system and with each other.

The psyche of the organisation will experience a dramatic shift and it is for this reason that the change management consultancy process will continue to be retained in the post implementation process so that it continues to play its role in driving a positive narrative and behavior on the integration process.

So far, the response especially from Supply chain team and Development Implementation Teams has been positive.

## **Internal network upgrade**

The local network was upgraded in the last quarter of the financial year. This was a planned upgrade of the entire internal network infrastructure. Since the upgrade, employees have expressed via the support email channel, that there is a great improvement in the performance of the network in terms of speed and stability. There is a significant drop in the number of support calls relating to internal network issues being reported via the helpdesk channel.

## **Network Performance**

The performance of the MTN link is measured by a system called IRIS. According to the graph and reported provided by IRIS, the network uptime is 100 % against a target of 99,9 %. Employees have various options to access the link from home and from work, which increases the uptime like hood and employees are working from various sites and not limited to the JDA Bus factory premises.

The implementation of the as of 30 June 2022, the integration of the Finance and Supply chain modules had been 100% achieved. This marks a significant achievement in the history of the JDA and the first time that all pivotal JDA value chain processes are housed under one system, in this instance SAP.

The key outcomes The Supply chain and Finance Teams went through a thorough process of User Accepting Testing cycles where they were able over and above the training they had received, to get a practical feel of the system integration of the two modules and more specifically how they would fit in the integration.

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The psyche of the organisation will experience a dramatic shift and it is for this reason that the change management consultancy process will continue to be retained in the post implementation process so that it continues to play its role in driving a positive narrative and behavior on the integration process.

### **Network Performance**

The performance of the MTN link is measured by a system called IRIS. According to the graph and reported provided by IRIS, the network uptime is 100 % against a target of 99,9 %.

Facilitation business unit into SAP is currently at 85 % completion. It was expected that the project will reach 100% completion by end of June 2022 Facilitation business unit int SAP is currently at 85 % completion. It is expected that the project will reach 100% completion by end of June 2022 Facilitation business unit into SAP is currently at 85 % completion. Facilitation business unit int SAP is currently at 85% completion.

## SECTION 7: COMPLIANCE WITH LAWS & REGULATIONS

The Universal Regulatory Register (URR) and the MFMA Circular 68 Register are the two primary compliance management tools which are key pillars that bring to life what the Compliance Management Framework articulates.

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

The URR reflects a total of 41 Legislations / Regulations with a corresponding 302 compliance obligations identified, the overall URR compliance is 99%.

**TABLE 19: IDENTIFIED NON-COMPLIANCE AND ACTION PLANS/STATUS**

Legislation	Relevant Section	Non-Compliance Finding	Committed Action Plan/Status
National Archives and Record Service of South Africa, No. 43 of 1996	Section 13(2)(c)	The Act requires that public records are routinely inspected by records management staff.	Records Management Programme The file plan is in place and the records management specialist was appointed. It is anticipated the records management policy and the entire program will be finalised in the next financial year.
Municipal Finance Management Act, no,56 of 2004	Section 99 (2) (b)	Service Providers must be paid within 30 days.	The JDA has committed to establishing a centralized point for receiving and vetting invoices. Training is conducted on departmental level on how to vet invoices.
Occupational Health and Safety Act as Amended no.181. of 1993	34 (a-f) 19(1-6) 36(a-c)	The policy is not yet approved even though the implementation date is documented as June 2018 in the assessment report. There were no appointment letters in place yet to confirm appointment of Health and Safety Committee.	The URR was updated to reflect noncompliance of OHS regulation. The OHS Policy is currently in draft; it is anticipated to be finalized and approved in Q4. The process of appointing the OHS committee is under way. It is anticipated that the committee will be appointed and trained in the next financial year.

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

JDA incurred irregular expenditure of R187 million and fruitless and wasteful expenditure of R9,6 million was incurred. The investigations are currently still underway as at reporting date.

## SECTION 8: INTERNAL AUDIT FUNCTION

The Internal Audit Function (IAF) subscribes to and accepts the mandatory nature of the definition of internal audit as defined by the International Standards for the Professional Practice of Internal Audit ("ISPPA") which defines an internal audit as "an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

The key objectives of the Internal Audit Function are to assist the Audit & Risk Committee in the effective discharge of their responsibilities, provide strategic support to the Chief Executive Officer ("CEO") and management that contributes towards the establishment of adequate and effective systems of governance, risk management and internal control processes through providing value-adding recommendations to improve the effectiveness and efficiency of the operations of the JDA.

It is within this context that the IAF strives to continuously strengthen and understand its stakeholders, their specific requirements and business drivers so that there is continuous strategic alignment and value add to long term and short-term goals.

### ***Progress made against the approved Annual Internal Audit Plan***

#### ***Annual Audit Plan***

The internal audit progress to which this section of the report relates to is for the period 01 July 2021 to 30 June 2022; the section of the report includes progress on the planned audit projects as well as special audit requests (if any) that were undertaken during the reporting period. In this reporting period, there were thirty-one (31) planned audits. Of the thirty-one (31) planned audits, twenty six (26) audits were completed and five (5) of the planned audits are deferred to the next financial year.

There were two (2) Ad-hoc audits / or management request received for review in the 2021/22 financial year, All Ad-hoc audits / or management requests received for review were completed.

#### ***Overall Performance***

On overall there were thirty nine (39) audit (planned and unplanned) undertaken by internal audit in the 2021/22 financial year. Of the thirty-nine (39) projects undertaken, thirty four (34) project were completed, five (5) were deferred to the next financial year. Thus, the overall performance was 87.17% of audit projects were completed and 12.82% of the audit projects were deferred to the next financial year.

All the areas for improvement identified through the audit efforts were communicated to management through the internal audit reports. Management continues to ensure that internal audit findings are resolved, through the implementation of recommendations and the agreed upon action plans. On a monthly basis, Internal Audit also conducts a follow-up on the implementation of internal and external audit recommendations. These reports are presented to both the Operation Clean Audit Committee and the Audit and Risk Committee, to monitor the progress made by management on the implementation of recommendations and action plans.

## SECTION 9: 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 realize 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.

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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***

Following 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. Furthermore, verification of declaration of interest for all JDA employees and the Board is conducted by an accredited service provider.

The JDA's employee code of ethics and terms and conditions of employment require all employees to complete declarations of interest covering shareholding in private companies, membership of close corporations,

directorships held, partnerships and joint ventures, remunerative employment outside of the JDA, gifts and hospitality, and the status of their municipal accounts.

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

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### SECTION 1: HIGHLIGHTS AND ACHIEVEMENTS

#### SECTION 1.1: FINANCIAL PERFORMANCE

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

Actual capital expenditure for the year ended 30 June 2022 was R1,096 million (2020/21: R1.2 billion) against the adjusted budget of R1.3 billion (2020/21: R1.4 billion). This represents 80,49% (2020/21: 75%) of the overall annual budget. There are still various factors that continue to affect projects including poor contractor performance and stakeholder stoppages, however, the basis of the 95% targeted capital expenditure is based on a city-wide performance indicator and not necessarily aligned to each project milestone and progress.

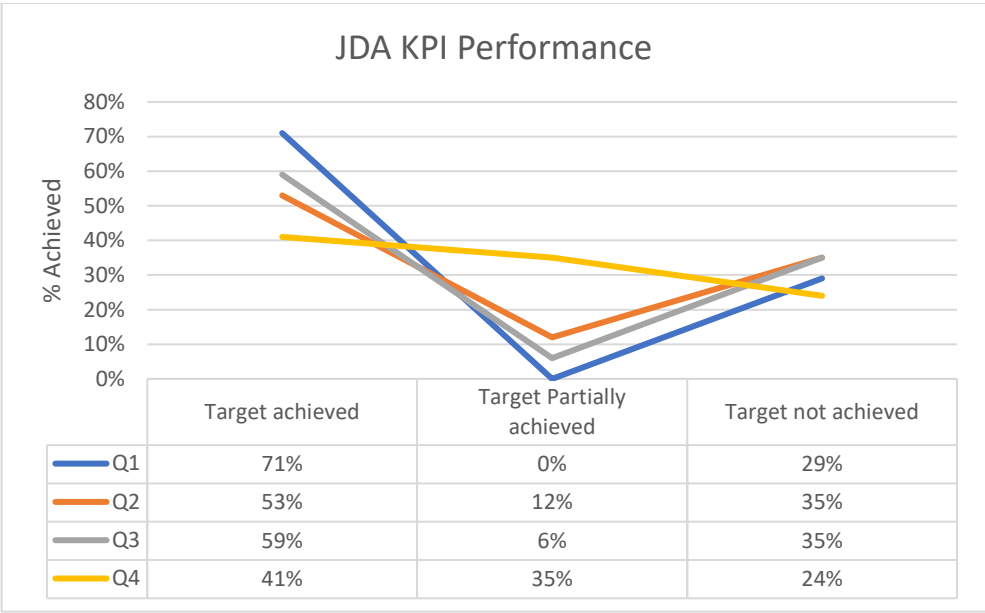
**TABLE 20: CAPITAL BUDGET MANAGEMENT OVERALL PROGRAMME PERFORMANCE**

Overall Programme Performance	2021/22 Annual Budget	Target YTD	Actual YTD	Target %	% Actual / Annual budget
	R' 000	R' 000	R'000	%	%
Overall Programme Performance	1 361 475	1 293 401	1 095 584	95	80,49

† These 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.

## SECTION 1.2: ORGANISATIONAL PERFORMANCE

The annual report has been prepared against the JDA’s 2021/22 Business Plan and Scorecard. Regarding performance against the JDA’s 17 Strategic KPI’s, the JDA achieved 41% performance target achieved, 35% performance target partially achieved, and 24% performance target not achieved. The below graph highlights the JDA KPI Performance for year to date (as of 30<sup>th</sup> June 2022):



The JDA performed well in exceeding the targeted expenditure on BBBEE and SMME for the period under review, together with a notable progress on implementation of strategic risk action items. The resolution of Internal Audit as well as Auditor General findings remain a priority to the JDA, this have resulted in the resolution of most audit findings and all outstanding findings are followed up on a monthly basis.

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 of 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 21: SUMMARY OF KPI PERFORMANCE**

Strategic 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	%
Strategic Priority: Integrated Human Settlements and Sustainable service delivery	Inner-city regeneration, including key economic nodes	7	(1-2-3-4-5-6-7)	3	43%	1	14%	3	43%
	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								
Strategic Priority: Good governance	Increasing forensic investigative capability and controls	2	(8-9)	-	0%	2	100%	-	0%
Strategic Priority: Financial sustainability	Focusing on driving up capital expenditure investment in infrastructure	2	(10-11)	-	0%	2	100%	-	0%
Job opportunity creation and Economic development / Day-to-day Program	Other IDP or Day-to Day programs	6	(12-13-14-15-16-17)	4	50%	1	17%	1	17%
		<b>17</b>		<b>7</b>	<b>41%</b>	<b>6</b>	<b>35%</b>	<b>4</b>	<b>24%</b>



## ***Non-financial Performance***

As a summary of the non-financial performance includes:

- The Annual Report has been prepared against the JDA's 2021/22 Business Plan and adjusted Scorecard. Regarding performance against the JDA's 17 Strategic KPIs, the JDA achieved 41% performance target achieved, 35% performance target partially achieved, and 24% performance target not achieved.
- For the period 01 July 2021 to 30 June 2022, the overall BBBEE share of expenditure was R1 124 402 962. This translates into an achievement of 103% BBBEE claimed against annual expenditure.
- The SMME share of JDA's operating and capital expenditure was R 481 358 153.83 for the period 1 July 2021 to 30 June 2022. This constitutes an achievement of 44% for the period under review.
- A total of 412 EPWP work opportunities were reported against the annual target of 500.

## **SECTION 1.3: EPWP PERFORMANCE**

The Expanded Public Works Programme is one of the government's key programmes aimed at providing poverty and income relief through temporary work for the unemployed. The EPWP is a nationwide programme covering all spheres of government and SOEs. The programme provides an important avenue for labour absorption and income transfers to poor households, in the short to medium-term. EPWP projects employ workers on a temporary or ongoing basis with government, contractors or other non-governmental organizations under the Ministerial Conditions of Employment for the EPWP or learnership employment conditions.

Of the four sectors, namely infrastructure, non-state, environment and culture and social, the JDA creates EPWP work opportunities by increasing the labour intensity of government-funded infrastructure projects.

In the 2021/22 financial year, JDA experienced a challenge with EPWP work opportunities being reported on the EPWP database on JDA projects that were not always supported by reliable supporting evidence, such as identity documents, attendance registers and proof of payments. This resulted in the JDA having to reconcile the number of EPWP work opportunities reported with supporting evidence.

Therefore, throughout the financial year the JDA followed-up repeatedly with the relevant contractors, community liaison officers and community participation consultants, to gather the supporting evidence. The process resulted in either, reconciling what was reported on the project EPWP database all supporting evidence or removing or reducing the number of EPWP work opportunities reported due to fact that not all the necessary supporting evidence could be reconciled.

This process of reconciliation of reported versus what had supporting evidence is captured in the table below.

**TABLE 22: EPWP PERFORMANCE**

JDA Programme	Quarter 1 EPWP Opportunities created in 2021/22	Quarter 2 EPWP Opportunities created in 2021/22	Quarter 3 EPWP Opportunities created in 2021/22	Quarter 4 EPWP Opportunities created in 2021/22	YTD EPWP Opportunities created in 2021/22
	Q1 Reported & Evidence Reconciled	Q2 Reported & Evidence Reconciled	Q3 Reported & Evidence Reconciled	Q4 Reported & Evidence Reconciled	Q1 + Q2 + Q3 + Q4 Reported
Programme 1	32	39	62	6	139
Programme 2	8	0	35	20	63
Programme 3	51	22	85	52	210
<b>TOTAL</b>	<b>91</b>	<b>61</b>	<b>182</b>	<b>78</b>	<b>412</b>

## SECTION 1.4: PROJECTS IN CONSTRUCTION PHASE

The following projects did not feature in the JDA's scorecard as they did not fall within KPI classification within the current year. Many of these projects are multi-year projects and were either in the construction phase for the financial year or were studies and related activities performed for client departments.

These projects include:

- Jabulani TOD
- My City my Block
- Central Fire Station
- Brixton Social Cluster
- BRT Stations
- BRT Guard Houses and Customer Care centers
- Orange Farm Taxi Rank

- Vlakfontein Taxi Rank
- Diepsloot PEU
- Orange Farm SW ward 3
- Orange Farm SW ward 4
- Orange Farm Gravel Roads Upgrade Ward 4
- Orange Farm Gravel Roads Upgrade Ward 131
- Deep South NMT
- Rosebank Taxi Rank
- Modderfontein Bridge
- Yetta Nathan MPC
- Bertrams MPC
- Joburg Central Library
- Repairs and maintenance of existing facilities

## 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.

During the 2021/22 financial year, there were a number of challenges across all the JDA projects that impacted the overall performance of the organisation. Some of the issues are highlighted below:

- Poor contractor performance across a number of projects which has resulted in a few contractors being terminated and further delays experienced then in terms of the reappointment process. E.g., Naledi Clinic and Brixton Social Cluster.
- Delayed SCM processes to appoint service providers and contractors and late start on some projects which resulted in the non-achievement of some of the KPIs.
- Professional team contracts had expired by the end of June 2021. The reappointment process was concluded by September 2021 and this delay had caused further delays in some of the projects.
- Certain projects could not reach practical completion due to insufficient budgets and these project scopes were then limited to the budgets available.
- Overall high vacancy rate at the JDA which includes some key positions has also negatively contributed to the overall performance of the organisation. E.g., Chief Executive Officer, Senior Manager: Planning and Strategy, Chief Audit Executive, Senior Financial Manager and etc.

In light of the above challenges, there are initiatives that have been put into place to assist in improving performance going forward. These are listed as follows.

- Despite the number of challenges that were experienced across the projects, in Quarter 3 there was a recovery plan that was implemented across all the projects which assisted greatly in achieving the 80,49% overall capital expenditure.
- To reduce the delays in the commencement of the projects, the JDA Contracting project plans for the 2022/23 financial year were already approved by the Board in June 2022 and the process of finalizing SLAs has already commenced.
- The Contracting Project Plan for 2022/23 will be monitored and reported on a monthly basis to ensure that SCM and Project processes are on track and that no delays are experienced.
- Contract Management Framework has been developed to also further assist specifically around the performance management of contractors and service providers responsible for the implementation of these projects.
- All project milestones have been linked to the available budgets so that these milestones are achieved without compromising the overall project.

## SECTION 3: RESPONSE TO STRATEGIC DIRECTION

The JDA forms part of the City's Economic Growth Cluster and plays both a direct and indirect role in regard to the following Mayoral Priorities against which it can be measured and held accountable. The JDA's responses to four outcomes, eleven priorities and spatial policies against which it can be measured and held accountable, are outlined in the table below:

**TABLE 23: ALIGNMENT OF THE JDA OBJECTIVES TO THE COJ PRIORITIES**

MPG Strategic Priorities	MPG Priority Programmes	Matching JDA Programme/s	JDA Sub-Programme/s
<ul style="list-style-type: none"> <li>• Getting the basics right</li> <li>• A caring city</li> <li>• A smart city</li> </ul>	<ul style="list-style-type: none"> <li>• Holistic infrastructure strategy</li> <li>• Consistent support of marginalized communities.</li> <li>• A smart city that embraces ICT innovation as a force for good</li> </ul>	1. Strategic Economic Node Delivery Programme.	<ul style="list-style-type: none"> <li>• 1A: Inner City Transformation Sub-Programme.</li> <li>• 1B: Economic Node Sub-Programme.</li> </ul>
<ul style="list-style-type: none"> <li>• A well-run city</li> <li>• A business-friendly city</li> <li>• A smart</li> </ul>	<ul style="list-style-type: none"> <li>• A financial sustainable city</li> <li>• Improving and strengthening the city's financial position through prudent financial management practices</li> <li>• Zero tolerance to corruption</li> <li>• Safe and reliable transport systems</li> <li>• Improve supply chain management and accountability through the open tender system and smart apps</li> </ul>	2. Accelerated infrastructure Delivery Programme.	<ul style="list-style-type: none"> <li>• 2A: Deprivation Areas Revitalization Sub-Programme.</li> <li>• 2B: Urban Infrastructure Delivery Sub-Programme.</li> </ul>
<ul style="list-style-type: none"> <li>• A business-friendly city</li> <li>• A smart city</li> <li>• A well-run city</li> </ul>	<ul style="list-style-type: none"> <li>• Fair access to EPWP opportunities and fair allocation of local contracts through an audited electronic system</li> <li>• Revitalize all CBDs through central improvement Districts, investment incentives, property releases, and urban upgrades.</li> </ul>	3. Economic Empowerment Programme.  4. Good Governance, Management and Administration Programme.	<ul style="list-style-type: none"> <li>• BBBEE.</li> <li>• EPWP.</li> <li>• SMME procurement</li> </ul>

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

**TABLE 24: SDF PRIORITY TRANSFORMATION AREAS AND CORRESPONDING JDA DEVELOPMENT REGIONS**

SDF Priority Transformation areas	Corresponding JDA Regional Classification
Strengthening the metro core	Inner City and the Old South (including Turffontein and Mining Belt)
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 Corridor	Alex and the OR Tambo Corridor (includes Randburg, Sandton, Cosmo City, Modderfontein, Frankenwald)
Addressing marginalization	Marginalised Areas – Diepsloot, Ivory Park, Orange Farm

The JDA coordinates its area-based development activities and other catalytic interventions with the Department of Development Planning and with other client departments. The JDA responds to the above development priorities as the agency coordinates and manages its activities through its substantive programmes.

Also, we ensure good governance of the organisation through an Operational Focus area, resourced to support the optimal performance of the substantive programmes.

**TABLE 25: SUMMARY OF JDA SUBSTANTIVE PROGRAMMES**

JDA Substantive Programme	JDA Sub-Programme	Purpose
<b>1. Strategic Economic Node Delivery Programme</b>	1A: Inner-city transformation Programme	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.

JDA Substantive Programme	JDA Sub-Programme	Purpose
	1B: Economic Node Sub-Programme	<p>The objective is to develop nodes that are compact, walkable, liveable, mixed-use and mixed-income areas and centres 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>8</sup> on the categorising of the current city nodes with prospects for growth, the work of the programme is to promote densification, diversification and development in these nodes.</p> <p>The main categories of nodes are mixed-use/key urban nodes (under various categories), industrial nodes, Transit-Oriented Development (TOD) nodes and neighbourhood nodes.</p>
<b>2. Accelerated Public Infrastructure Delivery Programme</b>	2A: Deprivation Areas Revitalisation Sub-Programme	<p>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 liveable settlements as an outcome.</p> <p>Several deprivation area programmes are already in place (previously referred to as marginalised area programmes) including Orange Farm, Diepsloot, Ivory Park/Kaalfontein and Alexandra</p>
	2B: Urban Infrastructure Delivery Sub-Programme	<p>The objective is to effectively and efficiently deliver on the City's priority social and/or economic infrastructure programmes. This work includes overseeing capital investments by other departments and entities. This programme includes Rea Vaya BRT infrastructure, taxi and transport facilities, primary healthcare clinics and fire-stations.</p>
<b>3. Economic Empowerment Programme</b>		<p>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.</p>

TABLE 26: SUMMARY OF THE JDA OPERATIONAL PROGRAMME

JDA Programme	Programme Purpose
<b>4: Good Governance, Management and Administration</b>	This programme manages the governance, admin and operational functions and improves efficiency through Finance, Governance, Risk and Compliance, Supply Chain Management and IT.

## SECTION 4: PERFORMANCE AGAINST SERVICE STANDARDS

Not applicable to the JDA.

<sup>8</sup> A thorough nodal review is underway to review the boundaries of existing nodes in the city, and define new nodes where appropriate




## SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

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 revitalization.

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


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

### KPI ACHIEVEMENT RATINGS


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

**TABLE 27: SCORECARD**


**Strategic Priority: Integrated Human Settlements and Sustainable service delivery**


<b>GDS OUTCOME : Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy</b>								
<b>GDS OUTPUT: Sustainable Human Settlements</b>								
<b>STRATEGIC PRIORITY: Integrated Human Settlements and Sustainable service delivery</b>								
<b>STRATEGIC PROGRAMME: Accelerated and visible delivery and re -introduction of co-production in the delivery of the basic service</b>								
IDP program e/s	Key Performance Indicator	Baseline 2019/20	2021/22 Annual Target	2021/22 Annual Actual	Variance	Annual Achievement Rating	Explanation of progress as at the End of 30 June	Variations and steps to be taken to improve Performance
Inner-city regeneration, including key economic nodes including the implementation of the Transit-Oriented	1)Number of pre-feasibilities studies conducted. <sup>4</sup>	4	9 (cumulative)	8	(1)		Target partially Achieved	Procurement plans and strategies for the 2022/23 financial year were approved in the 2021/22 year so as to avoid any procurement delays in the appointment of the recommended service providers






GDS OUTCOME : Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy								
GDS OUTPUT: Sustainable Human Settlements								
STRATEGIC PRIORITY: Integrated Human Settlements and Sustainable service delivery								
STRATEGIC PROGRAMME: Accelerated and visible delivery and re -introduction of co-production in the delivery of the basic service								
IDP program e/s	Key Performance Indicator	Baseline 2019/20	2021/22 Annual Target	2021/22 Annual Actual	Variance	Annual Achievement Rating	Explanation of progress as at the End of 30 June	Variations and steps to be taken to improve Performance
Development Corridors Increased infrastructure investment (from both public and private sectors) Residents live, work and play close to work, leisure, and cultural opportunity Efficient and effective transport (Public and Freight) connecting home, work, culture			1.Zandspruit Masterplan 2.Inner-City Spatial Planning 3.Development & Test of Eco-District Prototype 4.Centre on African Public Spaces 5.Rosebank PTF			1.Target Achieved 2.Target Achieved 3.Target Achieved 4.Target Achieved 5.Target Achieved	Completed Completed Completed Completed Completed	
			6.Orange Farm Turnkey (Urban Designer) 7.Orange Farm Turnkey (Transport Study) 8.Travel Demand Management Programme 9.Inner city Transport Masterplan			6. Target Achieved 7.Target Achieved 8.Target Not Achieved 9.Target Achieved	Completed Completed Not completed Completed	
	2) Number of projects at the concept design phase.	8	29 (cumulative)	18	(11)		Target not achieved	
			1. Watt Street Precinct 2.PTF Small Public Transport Facility Design and Construction of Zola 3. Complete Streets: NMT Links to Public Transport Facilities in Tshepisoong 4. Widening of Odendaal Road 5. PTF: Public Transport Facility in Cosmo City 6.Freedom Park Clinic Region G 7.Hikhensile Clinic 8.Rabie Ridge Clinic 9.Protea Glen Clinic 10.Elias Motsoaledi Clinic 11.Shelters for GBV Region G 12.Shelter for Displaced People Region F			1.Target Achieved 2.Target Achieved 3. Target Achieved 4.Target Achieved 5. Target Achieved 6.Target Achieved 7.Target Achieved 8.Target Achieved 9.Target Achieved 10. Target Achieved 11.Target Achieved 12. Target Achieved	1.Completed 2.Completed 3.Completed 4.Completed 5.Completed 6.Completed 7.Completed 8.Completed 9.Completed 10.Completed 11.Completed 12Completed	The procurement process to appoint professional service providers to develop the concept for the NMT Links to Phefeni Rail Station and the Small Public Facility in Cosmo City was cancelled due to Supply Chain Compliance issues. The re-appointments are currently being finalized, and the concept developments will be completed during the first quarter of 2022/23 financial year (FY).  The data gathering process to inform the concept development for the Ivory Park-to Sandton, and Sandton to Soweto via Randburg Rea Vaya route was delayed due to unexpected demands from the Taxi Associations. Unfortunately, the City took longer than anticipated to resolve this matter. An alternative data collection method has been devised, and the concept will be completed in Q1 of 2022/23

GDS OUTCOME : Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy								
GDS OUTPUT: Sustainable Human Settlements								
STRATEGIC PRIORITY: Integrated Human Settlements and Sustainable service delivery								
STRATEGIC PROGRAMME: Accelerated and visible delivery and re -introduction of co-production in the delivery of the basic service								
IDP program e/s	Key Performance Indicator	Baseline 2019/20	2021/22 Annual Target	2021/22 Annual Actual	Variance	Annual Achievement Rating	Explanation of progress as at the End of 30 June	Variations and steps to be taken to improve Performance
			13.Northern, Fleurhof and Eikenhof Farms 14.Operational Capital: Equipment and Machinery for Agriculture 15.Repairs and Maintenance of Facilities 16.Citywide - Infrastructure Asset Register 17.PTF Small Public Transport Facility Design and Construction of Lakeside 18.Ivory Park -to Sandton and Sandton to Soweto via Randburg 19.Complete Streets: NMT Links to Public Transport Facilities in Phefeni Stations 20.Soweto Strategic Area framework 21.South Hills Clinic 22. Inner city roadmap Economic development initiatives 23.Ivory Park UDF 24.Inner City Transport Masterplan 25.PTF Rosebank 26.ICM Northern Corridor (Diepsloot-Sandton) 27.Randburg CBD Regeneration 28.Our City, Our Block. 29.Indlela ya Bafazi – Safe walking routes by Women and girls in Diepsloot			13. Target Not Achieved 14. Target Not Achieved 15. Target Not Achieved 16. Target Not Achieved 17. Target Not Achieved 18. Target Not Achieved 19. Target Not Achieved 20. Target Not Achieved 21.Target Not Achieved 22.Target Not Achieved 23.Target Not achieved 24.Target Achieved 25.Target Achieved 26.Target Achieved 27.Target Achieved 28.Target Achieved 29.Target Achieved	13. Not completed 14 Not completed 15. Not completed 16. Not completed 17. Not completed 18. Not completed 19 Not completed 20. Not completed 21. Not completed 22.Not completed 23. Not completed 24.Completed 25.Completed 26.Completed 27.Completed 28.Completed 29.Completed	The procurement process for the Soweto Strategic Area Framework and for the Citywide – Infrastructure Asset Register got delayed. The concepts design for the Soweto Strategic Area Framework will be completed during the second quarter of the 2022/23 FY, whilst the Infrastructure Asset Register is on-hold due to budget constraint.



GDS OUTCOME : Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy								
GDS OUTPUT: Sustainable Human Settlements								
STRATEGIC PRIORITY: Integrated Human Settlements and Sustainable service delivery								
STRATEGIC PROGRAMME: Accelerated and visible delivery and re -introduction of co-production in the delivery of the basic service								
IDP program e/s	Key Performance Indicator	Baseline 2019/20	2021/22 Annual Target	2021/22 Annual Actual	Variance	Annual Achievement Rating	Explanation of progress as at the End of 30 June	Variations and steps to be taken to improve Performance
	3) Number of projects reaching the contract award stage.	5	26 (cumulative)	4	(22)		Target Not Achieved	
			1.Orlando East Station Precinct New Precinct 2.Lehae MPC New Construction Lehae G 3. Pennyville Precinct Renewal Precinct Redev 4.PTF: Transfer Facility: Lenasia Scholar Transport Interchange 5.Randburg CBD regeneration Renewal Precinct 6.PTF: Public Transport Facility in Sandton 7.Melville Activity Street_Neighbourhood Development_CoF_Upgrade 8.PTF: Upgrading of Rosebank Public Transport Facility 9.PTF: Redevelopment of Inner City Ranks on Carr Street 10.CORR - Louis Botha Transit Oriented Development 11.PTF: Upgrading of Sunninghill Public Transport Facilities 12.Complete streets: Deep south 13.Complete streets: Turfontein 14.Ivory Park Turnkey (Dlamini Drive) 15.RAMP Community Development 16.RAMP Social Development 17.Orange Farm PEU 18.MPC Matholeville 19.Kaalfontein MPC New Construction 20.JAG Refurbishments and Security Upgrades 21. Yetta Nathan Social Development Centra 22. Bertrams New Multipurpose Centre 23. Inner City Eastern gateway – Murray Park 24. Roodeport CBD regeneration 25.Turfontein clinic 26. COMPL: Sidewalk improvements: Chiawelo metrorail	1. Target Not Achieved 2. Target Not Achieved 3. Target Not Achieved 4. Target Not Achieved 5. Target Not Achieved 6. Target Not Achieved 7. Target Not Achieved 8. Target Not Achieved 9. Target Not Achieved 10.Target Achieved 11.Target Not Achieved 12.Target Achieved 13.Target Achieved 14.Target Achieved 15.Target Not Achieved 16.Target Not Achieved 17.Target Not Achieved 18.Target Not Achieved 19.Target Not Achieved 20. Target Not Achieved 21. Target Not Achieved 22. Target Not Achieved 23. Target Not Achieved 24. Target Not Achieved 25.Target Not Achieved 26.Target Not Achieved	1. Not completed 2. Not completed 3. Not completed 4. Not completed 5. Not completed 6. Not completed 7. Not completed 8. Not completed 9. Not completed 10.Completed 11.Not Completed 12.Completed 13.Completed 14.Completed 15.Not completed 16.Not completed 17.Not completed 18. Not completed 19. Not completed 20. Not completed 21. Not completed 22. Not completed 23. Not completed 24. Not completed 25.Not completed 26. Not completed	The contractors for the Pennyville Precinct Renewal, the Randburg CBD and Melville Activity Street will be appointed during the first quarter of the 2022/23 FY. Whilst the construction stage for the Orlando East Station Precinct, Lenasia Scholar Transport Facilities, Lehae MPC, and Sunninghill Public Transport Facilities have been moved to outer years due to delays at planning stages and budget constraints for implementation / construction stages.		

GDS OUTCOME : Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy								
GDS OUTPUT: Sustainable Human Settlements								
STRATEGIC PRIORITY: Integrated Human Settlements and Sustainable service delivery								
STRATEGIC PROGRAMME: Accelerated and visible delivery and re -introduction of co-production in the delivery of the basic service								
IDP program e/s	Key Performance Indicator	Baseline 2019/20	2021/22 Annual Target	2021/22 Annual Actual	Variance	Annual Achievement Rating	Explanation of progress as at the end of 30 June 2022	Variations and steps to be taken to improve performance
		2	26 (Cumulative)	4	(22)		Target Not Achieved	
	4) Number of projects Reaching practical completion stage.		1.Ghandi Square East Work Package 2 2.Balfour Park Transit Precinct Development (Louis Botha Corridor) Renewal Precinct 3.Complete Streets: (KFW - German Development Bank): Orlando East to UJ Soweto Route 4.Diepsloot Development Renewal Precinct Redevelopment DIEPSLOOT WES A Regional 5.Lib.Johannesburg Library (Centre of Excellence) 6.Naledi clinic New Building NALEDI D 7.PTF: Small Public Transport Facilities: Tshepison 8.PTF: Small Public Transport Facility Design and Construction of Kya Sand 9.Fire Station - Central Fire Station Renewal Building Alterations MARSHALLS TOWN F Ward 10.Brixton Social Cluster 11.Braamfischerville Ext 12&13: Roads and Stormwater Management 12.Lehae MPC New Construction LEHAE G 13.Klipfontein Wellness Centre 14.JRA 5th Road Bridge 15.JRA – M2 Finger Joint Replacement Works			1. Target Not Achieved 2.Target Achieved 3. Target Not Achieved 4. Target Not Achieved 5. Target Not Achieved 6. Target Not Achieved 7.Target Achieved 8. Target Not Achieved 9.Target Not Achieved 10. Target Not Achieved 11. Target Not Achieved 12. Target Not Achieved 13. Target Not Achieved 14.Target Achieved 15. Target Achieved	1. Not completed 2.Completed 3. Not completed 4. Not completed 5. Not completed 6. Not completed 7.Completed 8. Not completed 9. Not completed 10. Not completed 11. Not completed 12. Not completed 13. Not completed 14.Completed 15.Completed	The Orlando to UJ Soweto project has been delayed due to numerous service delivery protest and local SMME work stoppage. The revised completion date is end August 2022.  The contractor for the Diepsloot Development Project has cashflow issues and this has delayed the project. The contractor has been put on performance terms and the contract termination process is underway.  The completion of the Public Transport Facility in Kya Sand has been delayed due to objections from some affected property owners. The issue has been resolved and revised completion is end July 2022.



IDP program e/s	Key Performance Indicator	Baseline 2019/20	2021/22 Annual Target	2021/22 Annual Actual	Variance	Annual Achievement Rating	Explanation of progress as at the end of 30 June 2022	Variations and steps to be taken to improve performance
				16. Orange Farm Turnkey - Ward1 17. Orange Farm Turnkey Project – Ward2 18. Orange Farm Turnkey Project – Ward3 19. Orange Farm Turnkey Project – Ward4 20. Orange Farm Turnkey Project – Ward5 21. Orange Farm Turnkey Project – Ward131 22. OurCity our Block Round 2 23. Inner City Eastern Gateway TOD and movement corridors (Oval Park) 24. BRT Guard house & Customer Care 25. Park and Ride Facility: Design and Construction 26. Regeneration of Lenasia CBD and Anchorville		16. Target Not Achieved 17. Target Not Achieved 18. Target Not Achieved 19. Target Not Achieved 20. Target Not Achieved 21. Target Not Achieved 22. Target Not Achieved 23. Target Not Achieved 24. Target Not Achieved 25. Target Not Achieved 26. Target Not Achieved	16. Not completed 17. Not completed 18. Not completed 19. Not completed 20. Not completed 21. Not completed 22. Not completed 23. Not Completed 24. Not completed 25. Not completed 26. Not completed	The Joburg Library project is 98% complete, but the testing of the down pipes was not completed on time to issue the Practical completion certificate. This will be done during the month of July 2022.  The contractor for the Naledi Client failed to complete the project as per the agreed contractual date. The contract was terminated during the third quarter and a replacement contractor has been appointed. The project will be completed during the Q3 of 2022/23 FY.  The completion of the Brixton Social Cluster, the Ward 4, and Our City our Block projects were delayed due to poor contractor performance. These projects will be completed during the first quarter of 2022/23 FY. The Ward 3, Ward 5 and Ward 131 have been completed but awaiting JRA sign off – to be done on the 12 <sup>th</sup> of July 2022.
	5) Number of precincts management implementation plans.	1	3 (cumulative)	3	-		Target Achieved	Not required
			1. Precinct Management Implementation Plan Toolkit 2. Sunninghill PTF Precinct Management Implementation Plan 3. Sandton PTF Precinct Management Implementation Plan				1. Target Achieved 2. Target Achieved 3. Target Achieved	

GDS OUTCOME : Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy								
GDS OUTPUT: Sustainable Human Settlements								
STRATEGIC PRIORITY: Integrated Human Settlements and Sustainable service delivery								
STRATEGIC PROGRAMME: Accelerated and visible delivery and re -introduction of co-production in the delivery of the basic service								
IDP programs	Key Performance Indicator	Baseline 2019/20	2021/22 Annual Target	2021/22 Annual Actual	Variance	Annual Achievement Rating	Explanation of progress as at the end of 30 June 2022	Variations and steps to be taken to improve performance
	6) Number of JDA Communication and Media related Initiatives.	379	280 (cumulative)	410	+130		Target Achieved	
	7) Number of impacts performance assessments completed.	1	4 (cumulative)	4	0		Target Achieved	
			1.Impact Assessment and Process Review of one JDA Art My Jozi 2.JDA - NMT (Non-Motorised Transport) Impact Assessment 2 3.Assessment of Inner-City Parks implementation- Jeppe Park 4.. Evaluation of Two JDA Construction Project				1. Target Achieved 2. Target Achieved 3. Target Achieved 4. Target Achieved	





Strategic Priority: Good Governance.



GDS OUTCOME: A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, , locally integrated and globally competitive Gauteng City								
GDS OUTPUT: A responsive, accountable, efficient and productive Metropolitan Government								
STRATEGIC PRIORITY: Good governance								
STRATEGIC PROGRAMME: Combat corruption, fraud and maladministration								
IDP programs	Key Performance Indicator	Baseline 2019/20	2021/22 Annual Target	2021/22 Annual Actual	Variance	Annual Achievement Rating	Explanation of progress as at the end 30 June 2022	Variations and steps to be taken to improve performance
Increasing forensic investigative capability and controls	8) Percentage resolution of Internal Audit findings.	89%	100%	92%	(8%)		Target Partially Achieved	
	9) Percentage resolution of Auditor General findings.	92%	100%	91%	(9%)		Target Partially Achieved	

**Strategic Priority: Financial sustainability**

GDS OUTCOME: A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City								
GDS OUTPUT: Financially and administratively sustainable and resilient city								
STRATEGIC PRIORITY: Financial sustainability								
STRATEGIC PROGRAMME: Improve and strengthen financial position								
IDP programs	Key Performance Indicator	Baseline 2019/20	2021/22 Annual Target	2021/22 Annual Actual	Variance	Annual achievement Rating	Explanation of progress as at the end of 30 June 2022	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)	80,49%	(14,51%)		Target Partially Achieved	The poor capital expenditure can be explained mainly by delays in Supply Chain process, late commencement for several projects and poor performance of contractors on several projects. Several projects that were planned for completion this year are currently behind schedule, thus low capital expenditure. The recovery plans that we implemented at the beginning of the third quarter, which yielded great improvements, will be carried through to the next FY.
	11) Percentage of valid invoices paid within 30 days of the invoice date.	96%	100%	92%	(8%)		Target Partially Achieved	



GDS OUTCOME: An inclusive , job intensive, resilient, competitive and smart economy that harnesses the potential of citizens								
GDS OUTPUT: Job-intensive economic growth; increased competitiveness of the economy								
STRATEGIC PRIORITIES: Job opportunity creation and Economic Development								
STRATEGIC PROGRAMME: Job opportunities creation and Economic development and support of SMME`s								
IDP program/s	Key Performance Indicator	Baseline 2019/20	2021/22 Annual Target	2021/22 Annual Actual	Variance	Annual Achievement Rating	Explanation of progress as at the end of 30 June 2022	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%	103%	+3		Target Achieved	
	13) Number of Expanded Public Works Programs (EPWP) work opportunities created City-wide.	339	500 (cumulative)	412	(88)		Target Partially Achieved	Due to the delayed implementation of several projects at construction stage, creation of EPWP jobs has been impacted.
	14) Percentage of SMME expenditure as a share of total expenditure	32%	30%	44%	+14%		Target Achieved	
	15) Percentage spends on JDA operating budget against approved operating budget	113%	95% (cumulative)	104%	+9%		Target Achieved	

<b>GDS OUTCOME: An inclusive , job intensive, resilient, competitive and smart economy that harnesses the potential of citizens</b>								
<b>GDS OUTPUT: Job-intensive economic growth; increased competitiveness of the economy</b>								
<b>STRATEGIC PRIORITIES: Job opportunity creation and Economic Development</b>								
<b>STRATEGIC PROGRAMME: Job opportunities creation and Economic development and support of SMME`s</b>								
IDP program/s	Key Performance Indicator	Baseline 2020/21	2021/22 Annual Target	2021/22 Annual Actual	Variance	Annual Achievement Rating	Explanation of progress as at the end of 30 June 2022	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)	100%	+5%		Target Not Achieved	
	17) Percentage of predetermined objectives targets achieved	47%	85%	56%	(29%)		Target Not Achieved	The underperformance can be explained by the poor performance under projects planned for contract award practical completion, EPWP and capex expenditure. The planning for the 2022/23 FY has been completed and is being implemented. The recovery plan approach from Q3 of the current year will be adopted to ensure Q1 targets are achieved.

## SECTION 6: PUBLIC SATISFACTION IN MUNICIPAL SERVICES

The mandate of JDA is to implement area-based development and regeneration projects. There are three core development tasks which are crucial to the fulfilment of this mission:

- The JDA plans
- The JDA facilitates the development
- The JDA constructs

Every area-based development undertaken by the JDA is therefore supported 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. To do so, the JDA gives much emphasis on the co-production of solutions in partnership with local communities and stakeholders to meet local needs and mitigate challenges. The JDA strives for a more responsible and effective approach 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. This also involves continuing to draw on our established partnerships with professional bodies, and the academic fraternity to extend co-production opportunities and democratize the process of spatially restructuring the city.

Co-produced solutions in urban design and development have over many years proven to be more sustainable and robust than technical expert-driven ones because they are more responsive to local needs and context and draw on a range of alternative knowledge forms (e.g., tacit and experiential knowledge).

The JDA always seeks to engage the public in a meaningful way at every stage of development. In the 2019/20 financial year, this included doing public participation in the planning stage, consultations with communities and affected parties during the design stage, and value-adding activities involving community members in projects such as the peoples' history, heritage exhibitions and public art projects that tell the story of the neighborhood. Methods of engaging with local stakeholder communities also need to evolve to the responding needs and lifestyles of city users in the 21st century, therefore conventional methods must be enhanced by the use of social media platforms, electronic communication and other more engaging and relevant forms of sharing knowledge and ideas between professional teams and local communities.

To this end, the JDA strived to:

- Enable the City to keep stakeholders informed, making sure there is an accurate understanding of the impact of City developments in their area. This is about ensuring that stakeholders are actively engaged from the very inception of the project concept and play a meaningful role in shaping the development outcomes and future custodianship of the development
- Enable the City to manage expectations and perceptions of all stakeholder groups throughout the project by providing clear and regular communication and mobilization activities, explaining the purpose, scope and outcomes of each project to minimize misunderstanding and misinformation.
- Enable the City to make sure all stakeholders understand, support and develop buy-in and ownership of the City Project

The following provides a sense of some of the JDA's approaches toward co-production in place-making during the 2020/21 financial year:

JDA's approach is to work with local stakeholders to produce solutions, drawing on their knowledge of the development context.

Our City, Our Block - As cities globally face the challenge of converting large-scale urban plans into the meaningful social impact a new understanding of the real city and its actual needs calls for small-scale urban projects, rooted in society and spatial structures, imminently useful, and able to deliver on their promises. The "Our City, Our Block" initiative is geared at transforming and revitalizing the inner city by creating formal and informal collaborative partnerships to create sustainable benefits in the inner city. The objective of such productive partnerships is to develop:

- Symbiotic City-Business-Community Trust Relationships
- Rebranding of the Inner City – harnessing existing or latent precinct identity and activity
- Rewarding and supporting active citizenry and civic pride

## SECTION 7: RECOMMENDATIONS AND PLANS FOR 2022/23

The Joburg 2040 Growth and Development Strategy (GDS) responds to the multiple challenges and uncertain futures faced by the city. Joburg 2040 offers a vision, mission and framing paradigm and principles, alongside outcomes, outputs and indicators. The city has confirmed four IDP Outcomes / Pillars and eleven strategic priorities to guide the strategic planning process leading to the development of 2022/23 Business Plans, Service Delivery and Budget Implementation Plan (SDBIP) and Integrated Development Plan (IDP).

The seven outcomes and priorities of the City's MPG are as follows:

**TABLE 28: CITY OUTCOMES AND OUTPUTS**

Mayoral Priorities	Priority Programmes
1. A city that gets the basics right	<ol style="list-style-type: none"> <li>1. Sustainable and Integrated provision and management of water and sanitation services</li> <li>2. Sustainable and integrated provision and management energy</li> <li>3. Sustainable and Integrated provision and management of waste</li> <li>4. Sustainable and Integrated provision and management of roads and stormwater services</li> <li>5. A Re Sebetse</li> <li>6. Climate Change resilience and environmental protection</li> </ol>
2. A safe and secure city	<ol style="list-style-type: none"> <li>1. Safe and secure urban environment and public spaces</li> <li>2. Building safe and inclusive communities</li> <li>3. Integrated Intelligence Operations Command Centre</li> <li>4. Operation Buya Mthetho</li> <li>5. Eradicating Gender Based Violence and violence against children</li> </ol>
3. A caring city	<ol style="list-style-type: none"> <li>1. Expanded social support</li> <li>2. Better access to health services</li> <li>3. Advancing human capital</li> <li>4. Addressing homelessness and landlessness</li> <li>5. Addressing Substance abuse</li> <li>6. Food resilience</li> <li>7. Early Childhood Development (ECD)</li> <li>8. Promote access to community facilities, services, and programme</li> <li>9. Support and uplifting of marginalized communities</li> <li>10. Youth Unemployment</li> </ol>
4. A business friendly city	<ol style="list-style-type: none"> <li>1. -Improving ease of doing business</li> <li>2. Attracting, expanding, and retaining investment</li> <li>3. Address spatial inequality within the city</li> <li>4. Target sectors with high job- growth potential</li> <li>5. Economically empowering the residents of Johannesburg</li> <li>6. Regional Economic Development and Planning</li> <li>7. Tourism</li> </ol>
5. An inclusive city	<ol style="list-style-type: none"> <li>1. Development and management of Sustainable Human settlements</li> <li>2. Inner-city Revitalisation</li> <li>3. Sustainable and integrated provision and management of mobility services</li> </ol>

Mayoral Priorities	Priority Programmes
6. A well run city	1. Enhance financial sustainability 2. Improved Supply Chain management processes 3. Capital spending on infrastructure 4. Zero tolerance to corruption 5. Create a city that responds to the needs of citizens, customers, stakeholders, and businesses 6. Managing citywide strategic risks
7. A smart city	1. Smart city roadmap

### ***JDA's Strategic Response***

The JDA is positioned to respond to the above development priorities, the agency coordinates and manages its activities through three substantive programmes with four sub-programmes and one administrative programme that support the good governance and optimal performance of the substantive programmes.

The JDA coordinates its area-based development activities and other catalytic interventions with the Department of Development Planning and with other client departments.

The JDA's responses to priorities and spatial policies against which it can be measured and held accountable, are outlined in the table

TABLE 29: ALIGNMENT TO THE PRIORITIES 2021/22

MPG Strategic Priorities	MPG Priority Programmes	Matching JDA Programme/s	JDA Sub-Programme/s
<ul style="list-style-type: none"> <li>• Getting the basics right</li> <li>• A caring city</li> <li>• A smart city</li> </ul>	<ul style="list-style-type: none"> <li>• Holistic infrastructure strategy</li> <li>• Consistent support of marginalized communities.</li> <li>• A smart city that embraces ICT innovation as a force for good</li> </ul>	1. Strategic Economic Node Delivery Programme.	<ul style="list-style-type: none"> <li>• 1A: Inner City Transformation Sub-Programme.</li> <li>• 1B: Economic Node Sub-Programme.</li> </ul>
<ul style="list-style-type: none"> <li>• A well-run city</li> <li>• A business-friendly city</li> <li>• A smart</li> </ul>	<ul style="list-style-type: none"> <li>• A financial sustainable city</li> <li>• Improving and strengthening the city's financial position through prudent financial management practices</li> <li>• Zero tolerance to corruption</li> <li>• Safe and reliable transport systems</li> <li>• Improve supply chain management and accountability through the open tender system and smart apps</li> </ul>	2. Accelerated infrastructure Delivery Programme.	<ul style="list-style-type: none"> <li>• 2A: Deprivation Areas Revitalization Sub-Programme.</li> <li>• 2B: Urban Infrastructure Delivery Sub-Programme.</li> </ul>
<ul style="list-style-type: none"> <li>• A business-friendly city</li> <li>• A smart city</li> <li>• A well-run city</li> </ul>	<ul style="list-style-type: none"> <li>• Fair access to EPWP opportunities and fair allocation of local contracts through an audited electronic system</li> <li>• Revitalize all CBDs through central improvement Districts, investment incentives, property releases, and urban upgrades.</li> </ul>	3. Economic Empowerment Programme.  4. Good Governance, Management and Administration Programme.	<ul style="list-style-type: none"> <li>• BBBEE.</li> <li>• EPWP.</li> <li>• SMME procurement</li> </ul>

## Implementation and Performance Overview for 2021/22

The 2021/22 Scorecard responds to four IDP priority programmes with 11 KPIs and one day-to-day Programme, with 6 KPIs.

TABLE 30: IMPLEMENTATION AND PERFORMANCE OVERVIEW FOR 2021/22

Strategic Priority: Integrated Human Settlements and Sustainable service delivery			
IDP programme/s	Key Performance Indicator	Annual Target	JDA Outcome Statement/s
Inner city regeneration, including key economic nodes	Number of pre-feasibility studies conducted. <sup>16</sup>	9 (cumulative)	To efficiently, effectively and economically deliver sustainable social and economic infrastructure projects
Increased infrastructure investment (from both public and private sectors)	Number of projects at concept design phase	29 (cumulative)	To efficiently, effectively and economically deliver sustainable social and economic infrastructure projects
	Number of projects reaching contract award stage.	26 (cumulative)	
Residents live, work and play close to work, leisure and cultural opportunities	Number of projects reaching practical completion stage.	26 (cumulative)	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.
	Number of precinct management implementation plans. <sup>17</sup>	3 (cumulative)	
Efficient and effective transport (Public and Freight) connecting home, work, culture and leisure	Number of JDA Communication and Media related Initiatives.	280 (cumulative)	
	Number of impact performance assessments completed. <sup>18</sup>	4 (cumulative)	
Strategic Priority: Good governance			
IDP programme	Key Performance Indicator	Annual Target	JDA Outcome Statement/s
Increasing forensic investigative capability and controls	Percentage resolution of Internal Audit findings	100%	To strengthen and improve the JDA's corporate governance and operations to ensure that it remains an effective, efficient, sustainable and well-governed organisation.
	Percentage resolution of Auditor General findings	100%	
Strategic Priority: Financial sustainability			
IDP programme	Key Performance Indicator	Annual Target	JDA Outcome Statement/s
Focusing on driving up capital expenditure investment in infrastructure	Percentage of budget spent on city-wide infrastructure.	95% (cumulative)	To strengthen and improve the JDA's corporate governance and operations to ensure that it remains an effective, efficient, sustainable and well-governed organisation.
	Percentage of valid invoices paid within 30 days of invoice date	100%	
Job opportunity creation and Economic development / Day to day program			
IDP programme	Key Performance Indicator	Annual Target	JDA Outcome Statement/s
Other IDP or Day-to Day	Percentage spent on Broad-Based Economic Empowerment through local procurement as a share of total expenditure.	100%	To promote economic empowerment and transformation through the structuring and procurement of JDA developments
	Number of Expanded Public Works programmes (EPWP) work opportunities created City-wide.	500 (cumulative)	
	Percentage of SMME expenditure as a share of total expenditure.	30%	
	Percentage spends on JDA operating budget against approved operating budget.	95% (cumulative)	To strengthen and improve the JDA's corporate governance and operations to ensure that it

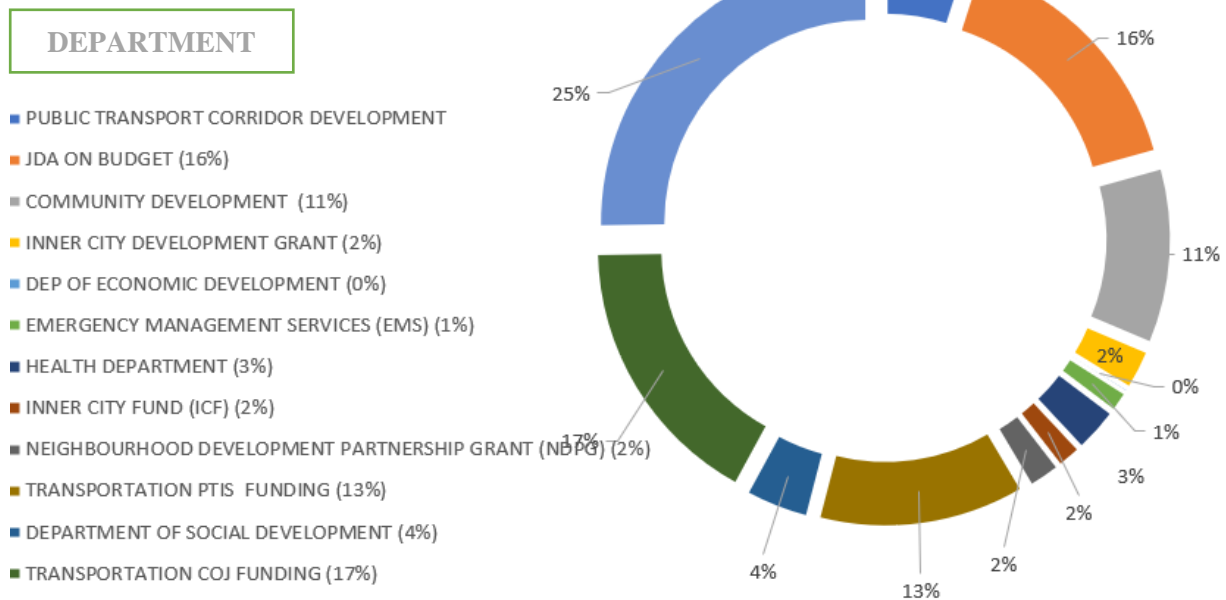


	Percentage implementation of the strategic risk management action plan findings resolved.	95% (cumulative)	sustainable and well-governed organisation.
	Percentage of predetermined objectives targets achieved	85%	

It is incumbent upon the shareholder to ensure that the JDA is well positioned, structured and capacitated in order to:

- Deliver against committed projects in the City's spatial transformational priority areas.
- Manage expectations and perceptions of all stakeholder groups throughout the development process by focusing on frequent communication, meaningful engagement and a co-creation ethos; and
- Effectively, efficiently and economically oversee the capital budget. This funding is broken up as per the figure below:

**FIGURE 10: JDA FUNDING BY CLIENT / SOURCE**



## CHAPTER 4: HUMAN RESOURCES & ORGANISATIONAL 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).

The JDA has adopted a new structure with new naming conventions and new role profiles. The job profiling and benchmarking process is underway.

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:**

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

In terms of physical location, there are 94 employees including six (6) 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.

### **HR Policies**

The JDA recently reviewed and updated ten (10) of its key HR policies to be in-line with legislation and good practice and more policies are still under review.

TABLE 31: INJURIES, SICKNESS AND SUSPENSIONS (1 JULY 2021 – 30 JUNE 2022)

Salary band	Total sick leave	Proportion of sick leave without medical certificate	Employees using sick leave	Total employees in post <sup>19</sup>	Average sick leave per employee	Estimated cost
	Days	%	No.	No.	Days	R 000
Top management	0	0	0	0	0	0
Executive management (including chief audit executive)	0	0	0	5	0	0
Senior management	4	0	1	8	0,50	11,565,75
Middle management	7	0	1	36	0,19	15,899.27
Skilled technical/junior management	0	0	0	26	0	0
Semi-skilled	0	0	0	10	0	0
Unskilled	3	0	2	9	0,33	2,322.36
<b>TOTAL</b>	<b>14</b>	<b>0%</b>	<b>4</b>	<b>95</b>	<b>1,02</b>	<b>29 787,38</b>

## SECTION 1: EMPLOYEE REMUNERATION (TOTAL COSTS INCLUDING EXECUTIVES)

The Total Remuneration Costs for the period from 1<sup>st</sup> July 2021 to 30th June 2022 amount to R R71 million. This figure is inclusive of the Pension Fund value of R6.6 million. The JDA participates in two Retirement Benefit Schemes: The eJoburg Retirement Fund and the City of Johannesburg Pension Fund (1 permanent employee). The total contribution for Group Life Cover for the JDA employees and directors, from 1st July 2021 to 30th June 2022 amount to R 1,230 027,17.

## SECTION 2: KEY VACANCIES

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

TABLE 32: KEY VACANCIES

Open Vacancies	Progress
Chief Executive Officer	Appointed *
Chief Audit Executive	Appointed**
Senior Manager: Strategy, Performance, Risk and Administration	To be advertised
Manager: Strategy & Performance Monitoring	To be advertised
Senior Manager: Internal Audit	To be advertised
Senior Manager : Information, Communication & Infrastructure	Advertised, interviews to be conducted
Senior Manager: Financial Management	Advertised, interviews to be conducted
Senior Project Manager	Advertised, interviews to be conducted
Senior Manager: Development Planning & Facilitation	On hold

\*Effective 05 August 2022

\*\*Effective 15 August 2022

**TABLE 33: STAFF ESTABLISHMENT**

Description	Approved no. of posts per approved organogram	No. of employees	No. of vacancies	% Of vacancies
Top management level	0	0	1	100%
Executive management	6	5	1	16.7%
Senior management	19	8	11	57,9%
Middle management	47	36	13	27,7%
Skilled technical/junior management	42	26	20	47,6%
Semi-skilled	13	10	3	23,1%
Unskilled housekeepers/cleaners	16	9	10	62,5%
<b>Total</b>	<b>144</b>	<b>94*</b>	<b>59</b>	<b>40,9%</b>

\*Six employees are on fixed term contracts

\*Inclusive of employees within a pool

The basis for turnover rates is annual. To give an accurate indicator of the turnover rates, year on year. In the current period under review staff turnover is 11,7% due to retirement, resignation, and death.

**TABLE 34: 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	11	11,7%

A total of 11 termination recorded, with an equity distribution as follows:

**TABLE 35: TERMINATIONS**

Department	Gender
Development Planning and Facilitation	White Female
Development Planning and Facilitation	Black Male
Planning and Strategy	Black Female
Development Planning and Facilitation	Indian Female
Office of the CEO	White Male
Office of the CEO	Black Male
Finance	Black Male
Project Implementation	Black Male
Marketing	Black Female
Human Resources	Black Female
Project Implementation	Black Female

### ***Retention Initiatives***

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

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

## SECTION 3: EMPLOYMENT EQUITY

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

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

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 36: EMPLOYMENT EQUITY DEMOGRAPHICS STATUS FOR PERIOD UNDER REVIEW**

Occupational Levels											
	Male				Female				Foreign Nationals		Total
	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	3	0	0	0	1	0	1	0	0	0	5
Senior Management	3	0	0	0	5	0	0	0	0	0	8
Professionally Qualified and Experienced specialists and	16	1	0	0	18	1	0	0	0	0	36
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	7	0	0	0	18	0	1	0	0	0	26
Semi-skilled and discretionary decision making	3	0	0	0	7	0	0	0	0	0	10
Unskilled and defined decision making	5	0	0	0	4	0	0	0	0	0	9
Total Permanent	37	1	0	0	53	1	2	0	0	0	94
Temporal Employees	0	0	0	0	0	0	0	0	0	0	0
Grand Total	37	1	0	0	53	1	2	0	0	0	94

The JDA status for period under review:

- 95,7% of employees are African
- 59,6% of employees are Female
- 50% of Executive and Senior management positions are held by 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.

	City Targets	JDA Achievements
Black African employees	80.9%	95,7%
Senior Management Female	35.9%	50%
Disability	2%	1%

**TABLE 37: STAFF MOVEMENTS**

Staff movements	African		Colored		Indian		White		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Appointments	5	6	0	0	0	0	0	0	11
Deceased	0	1	0	0	0	0	0	0	1
Transfers	0	0	0	0	0	0	0	0	0
Retirements	0	2	0	0	0	0	1	0	3
Absenteeism	0	0	0	0	0	0	0	0	0
Resignations	4	1	0	0	0	1	0	1	7
End of contract	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>9</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>22</b>

## SECTION 4: SKILLS DEVELOPMENT AND TRAINING

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

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

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

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

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 413 057.05. 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 5: PERFORMANCE MANAGEMENT

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

The JDA uses a scorecard to evaluate employee performance. Individual performance indicators are linked to the JDA's objectives and the 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 6: DISCIPLINARY MATTERS AND OUTCOMES

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

**TABLE 38: DISCIPLINARY HEARINGS FINALISED AS AT 30 JUNE 2022**

Type of misconduct	Number	% Of Total
Dishonesty	0	0
Absenteeism	0	0
Insubordination	0	0
Negligence	0	0
Dismissal	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 7: 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 390 days, with Maternity leave being the second most utilized leave type, with a total of 230 days, and finally Sick Leave 67 days.

**TABLE 39: LEAVE ANALYSIS PERFORMANCE AS AT 30 JUNE 2022**

Type of Leave	July 2021	August 2021	September 2021	October 2021	November 2021	December 2021	January 2022	February 2022	March 2022	April 2022	May 2022	June 2022	Total
Annual Leave	5	32	31	1	29	38	141	56	26	7	5	8	379
Sick Leave	22	0	0	0	0	0	9	26	4	2	1	7	71
Family	6	0	0	0	0	0	0	0	0	0	0	5	11
Study Leave	0	2	3	0	9	0	8	0	0	0	4	0	26
Maternity	0	0	0	15	22	37	63	49	44	0	0	0	230
Paternity	0	0	0	0	0	0	10	0	0	0	0	10	20
<b>TOTAL</b>	<b>33</b>	<b>34</b>	<b>34</b>	<b>16</b>	<b>60</b>	<b>75</b>	<b>231</b>	<b>131</b>	<b>74</b>	<b>9</b>	<b>10</b>	<b>30</b>	<b>737</b>



## SECTION 8: EMPLOYEE BENEFITS

The Total Remuneration Costs for the period from 1st July 2021 to 30th June 2022 amount to R 71 million. This figure is inclusive of the Pension Fund. The JDA participates in Two Retirement Benefit Schemes: The eJoburg Retirement Fund and the City of Johannesburg Pension Fund (1 permanent employee). The total contribution for Group Life Cover for the JDA employees and directors, from 1st July 2021 to 30th June 2022 amount to R 1,230 027.17.

## SECTION 9: OCCUPATIONAL HEALTH & SAFETY PROGRAMMES

The service provider is now appointed for the twelve-month period, to ensure compliance at the Bus Factory through quarterly OHASA audits.

The safety audit is meant to 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.

## SECTION 10: CORPORATE SOCIAL RESPONSIBILITY

The CSI committee identified CSI projects for the 2021/22 financial year; out of four projects, one project was supported by the JDA. The Soweto Infrastructure and Construction Chambers was supported with technical equipment valued at R132 440 (excl.) Vat.

Due to budget constraints because of Citywide budget reduction, these projects were not supported:

- Eikenhoff Moses Mareng Technical School requested Engineering Equipment,
- Diepsloot West Secondary requested learner tables,
- Jabulile Secondary School, Orange Farm requested school bags, black trouser and yellow shirts; this was outside the JDA CSI mandate.

## CHAPTER 5: FINANCIAL PERFORMANCE

	Year ended 31 JUNE 2022			
	Actual	Budget	Variance	
	R'000	R'000	R'000	
<b>Non-current assets</b>	<b>29 368</b>	<b>30 800</b>	<b>-1 433</b>	<b>1</b>
Property plant and equipment	7 099	10 000	(2 901)	
Deferred tax	3 620	2 800	819	
Intangible assets	18 649	18 000	649	
<b>Current assets</b>	<b>996 928</b>	<b>850 002</b>	<b>146 926</b>	<b>2</b>
Trade and other receivables	687 532	600 000	87 532	
Prepayments	25 737		25 737	
Vat Receivable	283 658	250 000	33 658	
Cash and cash equivalents	1	2	(1)	
<b>Total assets</b>	<b><u>1 026 296</u></b>	<b><u>880 802</u></b>	<b><u>145 494</u></b>	
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>	<b>35 047</b>	<b>76 278</b>	<b>(7 956)</b>	<b>3</b>
Contribution from owner	16 278	16 278	(0)	
Accumulated surplus/(deficit)	18 770	30 000	(7 956)	
<b>Non-current liabilities</b>	<b>18 099</b>	<b>25 681</b>	<b>(7 582)</b>	<b>4</b>
Finance lease obligation	-	41	(41)	
Deferred taxation	18 099	25 640	(7 679)	
Project funds payable	-	-	0	
<b>Current liabilities</b>	<b>973 149</b>	<b>778 843</b>	<b>165 383</b>	<b>5</b>
Loans from shareholders	625 062	637 549	(12 487)	<b>6</b>
Trade and other payables	307 584	90 000	191 651	
VAT payable	-	-	0	
Finance lease obligation	42	294	(252)	
Project fund payable	34 558	44 000	(14 617)	
Provisions – bonus	5 904	7 000	(1 096)	
<b>Total equity and liabilities</b>	<b><u>1026 249</u></b>	<b><u>880 802</u></b>	<b><u>149 845</u></b>	

Notes	
1	The variance is mainly due to only 50% of the overall capital budget was utilised in the current year. Included in the budget for the current year was improvements to the Bus Factory offices which has been put on hold until the cost assessment is done.
2	The increases on the current asset it due to the following (1)Trade receivable invoices issued to COJ was more than our budget expectations due to delayed collection of the claims as well as a higher capital expenditure incurred in June 2022. (2)The movement on the Vat is due to Vat refunds that is currently awaiting settlement from SARS. The JDA is currently engaging with SARS regarding supporting for the balance.
3	Changes on the Reserve/Net Assets it is due to deficit of R m10illion
4	The movement of the non-current liability is mainly due to the movement in the deferred tax.
5	This is mainly due to some receivables that were received at the end of the financial year however, the balance still continues to put significant pressure on the financial standing of the JDA. 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.
6	The increases on the payable it due to invoices that were received in June which will be paid within 30 days.

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

	Jun-21	Original approved	Year to date			Notes
	Actual	budget	Actual	Budget	Variance	
	R'000	R'000	R'000	R'000	R'000	
Gross revenue	115 880	118 249	109 777	118 249	(8 472)	7
Operating costs	(119 770)	(111 385)	(101 268)	(111 385)	10 117	8
<b>Gross surplus/(deficit)</b>	<b>(3 890)</b>	<b>6 864</b>	<b>11 783</b>	<b>6 864</b>	<b>4 627</b>	
Other operating income and expenditure	(15 880)	(6 864)	(28 157)	(6 864)	(20 261)	
Interest expense	(15 880)	(6 864)	(28 157)	(6 864)	(20 261)	9
Interest income	0	0	0	0	0	
<b>Deficit before tax</b>	<b>(19 770)</b>	<b>0</b>	<b>(19 648)</b>	<b>0</b>	<b>(15 141)</b>	
Taxation	2 688	0	(12 139)	0	4 502	10
<b>Surplus/(Deficit) after tax</b>	<b>(17 082)</b>	<b>0</b>	<b>(31 788)</b>	<b>0</b>	<b>(10 639)</b>	

Notes	
7	The unfavorable variance is mainly due to the lower-than-expected capital expenditure that is used to base the management fees on.
8	The favorable variance is due to the vacant positions that were not filled in the current year due to the moratorium that was placed.
9	The JDA is not a revenue generating entity and its funding model depends largely on the organization being reimbursed timeously for all capital expenditure incurred. While on the one hand the organization has an obligation towards service providers and suppliers to pay invoices for work done within the mandatory 30 days, on the other hand it is expected to maintain a favorable sweeping account balance. The long lead time from payment of supplier invoices to reimbursement by the City of capital expenditure results in interest being charged on the sweeping account
10	The movement is based on the deferred tax calculation for the year

### SECTION 3: CASH FLOW STATEMENT AND HIGH-LEVEL NOTES

	Year to date		
	Actual	Budget	Variance
	R'000	R'000	R'000
<b>Cash flows from operating activities</b>			
	<b>(303 775)</b>	<b>1 421 200</b>	<b>(597 771)</b>
<i>Receipts</i>			
Grants	40 735	0	40 735
Interest received	0	0	0
Cash receipts from CAPEX funding	1 148 896	2 000 000	(851 104)
Other receipts	1 147 625	1 200	1 146 425
		0	0
<i>Payments</i>		0	0
Employee cost	(76 638)	(80 000)	3 362
Suppliers	(1 417 001)	(500 000)	(919 516)
Finance cost	1031		
Taxes	(16 642)	0	(17 673)
<b>Cash flows from investing activities</b>	<b>(2 123)</b>	<b>(4 500)</b>	<b>2 377</b>
<i>Expenditure to maintain operating capacity</i>			
Property, plant and equipment acquired	(2 123)	(4 500)	2 377
Proceeds from sale of property, plant and equipment			0
Purchase of intangible assets	0		0
<b>Cash flows from financing activities</b>	<b>305 898</b>	<b>(1 416 700)</b>	<b>1 741 873</b>
Movement in project funds payable	(47 099)	0	(27 825)
Proceeds from Shareholders' loan	353 504	(1 416 620)	1 770 124
Repayments of Shareholders' loan		0	0
Finance lease repayments	(506)	(80)	(426)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(264)</b>	<b>0</b>	<b>1 146 479</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>639</b>	<b>0</b>	<b>639</b>

Notes	
11	Grant received as budgeted
12	The increase on the capital receipts is due to previous year claims that were paid due the year and improvement on the collections from invoices issued in the current financial period.
13	The variance is due savings due to delayed appointments of some key positions within the organisations.
14	The increase on the capital payments is due to prevention of the invoices being over 30 days
15	The increased on Proceed on the investing it due to computers and servers that were purchased in the current financial year.
16	Unfavorable variance it due to settlement of the accrued invoice that were settled in the current year and repayment of the Finance lease.

### SECTION 3.1: NET ASSETS

		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	(17 083)	(17 083)
Total changes		0	0	0	-17 083	-17 083
<b>Balance on 01 July 2021</b>		<b>60</b>	<b>16 278</b>	<b>16 278</b>	<b>50 557</b>	<b>66 835</b>
Changes in net assets						
Profit for the year		0	0	0	(31 788)	(31 788)
Total changes		60	16 278	16 278	(31 788)	(31 788)
<b>Balance on 30 June 2022</b>		<b>60</b>	<b>16 278</b>	<b>16 278</b>	<b>18 770</b>	<b>35 047</b>

## SECTION 4: CAPITAL PROJECTS AND EXPENDITURE

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

Actual capital expenditure for the ended 30 June 2022 was R1096 million (2020/21: R1.2 billion) against the adjusted budget of R1.3 billion (2020/21: R1.4 billion). This represents 80,49% (2020/21: 75%) of the overall annual budget. There are still various factors that continue to affect projects including poor contractor performance and stakeholder stoppages, however, the basis of the 95% targeted capital expenditure is based on a city-wide performance indicator and not necessarily aligned to each project milestone and progress.

- Community unrests and protests resulting in contractor appointments being delayed or stopped.
- Delays experienced due to the closure of sites during the nationwide lockdown; and
- Minimum capacitation of sites due to COVID-19 work regulations.

### *Capital Budget Management<sup>24</sup>*

TABLE 40: OVERALL PROGRAMME PERFORMANCE

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	1 361 475	1 293 401	1 095 584	95	80,49

<sup>24</sup> These measures effective capital budget management, in particular expenditure against set targets for project delivery. Targets of 100% expenditure have been set in respect of all funding sources for the financial year.



For the period ended 30 June 2022

TABLE 41: EXPENDITURE PER FUNDING SOURCE

	CAPEX FOR THE QUARTER			CAPEX FOR THE YEAR				ANNUAL	BUDGET
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	VAR	BUDGET	USED
PROJECTS PER FUNDING SOURCE	R	R	R	R	R	R	%	R	%
<b>PUBLIC TRANSPORT CORRIDOR DEVELOPMENT</b>									
BRIXTON SOCIAL CLUSTER: WORK PACKAGE 1 NEW MULTIPURPOSE SPORTS AND RECREATION	28 030 868	46 000 000	(17 969 132)	28 030 868	46 000 000	(17 969 132)	(39,06%)	46 000 000	60,94%
TEST ECO DISTRICT PROTOTYPES TOD CORRIDORS	2 694 332	4 700 000	(2 005 668)	2 694 332	4 700 000	(2 005 668)	(42,67%)	4 700 000	57,33%
NEW TURFONTEIN CLINIC AND MULTIPURPOSE	2 736 778	16 843 000	(14 106 222)	2 736 778	16 843 000	(14 106 222)	(83,75%)	16 843 000	16,25%
<b>SUB-TOTAL</b>	<b>33 461 978</b>	<b>67 543 000</b>	<b>(34 081 022)</b>	<b>33 461 978</b>	<b>67 543 000</b>	<b>(34 081 022)</b>	<b>(50,46%)</b>	<b>67 543 000</b>	<b>49,54%</b>
<b>JDA ON BUDGET</b>									
INNER CITY EASTERN GATEWAY_ TOD AND MOVEMENT CORRIDORS	16 733 929	17 000 000	266 071	17 002 786	17 000 000	2 786	0,02%	17 000 000	100,02%
REGENERATION OF LENASIA CBD AND ANCHORVILLE INDUSTRIAL HUB – REGION G	33 991 158	33 991 158	0	33 991 158	33 991 158	0	0,00%	33 991 158	100,00%
BRAAMFISCHER EXT 12	4 512 415	5 000 000	( 487 585)	4 512 415	5 000 000	( 487 585)	(9,75%)	5 000 000	90,25%
ORLANDO EAST STATION PRECINCT	340 059	2 123 215	(1 783 156)	340 059	2 123 215	(1 783 156)	(83,98%)	2 123 215	16,02%
PENNYVILLE PRECINCT RENEWAL	674 909	700 000	( 25 091)	674 909	700 000	( 25 091)	(3,58%)	700 000	96,42%

	CAPEX FOR THE QUARTER			CAPEX FOR THE YEAR				ANNUAL	BUDGET
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	VAR	BUDGET	USED
PROJECTS PER FUNDING SOURCE	R	R	R	R	R	R	%	R	%
RANDBURG CBD REGENERATION RENEWAL	1 998 357	2 000 000	(1 643)	1 998 357	2 000 000	( 1 643)	(0,08%)	2 000 000	99,92%
BALFOUR PARK TRANSIT PRECINCT	21 946 252	21 946 252	0	21 946 252	21 946 252	0	0,00%	21 946 252	100,00%
MELVILLE ACTIVITY STREET	1 076 732	1 100 000	( 23 268)	1 076 732	1 100 000	( 23 268)	(2,12%)	1 100 000	97,88%
CORR - PERTH EMPIRE CORRIDOR OF FREEDOM TRAFFIC IMPACT ASSESSMENT (TIA), STORMWATER MASTERPLAN AND NEW CONSTRUCTION: PHASE 2	13 562 945	13 562 945	0,00	13 562 945	13 562 945	0,00	0,00%	13 562 945	100,00%
CORR - LOUIS BOTHA CORRIDOR OF FREEDOM TRAFFIC IMPACT ASSESSMENT (TIA),	0,00	0,00	0,00	0,00	0,00	0,00	0,00%	0	0,00%
DIEPSLOOT DEVELOPMENT RENEWAL PRECINCT REDEVELOPMENT DIEPSLOOT WES A REGIONAL	16 600 043	16 600 043	0,00	16 600 043	16 600 043	0,00	0,00%	16 600 043	100,00%
BANAKEKELEN HOSPICE NEW CLINIC ALEXANDRA EXT.38 E WARD	24 103 525	24 103 525	0,00	24 103 525	24 103 525	0,00	0,00%	24 103 525	100,00%
OPERATIONAL CAPEX NEW OPERATIONAL CAPEX NEWTOWN F CITY WIDE	2 081 922	5 000 000	(2 918 078)	2 081 922	5 000 000	(2 918 078)	(58,36%)	5 000 000	41,64%
ORCHARDS CLINIC	16 665 573	16 700 000	( 34 427)	16 665 573	16 700 000	( 34 427)	(0,21%)	16 700 000	99,79%

KLIPFONTEIN WELLNESS CENTRE	4 591 489	30 000 000	(25 408 511)	4 591 489	30 000 000	(25 408 511)	(84,70%)	30 000 000	15,30%
ROODEPORT CBD REGENERATION RENEWAL PRECINCT REDEVELOPMENT REGION C	24 172 862	24 172 862	0,00	24 172 862	24 172 862	0,00	0,00%	24 172 862	100,00%
<b>SUB-TOTAL</b>	<b>183 321 027</b>	<b>214 000 000</b>	<b>(30 678 973)</b>	<b>183 321 027</b>	<b>214 000 000</b>	<b>(30 678 973)</b>	<b>(14,34%)</b>	<b>214 000 000</b>	<b>85,66%</b>

	CAPEX FOR THE QUARTER			CAPEX FOR THE YEAR				ANNUAL	BUDGET
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	VAR	BUDGET	USED
PROJECTS PER FUNDING SOURCE	R	R	R	R	R	R	%	R	%
<b>Health Department</b>									
ELIAS MOTSOLEDI CLINIC	2 725 708	3 500 000	(774 292)	2 725 708	3 500 000	(774 292)	(22,12%)	3 500 000	77,88%
PROTEA GLEN CLINIC	0,00	2 500 000	(2 500 000)	0,00	2 500 000	(2 500 000)	(100,00%)	2 500 000	0,00%
SOUTH HILLS CLINIC	403 584	700 000	(296 416)	403 584	700 000	(296 416)	(42,35%)	700 000	57,65%
NALEDI CLINIC	11 889 517	15 000 000	(3 110 483)	11 889 517	15 000 000	(3 110 483)	(20,74%)	15 000 000	79,26%
RABIE RIDGE CLINIC	3 217 466	3 500 000	(282 534)	3 217 466	3 500 000	(282 534)	(8,07%)	3 500 000	91,93%
HIKENSILE CLINIC	1 905 317	3 500 000	(1 594 683)	1 905 317	3 500 000	(1 594 683)	(45,56%)	3 500 000	54,44%
PROTEA SOUTH CLINIC	4 499 501	5 000 000	(500 499)	4 499 501	5 000 000	(500 499)	(10,01%)	5 000 000	89,99%
FREEDOM PARK CLINIC	1 786 493	3 500 000	(1 713 507)	1 786 493	3 500 000	(1 713 507)	(48,96%)	3 500 000	51,04%
<b>SUB-TOTAL</b>	<b>26 427 586</b>	<b>37 200 000</b>	<b>(10 772 414)</b>	<b>26 427 586</b>	<b>37 200 000</b>	<b>(10 772 414)</b>	<b>(28,96%)</b>	<b>37 200 000</b>	<b>71,04%</b>
<b>INNER CITY FUND (ICF)</b>									

INNER CITY PARTNERSHIP FUND	17 004 496	18 200 000	(1 195 504)	17 004 496	18 200 000	(1 195 504)	(6,57%)	18 200 000	93,43%
INNERCITY CORE	2 000 000	2 000 000	0	2 000 000	2 000 000	0	0,00%	2 000 000	100,00%
<b>SUB-TOTAL</b>	<b>19 004 496</b>	<b>20 200 000</b>	<b>(1 195 504)</b>	<b>19 004 496</b>	<b>20 200 000</b>	<b>(1 195 504)</b>	<b>(5,92%)</b>	<b>20 200 000</b>	<b>94,08%</b>
<b>NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT (NDPG)</b>									
JABULANI TOD: PHASE 6A - SAFE HUB	26 569 000	26 569 000	0,00	26 569 000	26 569 000	0,00	0%	26 569 000	100,00%
<b>SUB-TOTAL</b>	<b>26 569 000</b>	<b>26 569 000</b>	<b>0,00</b>	<b>26 569 000</b>	<b>26 569 000</b>	<b>0,00</b>	<b>0%</b>	<b>26 569 000</b>	<b>100,00%</b>
<b>INNER CITY DEVELOPMENT GRANT</b>									
CONSEPTUALISATION AND DEVELOPMENT INNER CITY SPATIAL SCENARIO PLANNING	2 333 035	3 000 000	( 666 965)	2 333 035	3 000 000	( 666 965)	(22,23%)	3 000 000	77,77%
GHANDHI SQUARE EAST	30 300 000	30 300 000	0,00	30 300 000	30 300 000	0,00	0,00%	30 300 000	100,00%
<b>SUB-TOTAL</b>	<b>32 633 035</b>	<b>33 300 000</b>	<b>( 666 965)</b>	<b>32 633 035</b>	<b>33 300 000</b>	<b>( 666 965)</b>	<b>(2,00%)</b>	<b>33 000 000</b>	<b>98,89%</b>
<b>DEPARTMENT OF ECONOMIC DEVELOPMENT:</b>									
JOUBERT PEU INNER CITY	1 498 953	3 000 000	(1 501 047)	1 498 953	3 000 000	(1 501 047)	(50,03%)	3 000 000	49,97%
<b>SUB-TOTAL</b>	<b>1 498 953</b>	<b>3 000 000</b>	<b>(1 501 047)</b>	<b>1 498 953</b>	<b>3 000 000</b>	<b>(1 501 047)</b>	<b>(50,03%)</b>	<b>3 000 000</b>	<b>49,97%</b>
	<b>CAPEX FOR THE QUARTER</b>			<b>CAPEX FOR THE YEAR</b>				<b>ANNUAL</b>	<b>BUDGET</b>
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>	<b>VAR</b>	<b>BUDGET</b>	<b>USED</b>
<b>PROJECTS PER FUNDING SOURCE</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>%</b>	<b>R</b>	<b>%</b>
<b>TRANSPORTATION PTIS FUNDING:</b>									

PHASE 1C STATIONS	12 392 386	19 011 493	(6 619 107)	12 392 386	19 011 493	(6 619 107)	(34,82%)	19 011 493	65,18%
SELBY DEPOT	4 117 348	19 130 434	(4 764 695)	14 365 739	19 130 434	(4 764 695)	(24,91%)	19 130 434	75,09%
ALEXANDRA DEPOT	12 248 391	2 000 000	0,00	2 000 000	2 000 000	0,00	0,00%	2 000 000	100,00%
SECTION 15K (WATT INTERCHANGE STATION ROAD WORKS AND BRIDGES)	52 730 460	52 730 460	0,00	52 730 460	52 730 460	0,00	0,00%	52 730 460	100,00%
OTHER: LAND	160 836	1 310 000	(1 149 164)	160 836	1 310 000	(1 149 164)	(87,72%)	1 310 000	12,28%
GUARD HOUSES AND CUSTOMER CENTRES	14 803 430	26 421 000	(11 617 570)	14 803 430	26 421 000	(11 617 570)	(43,97%)	26 421 000	56,03%
SELBY DEPOT 2C	44 580 047	44 580 047	0	44 580 047	44 580 047	0	0,00%	44 580 047	100,00%
ITS	1 601 957	3 203 000	(1 601 043)	1 601 957	3 203 000	(1 601 043)	(49,99%)	3 203 000	50,01%
OTHER: PASSENGER INFORMATION SIGNAGE (FINGER BOARDS - "ON STREET)	266 679	2 778 000	(2 511 321)	266 679	2 778 000	(2 511 321)	(90,40%)	2 778 000	9,60%
<b>SUB-TOTAL</b>	<b>142 901 534</b>	<b>171 164 434</b>	<b>(28 262 900)</b>	<b>142 901 534</b>	<b>171 164 434</b>	<b>(28 262 900)</b>	<b>(16,51%)</b>	<b>171 164 434</b>	<b>83,49%</b>
<b>DEPARTMENT OF SOCIAL DEVELOPMENT (SOC</b>									
SHELTER FOR DISPLACED PEOPLE REGION F	4 217 224	5 000 000	( 782 776)	4 217 224	5 000 000	( 782 776)	(15,66%)	5 000 000	84,34%
BERTRAMS MULTIPURPOSE CENTRE	13 962 812	25 000 000	(11 037 188)	13 962 812	25 000 000	(11 037 188)	(44,15%)	25 000 000	55,85%
YETTA NATHAN SOCIAL DEVELOPMENT CENTRE	15 097 005	15 000 000	97 005	15 097 005	15 000 000	97 005	0,65%	15 000 000	100,65%
NORTHERN FARM, FLEURHOF FARM AND EIKENHOF FARM	358 231	1 000 000	( 641 769)	358 231	1 000 000	( 641 769)	(64,18%)	1 000 000	35,82%
REPAIRS AND MAINTENANCE OF FACILITIES	5 241 873	7 000 000	(1 758 127)	5 241 873	7 000 000	(1 758 127)	(25,12%)	7 000 000	74,88%
<b>SUB-TOTAL</b>	<b>38 877 145</b>	<b>53 000 000</b>	<b>(14 122 855)</b>	<b>38 877 145</b>	<b>53 000 000</b>	<b>(14 122 855)</b>	<b>(26,65%)</b>	<b>53 000 000</b>	<b>73,35%</b>
<b>EMERGENCY MANAGEMENT SERVICES (EMS)</b>									

CENTRAL FIRE STATION	17 838 110	17 850 000	446 806	17 838 110	17 391 304	446 806	2,57%	17 850 000	100%
<b>SUB-TOTAL</b>	<b>17 838 110</b>	<b>17 850 000</b>	<b>446 806</b>	<b>17 838 110</b>	<b>17 391 304</b>	<b>446 806</b>	<b>3%</b>	<b>17 850 000</b>	<b>100%</b>

	CAPEX FOR THE QUARTER			CAPEX FOR THE YEAR				ANNUAL	BUDGET
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	VAR	BUDGET	USED
PROJECTS PER FUNDING SOURCE	R	R	R	R	R	R	%	R	%
TRANSPORTATION COJ FUNDING:									
COMPLETE STREETS: (KFW - GERMAN DEVELOPMENT BANK): ORLANDO EAST TO UJ SOWETO ROUTE	24 021 140	24 100 000	( 78 860)	24 021 140	24 100 000	( 78 860)	(0,33%)	24 100 000	99,67%
PTF: SMALL PUBLIC TRANSPORT FACILITIES: TSHEPISONG:	315 336	1 500 000	(1 184 664)	315 336	1 500 000	(1 184 664)	(78,98%)	1 500 000	21,02%
COMPLETE STREETS: NMT FACILITIES LINKING RAILWAY STATIONS NEW DUBE CHIAWELO D CITY WIDE:	4 896 442	5 000 000	(103 558)	4 896 442	5 000 000	(103 558)	(2,07%)	5 000 000	97,93%
PTF: SMALL PUBLIC TRANSPORT FACILITY DESIGN KYA SAND NEW NODAL TRANSPORT FACILITES KYA SAND:	23 744 694	27 069 000	(3 324 306)	23 744 694	27 069 000	(3 324 306)	(12,28%)	27 069 000	87,72%
PTF SMALL PUBLIC TRANSPORT FACILITY DESIGN AND CONSTRUCTION OF ZOLA PUBLIC TRANSPORT FACILITY NEW NODAL TRANSPORT FACILITIES ZOLA D REGIONAL	943 014	1 000 000	(56 986)	943 014	1 000 000	(56 986)	(5,70%)	1 000 000	94,30%

PTF: SMALL PUBLIC TRANSPORT FACILITIES: ORANGE FARM EXT 7 (REGION G)	33 877 899	34 000 000	( 122 101)	33 877 899	34 000 000	( 122 101)	(0,36%)	34 000 000	99,64%
SMALL: PUBLIC TRANSPORT FACILITY IN ZAKARIYA PARK REGION G	18 702 005	25 015 000	(6 312 995)	18 702 005	25 015 000	(6 312 995)	(25,24%)	25 015 000	74,76%
PARKING STRESS SURVEYS FOR MABONENG DISTRICT, BEREA, AND KENSINGTON	52 675	860 000	(807 325)	52 675	860 000	(807 325)	(93,88%)	860 000	6,13%
"FEASIBILITY STUDY FOR ORANGE FARM, ENNERDALE AND JOHANNESBURG CBD AND CORRIDOR"	2 570 767	2 732 557	(161 790)	2 570 767	2 732 557	(161 790)	(5,92%)	2 732 557	94,08%
FEASIBILITY STUDY ON THE IVORY PARK TO SANDTON CORRIDOR	2 798 777	4 115 443	(1 316 666)	2 798 777	4 115 443	(1 316 666)	(31,99%)	4 115 443	68,01%
FEASIBILITY STUDY ON THE SOWETO TO SANDTON CORRIDOR	2 313 204	3 536 750	(1 223 546)	2 313 204	3 536 750	(1 223 546)	(34,60%)	3 536 750	65,40%
	<b>CAPEX FOR THE QUARTER</b>			<b>CAPEX FOR THE YEAR</b>				<b>ANNUAL</b>	<b>BUDGET</b>
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>	<b>VAR</b>	<b>BUDGET</b>	<b>USED</b>
<b>PROJECTS PER FUNDING SOURCE</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>%</b>	<b>R</b>	<b>%</b>
FEASIBILITY STUDY FOR DIEPSLOOT- FOURWAYS- RANDBURG CBD AND SUNNINGHILL AND SANDTON CORRIDOR	0,00	2 098 560	(2 098 560)	0,00	2 098 560	(2 098 560)	(100,00%)	2 098 560	0,00%
PTF PUBLIC TRANSPORT FACILITY SANDTON	323 935	500 000	(176 065)	323 935	500 000	(176 065)	(35,21%)	500 000	64,79%
COMPLETE STREETS: NMT LINKS TSHEPISONG	351 986	1 000 000	(648 014)	351 986	1 000 000	(648 014)	(64,80%)	1 000 000	35,20%
COMPLETE STREETS DEEP SOUTH	7 192 288	7 500 000	( 307 712)	7 192 288	7 500 000	( 307 712)	(4,10%)	7 500 000	95,90%
PTF ROSEBANK	6 560 909	6 600 000	( 39 091)	6 560 909	6 600 000	( 39 091)	(0,59%)	6 600 000	99,41%

COMPLETE STREETS TURFONTEIN	12 432 162	12 500 000	( 67 838)	12 432 162	12 500 000	( 67 838)	(0,54%)	12 500 000	99,46%
PUBLIC TRANSPORT STOPS: COSMO CITY	291 500	300 000	( 8 500)	291 500	300 000	( 8 500)	(2,83%)	300 000	97,17%
COMPLETE STREETS: NMT LINKING PHEFENI STATION	0,00	300 000	(300 000)	0,00	300 000	(300 000)	(100,00%)	300 000	0,00%
SMALL: PTF LAKESIDE NEW NODAL	0,00	300 000	(300 000)	0,00	300 000	(300 000)	(100,00%)	300 000	0,00%
PTF: REDEVELOPMENT OF INNER-CITY RANKS	33 389 353	53 250 000	(19 860 647)	33 389 353	53 250 000	(19 860 647)	(37,30%)	53 250 000	62,70%
PTF SUNNINGHILL	351 976	1 000 000	(648 024)	351 976	1 000 000	(648 024)	(64,80%)	1 000 000	35,20%
RANDBURG CBD MASTERPLAN	1 088 175	1 552 206	(464 031)	1 088 175	1 552 206	(464 031)	(29,89%)	1 552 206	70,11%
ZANDSPRUIT MASTERPLAN	2 092 109	2 430 435	(338 326)	2 092 109	2 430 435	(338 326)	(13,92%)	2 430 435	86,08%
PUBLIC TRANSPORT DATA	3 276 353	3 393 074	(116 721)	3 276 353	3 393 074	(116 721)	(3,44%)	3 393 074	96,56%
INNER CITY TRANSPORT MASTERPLAN	0,00	236 500	(236 500)	0,00	236 500	(236 500)	(100,00%)	236 500	0,00%
TRAVEL DEMAND MANAGEMENT	0,00	1 264 913	(1 264 913)	0,00	1 264 913	(1 264 913)	(100,00%)	1 264 913	0,00%
PARKING MANAGEMENT POLICY	0,00	869 565	(869 565)	0,00	869 565	(869 565)	(100,00%)	869 565	0,00%



	CAPEX FOR THE QUARTER			CAPEX FOR THE YEAR				ANNUAL	BUDGET
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	VAR	BUDGET	USED
PROJECTS PER FUNDING SOURCE	R	R	R	R	R	R	%	R	%
COMPLETE STREETS: NMT LINKING ORANGE FARM	0,00	300 000	(300 000)	0,00	300 000	(300 000)	(100%)	300 000	0,00%
FEASIBILITY STUDY INTEGRATED CORRIDOR MANAGEMENT	1 332 683	1 386 973	(54 290)	1 332 683	1 386 973	(54 290)	(3,91%)	1 386 973	96,09%
LENASIA SCHOLAR TRANSPORT MASTERPLAN	1 297 494	1 297 494	0	1 297 494	1 297 494	0	0,00%	1 297 494	100,00%
ROODEPOORT CBD TRANSPORT MASTERPLAN	994 220	1 876 419	( 882 199)	994 220	1 876 419	( 882 199)	(47,02%)	1 876 419	52,98%
<b>SUB-TOTAL</b>	<b>190 648 720</b>	<b>228 884 889</b>	<b>(38 236 169)</b>	<b>190 648 720</b>	<b>228 884 889</b>	<b>(38 236 169)</b>	<b>(16,71%)</b>	<b>228 884 889</b>	<b>83,29%</b>

	CAPEX FOR THE QUARTER			CAPEX FOR THE YEAR				ANNUAL	BUDGET
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	VAR	BUDGET	USED
PROJECTS PER FUNDING SOURCE	R	R	R	R	R	R	%	R	%
<b>DEPARTMENT OF COMMUNITY DEVELOPMENT</b>									
LEHAE MPC NEW CONSTRUCTION LEHAE G	4 584 327	4 600 000	( 15 673)	4 584 327	4 600 000	( 15 673)	(0,34%)	4 600 000	99,66%
JOHANNESBURG LIBRARY F	13 825 176	14 900 000	(1 074 824)	13 825 176	14 900 000	(1 074 824)	(7,21%)	14 900 000	92,79%
KAALFONTEIN MPC NEW CONSTRUCTION	8 433 978	9 000 000	( 566 022)	8 433 978	9 000 000	( 566 022)	(6,29%)	9 000 000	93,71%
IVORY PARK SWIMMING POOL	24 277 001	25 000 000	( 722 999)	24 277 001	25 000 000	( 722 999)	(2,89%)	25 000 000	97,11%

MPC MATHOLESVILLE	3 637 641	15 000 000	(11 362 359)	3 637 641	15 000 000	(11 362 359)	(75,75%)	15 000 000	24,25%
JOHANNESBURG ART GALLERY	1 508 209	1 600 000	( 91 791)	1 508 209	1 600 000	( 91 791)	(5,74%)	1 600 000	94,26%
DRIEZIEK MPC	19 088 373	20 000 000	( 911 627)	19 088 373	20 000 000	( 911 627)	(4,56%)	20 000 000	95,44%
REPAIRS TO COMM DEV FACILITIES	11 435 224	42 000 000	(30 564 776)	11 435 224	42 000 000	(30 564 776)	(72,77%)	42 000 000	27,23%
MINOR WORKS AT VARIOUS FACILITIES	6 777 144	7 000 000	( 222 856)	6 777 144	7 000 000	( 222 856)	(3,18%)	7 000 000	96,82%
REPAIRS OF PUBLIC ART	1 330 350	3 272 000	(1 941 650)	1 330 350	3 272 000	(1 941 650)	(59,34%)	3 272 000	40,66%
<b>SUB-TOTAL</b>	<b>94 897 423</b>	<b>142 372 000</b>	<b>(47 474 577)</b>	<b>94 897 423</b>	<b>142 372 000</b>	<b>(47 474 577)</b>	<b>(33,35%)</b>	<b>145 372 000</b>	<b>65,28%</b>

	CAPEX FOR THE QUARTER			CAPEX FOR THE YEAR				ANNUAL	BUDGET
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	VAR	BUDGET	USED
<b>PROJECTS PER FUNDING SOURCE</b>	R	R	R	R	R	R	%	R	%
<b>OTHER</b>									
UN HABITAT	653 847	653 847	0	653 847	653 847	0	0,00%	653 847	100,00
IVORY PARK URBAN DEVELOPMENT FRAMEWORK	4 372 405	5 000 000	( 627 595)	4 372 405	5 000 000	( 627 595)	(12,55%)	5 000 000	87,45%
WATTSTREET PRECINCT WYNBERG	1 100 000	1 100 000	0	1 100 000	1 100 000	0	0,00%	1 100 000	100,00
MASINGITA CITY DEVELOPMENT PROGRAMME	2 436 314	2 900 000	( 463 686)	2 436 314	2 900 000	( 463 686)	(15,99%)	2 900 000	84,01%
CREATION OF ASSET REGISTER	0,00	5 000 000	(5 000 000)	0,00	5 000 000	(5 000 000)	(100,00%)	5 000 000	0,00%
WIDENING ODENDAAL	936 608	1 400 000	( 463 392)	936 608	1 400 000	( 463 392)	(33,10%)	1 400 000	66,90%
SOWETO STRATEGIC AREA FRAMEWORK	550 361	800 000	( 249 639)	550 361	800 000	( 249 639)	(31,20%)	800 000	68,80%

REVITALISATION OF PAGEVIEW AND VREDEDORP	2 863 508	5 000 000	(2 136 492)	2 863 508	5 000 000	(2 136 492)	(42,73%)	5 000 000	57,27%
ORANGE FARM TURNKEY PROJECT	210 694 588	215 000 000	(4 305 412)	210 694 588	215 000 000	(4 305 412)	(2,00%)	215 000 000	98,00%
REVIEW KLIPTOWN BUSINESS PLAN & URBAN DESIGN	957 792	5 000 000	(4 042 208)	957 792	5 000 000	(4 042 208)	(80,84%)	5 000 000	19,16%
IVORY PARK TURNKEY PROG DLAMINI DRIVE	4 423 935	28 000 000	(23 576 065)	4 423 935	28 000 000	(23 576 065)	(84,20%)	28 000 000	15,80%
5TH ROAD BRIDGE	12 094 156	13 700 000	(1 605 844)	12 094 156	13 700 000	(1 605 844)	(11,72%)	13 700 000	88,28%
MODDERFONTEIN BRIDGE	17 429 691	29 300 000	(11 870 309)	17 429 691	29 300 000	(11 870 309)	(40,51%)	29 300 000	59,49%
M2 FINGER JOINTS	28 926 870	31 000 000	(2 073 130)	28 926 870	31 000 000	(2 073 130)	(6,69%)	31 000 000	93,31%
<b>SUB-TOTAL</b>	<b>287 504 727</b>	<b>343 853 847</b>	<b>(56 349 120)</b>	<b>287 504 727</b>	<b>343 853 847</b>	<b>(56 349 120)</b>	<b>(16,39%)</b>	<b>343 853 847</b>	<b>83,61%</b>
<b>TOTAL</b>	<b>1095 583 734</b>	<b>1358 478 474</b>	<b>(262 894 740)</b>	<b>1095 583 734</b>	<b>1358 478 474</b>	<b>(262 894 740)</b>	<b>(19,35%)</b>	<b>1 361 178 474</b>	<b>80,49%</b>

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

TABLE 42: FINANCIAL RATIOS

Key Performance Area	Target	Actual 30 June 2021	Actual 30 June 2022
Current ratio	Above 1: 1	1.08: 1	1.05: 1
Solvency ratio	Above 1: 1	1.08: 1	1.06: 1
Salaries to expenditure ratio	Below 60%	60%	57,56%
Revenue	R 108.2 million	R115.8 million	R109.8 million
Expenditure	R108.2 million	R135.6 million	R125 million
Surplus / (Deficit)	Rnil	(R19.7 million)	(R15.2 million)
Total net assets	R47.4 million	R66.8 million	R56,2 million
Capital expenditure	95%	83%	80%

- Current ratio – the current assets is on a one-to-one basis with current liabilities which is mainly due to the organisation closing the year on an overdrawn treasury balance. This is due to the higher treasury balance in the current year which also includes the interest of R27 million charged in the year.
- Solvency ratio – the solvency ratio is also at a one-to-one basis and mainly because the organisation does not have a high fixed asset base and non-current liabilities thus the current assets component of the ratio dominates the non-current (fixed assets) and non-current liabilities components. The slight decline from the prior year is also from the higher treasury balance in the current year.
- Remuneration to expenditure ratio – Employee costs take up a large percentage of the overall JDA operational budget due to the organisation's staff complement being made up of professionals particularly in the portfolio departments. The ratio has below with the target due to the overall increase in the expenditure as this includes the R27 million interest incurred on the overdrawn sweeping account and a significant savings in the operational expenditure. The interest expense inflates the total expenditure. This would change the overall denominator of the ratio and affect the overall percentage.

## SECTION 6: SUPPLY CHAIN MANAGEMENT, BBBEE AND SMME

### ***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 authorized to make procurement decisions above R10 million.

### ***Supply chain deviations and approval***

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

- (a) may dispense with the official procurement processes established by the SCM policy and procure any required goods or services through any convenient process, which may include direct negotiations, but only:
    - i. In an emergency;
    - ii. If such goods or services are produced or available from a single supplier only.
    - iii. If acquiring special works of art or historical objects where specifications are difficult to compile.
    - iv. If acquiring animals for zoos; or
    - v. In any other exceptional case where it is impossible or impractical to follow official procurement processes; and
  - (b) Ratify any minor breaches of the procurement processes by an official or a committee acting in terms of delegated powers that are purely technical.
- 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 purely technical.

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<sup>st</sup> July 2021 to 30<sup>th</sup> June 2022 there were 18 service providers appointed where less than three quotations were returned or obtained to a combined value of R 502,698.57 (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<sup>st</sup> July 2021 to 30<sup>th</sup> June 2022 the JDA has not awarded any contract to a person who is in the employment of the state.

### ***Black Economic Empowerment***

The JDA reports on the BBBEE share of both actual expenditure and contractual commitments for all active contracts. The table below shows the BBBEE share of capital and operating expenditure. For the period 1<sup>st</sup> July 2021 to 30<sup>th</sup> June 2022, the overall BBBEE share of expenditure was R1 124 402 962.93. This translates into an achievement of 103% BBBEE claimed against quarterly expenditure.

**TABLE 43: SUMMARY OF BBBEE EXPENDITURE<sup>25</sup>**

Description	Year to date 2021/22		
	Total Expenditure	BBBEE Claimed	BBBEE %
Capex	965,092,231.37	1,016,441,819.66	103%
Opex	129,637,249.58	107,961,143.26	77%
<b>Consolidated Opex and Capex</b>	<b>1,094,729,480.95</b>	<b>1,124,402,962.93</b>	<b>103%</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 BBBEE spend. If it spends R10 000 with a level 6 service provider, it can only claim R6 000. The JDA claims a 135% for service providers with B-BBEE level 1, 125% for level 2, 110% for level 3, 100% for level to 4, 80% for level 5, and 60% for level 6, 50% for level 7 and 10% for level 8.

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 11: BBEE 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 481 358 153.83 for the period 1<sup>st</sup> July 2021 to 30<sup>th</sup> June 2022. This constitutes an achievement of 44% for the period under review.

TABLE 44: SUMMARY OF SMME EXPENDITURE<sup>26</sup>

Description	Year to date 2021/22		
	Total Expenditure	SMME Claimed	SMME %
Capex	965,092,231.37	460,248,012.46	39%
Opex	129,637,249.58	21,110,141.37	15%
<b>Consolidated Opex and Capex</b>	<b>1,094,729,480.95</b>	<b>481,358,153.83</b>	<b>44%</b>

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

JDA has incurred irregular expenditure of R41 million as disclosed. The irregular expenditure arose from service providers that contracts had expired in the previous financial year and due to the high risk on the projects had continued with their services before the new appointments were finalised. Other than the above, there was no other irregular, fruitless, wasteful and unauthorized transactions for the period of the 1<sup>st</sup> of July 2021 to 30 June 2022.



## SECTION 7: PENDING LITIGATIONS AND POSSIBLE LIABILITIES

TABLE 45: PENDING LITIGATIONS AND POSSIBLE LIABILITIES

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

CASE / MATTER	AMOUNT CLAIMED	DATE INSTITUTED	DISCRIPTION	CURRENT STATUS	ANTICIPATED COMPLETION DATE	CHANCES OF SUCCESS
				<p>certified copy thereof on the State Attorney and filed another copy at the Labour Court on 16 July 2020.</p> <p>Now that both parties have submitted them written representations, the Registrar of the Labour Court, will set the matter down. To date, we have not been provided a date by the Registrar. The matter will be heard in the labor court on a date yet to be set by the court.</p>		

CASE / MATTER	AMOUNT CLAIMED	DATE INSTITUTED	DISCRIPTION	CURRENT STATUS	ANTICIPATED COMPLETION DATE	CHANCES OF SUCCESS
Rembu (Arbitration)	R21 000 000	2018	<p>The JDA placed Rembu (the claimant) on terms (mora) for poor performance. After the claimant failed to perform in terms of the revised programme, the JDA terminated the contract with the claimant. The claimant alleges that at the time of termination, the JDA owed the claimant payment for one invoice certificate for approximately R21 million but the JDA disputes this amount and believes that the amount in dispute should be R1, 151, 711 32. In terms of the JBCC contract the employer may not terminate the contract while it is in material breach.</p> <p>The claimant alleges that the JDA was in material breach of the contract when it terminated the contract.</p> <p>The JDA disputes this assertion in that the payment was effected on time for the outstanding invoice prior to termination of the</p>	The matter is before arbitration for resolution of this dispute.	August 2023	Good

	R12 145 055		contract. This meant that there was no material breach of the contract at the time of termination. The JDA has a counterclaim against the claimant for advance payment for material on site and damages suffered as a result of the termination. The amount counterclaimed by the JDA is R12,145,055.			
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CASE / MATTER	AMOUNT CLAIMED	DATE INSTITUTED	DISCRIPTION	CURRENT STATUS	ANTICIPATED COMPLETION DATE	CHANCES OF SUCCESS
SARS	R17 673 366.82	13/10/2022	Request for Substantiating Documents	Pending	Waiting for outcome	Pending

CASE / MATTER	AMOUNT CLAIMED	DATE INSTITUTED	DISCRIPTION	CURRENT STATUS		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. Mkhabela Huntley Attorneys are representing the City of Johannesburg and the JDA in this matter.</p>	<p>The matter was heard in Court on 31 January 2022. The JDA argued against the applicant's relief for a substitution order. Our main contention was that no exceptional circumstances exist to warrant a substitution order. The applicant did not make a compelling case for a substitution order. Not only that, but the applicant conceded to the court that there is not enough information before the court to place the court in a position to be able to make such an order. In the premises, we prayed that the court directs the JDA to start a new tender process and that the order for a substitution relief be dismissed with costs. Judgement has been reserved.</p>		

## SECTION 8: INSURANCE CLAIMS AGAINST/TO MOE

TABLE 46: INSURANCE CLAIMS AGAINST THE ENTITY

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	The insurance is in communication with the claimants, awaiting the finalization of submission of documentation from the claimant.
2017/18	51574102	01/11/2017	03/04/2019	Accidental damage	R7 500.00	Not yet determined.	Contractors all risks	The insurance is awaiting third party approach.
2017/18	51581695	01/11/2017	03/04/2019	Accidental damage	R49 680.00	Not yet determined.	Contractors all risks	The insurance is in communication with the claimants, awaiting the finalization of submission of documentation from the claimant.
2021/22	ADRS000 08351	02/10/2021	02/10/2021	Roof damage by the hailstorm	R 350 286.50	Not yet determined	Contractor's all risks	The repairs were done. The claim was paid; therefore the claim is closed
2021/22	ADRS000 08010	02/10/2021	04/10/2021	Accidental damage	R 1 471 792.36	Not yet determined	Contractor's all risk	The claim was approved, repairs to start on site.

There was no insurance claim filed in the in 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.

## SECTION 9: STATEMENT ON AMOUNTS OWED BY AND TO GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES

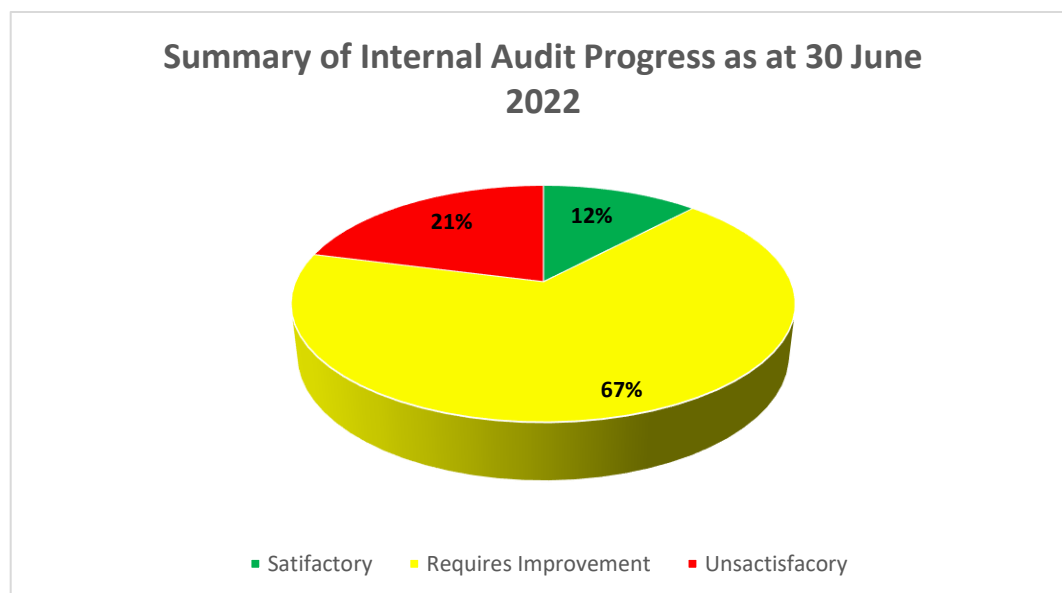
TABLE 47: AMOUNTS OWED BY CITY OF JOHANNESBURG DEPARTMENTS

Client Department	Current claims	Balance at 30 June 2021	Comments
	R' 000	R' 000	
City of Johannesburg - CAM & USDG	45 876	106 406	Balance relates mainly to current claims which are not more than 60 days.
City of Johannesburg - Department of transportation	295 633	254 996	Huge payment was settled in current financial year post budget adjustment confirmation that was received. Balance relates mainly to current claims.
City of Johannesburg - Department of planning	34 745	11 958	Balance relates mainly to current claims and some claims for 2019/20 financial year that are awaiting budget lift approval.
City of Johannesburg - EMS	22573	32 251	Balance mainly relates to amounts outstanding since 2016/17 financial year. Although discussions have been held with the department, no payments have yet been received.
City of Johannesburg - Department of Health	18 878	10 629	Balance relates mainly to claims which are within 60 days.
City of Johannesburg - Economic Development	-	23 168	Balance mainly relates to amounts outstanding since 2016/17 financial year and remaining it for the current claims. Although discussions have been held with the department, no payments have yet been received. Matter has been escalated to the ED: Economic Development
City of Johannesburg – Housing	-	14 992	Balance includes amounts outstanding since 2019/20 financial year and the current claims. We had discussions with the department, and majority of the opening balance was settled.
City of Johannesburg – GSPCR	-	3 850	Balance mainly relates to amounts outstanding since 2016/17 financial year. Although discussions have been held with the department, no payments have yet been received.
City of Johannesburg - Other departments	8366	217 848	Balance includes amounts outstanding since 2019/20 financial year and the current claims. We had discussions with the department, and majority of the opening balance was settled.
<b>Total</b>	<b>426 071</b>	<b>679 030</b>	

## CHAPTER 6: AUDITOR-GENERAL AND INTERNAL 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 undertaken by internal audit in the 2021/22 financial year. On overall there were thirty (33) audit projects completed internal audit.



**Table: 48: Progress made against the 2021/22 Audit Plan**

No.	Audit Description	Status	Overall Conclusion
1	Management of strategic risk register Review the fraud risk management programme. <u>Review of the Enterprise -Wide Risk Management</u>	Completed	
2	Audit of the adequacy and effectiveness of the compliance function Review the effective implementation of the ethics management programme.	Completed	
3	Business Continuity Management framework and Program implementation.	Completed	
4	Financial Discipline Review	Completed	
5	Audit of the commitment schedule.	Completed	
6	Review of the draft Annual Financial Statements.	Completed	
7	Audit of the Budget and Expenditure Management utilizing data analytics.	Completed	
8	Audit of the SCM Processes Performance Audit of the SCM processes(3E's) <u>Contract Management Review and Variation orders</u>	Completed	
9	(2020/21) Review of the annual report – performance information review for completeness and reliability	Completed	
10	1st Quarterly Audit of performance information (Audit of the Pre- Determined Objectives)	Completed	
11	2nd Quarterly Audit of performance information (Audit of the Pre- Determined Objectives)	Completed	
12	3rd Quarterly Audit of performance information (Audit of the Pre- Determined Objectives)	Completed	
13	Audit of the capital project management processes Value for Money audit on completed projects	Completed	
14	SMME development process review	Completed	

No.	Audit Description	Status	Overall Conclusion
15	Stakeholder Management Review – Project Stakeholders.	Completed	
16	Review of HR Management Processes: Recruitment and Terminations Non-implementation of training plans. <u>Review of the training and development</u>	Completed	
17	Payroll and leave management	Completed	
18	Performance Bonus Review	Completed	
19	IT governance, general and applications controls.	Completed	
20	Marketing strategy implementation review	Completed	
21	Review of project communication strategies. Review of media management systems and processes	Completed	
22	1st Quarter Follow-up on internal and external audit findings Disaster recovery testing	Completed	
23	2nd Quarter Follow-up on internal and external audit findings Disaster recovery testing	Completed	
24	3rd Quarter Follow-up on internal and external audit findings Disaster recovery testing	Completed	
25	4th Quarter Follow-up on internal and external audit findings Disaster recovery testing	Completed	
26	Appointment of Main Contractor for the construction of Klipfontain view wellness centre	Completed	
27	Appointment of main contractor for the construction of Turffontein complete street project	Completed	
28	Civil and Structural Engineers BRT stations, customer cares and Joubert Peu	Completed	
29	Deep South Complete Street	Completed	
30	Advance Payment	Completed	
31	Payment made outside the SAP system	Completed	
32	Appointment of service providers for Bertrams Multipurpose	Completed	
33	Appointment of service providers for Security Services	Completed	

TABLE 50 : 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 process/focus area is of an adequate standard.</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 under review is exposed.	<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>
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## SECTION 2: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS

The table below provides performance on resolving audit findings raised by from 2013/14 to 2020/21.

**TABLE 51: 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	0	58	58
2017/18	2	38	40
2018/19	1	32	33
2019/20	2	18	20
2020/21	14	10	24
2021/22	45	9	54
<b>Total</b>	<b>65</b>	<b>228</b>	<b>293</b>
<b>Percentage</b>	<b>22%</b>	<b>78%</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 performance on resolving audit findings raised by AGSA in the past 6 years:

TABLE 52: AUDITOR GENERAL FINDINGS

Financial Period	Total Unresolved Findings	Total Resolved Findings	Total Findings
2014/15	0	11	11
2015/16	0	34	34
2016/17	0	6	6
2017/18	1	4	5
2018/19	0	5	5
2019/20	0	21	21
2020/21	7	4	11
<b>Total</b>	<b>8</b>	<b>85</b>	<b>93</b>
<b>Percentage</b>	<b>9%</b>	<b>91%</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.

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

Note The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all Municipalities. MSA Section 45 states that the results of performance measurement must be audited annually by the Auditor-General.

TABLE 53: AUDIT OPINIONS

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Audit opinion	Unqualified	Clean	Clean	Clean	Clean	Clean	Unqualified	Unqualified	Unqualified

## SECTION 6: HISTORICAL AUDIT FINDINGS AND REMEDIAL ACTION

In 2020/21, the JDA received an unqualified audit opinion. The Auditor-General also identified areas of improvement for management. Recommendations included improved non-financial performance information controls and reporting. Remedial action has since been taken. This include holding monthly Operation Clean Audit meetings (OPCA) where progress on resolution of Audit Findings is reported.

## APPENDICES

### APPENDIX A: BOARD OF DIRECTORS; COMMITTEE ALLOCATION AND ATTENDANCE

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 of JDA's Board Committees are chaired by non-executive directors. JDA monitors overall performance.

#### ***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 54: BOARD AND BOARD COMMITTEE MEETINGS & ATTENDANCE (15 FEBRUARY 2022 TO 30 JUNE 2022)

Name	Board				Audit & Risk Committee				Social & Ethics/ HR & Remuneration Committee				Development & Investment Committee			
	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent
Lionel Brenner	3	3	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2	2	0	0
Mthobisi Malinga	3	3	0	0	2	2	0	0	1	1	0	0	N/A	N/A	N/A	N/A
Ntona Morata	3	3	0	0	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Anchen Dreyer	3	3	0	0	N/A	N/A	N/A	N/A	1	1	0	0	N/A	N/A	N/A	N/A
Neo Ntingane	3	3	0	0	N/A	N/A	N/A	N/A	1	1	0	0	N/A	N/A	N/A	N/A
Christopher Whittle	3	3	0	0	2	2	0	0	N/A	N/A	N/A	N/A	2	2	1	0
Phathutshedzo Raphalalani	3	3	0	0	N/A	N/A	N/A	N/A	1	1	0	0	2	2	0	0
Lindelani Matshidze	3	3	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2	2	0	0
Didibuku Thwala	3	3	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2	2	0	0
Nosipho Ngaka	N/A	N/A	N/A	N/A	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kwena Mashiane	N/A	N/A	N/A	N/A	2	1	1	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
John Mendelsohn (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

TABLE 59: BOARD AND BOARD COMMITTEE MEETINGS & ATTENDANCE (01 JULY 2021 TO 11 FEBRUARY 2022)

Name	Board				Audit & Risk Committee				Social & Ethics/ HR & Remuneration Committee				Development & Investment Committee			
	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent
Kevin Phaahla	6	4	2	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	0	0
Mongezi Ntanga	6	6	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	0	0
Thabo Motloun	6	6	0	0	5	5	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Khanyisa Marawu	6	6	0	0	N/A	N/A	N/A	N/A	2	2	0	0	N/A	N/A	N/A	N/A
Tahir Tebogo Maepa	6	6	0	0	N/A	N/A	N/A	N/A	2	2	0	0	1	1	0	0
Mpho Lecoge	6	6	0	0	N/A	N/A	N/A	N/A	2	2	0	0	N/A	N/A	N/A	N/A
Tiyani Sambo <sup>1</sup>	6	5	1	0	5	5	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Velaphi Ntshangase	6	6	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	0	0
Sandile Ndlungwane	6	6	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	0	0

<sup>1</sup> No fee is payable due to member is under the employment of the state.

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
Nomakhosazana Ella Veyi	6	6	0	0	N/A	N/A	N/A	N/A	2	2	0	0	N/A	N/A	N/A	N/A
Sue NK Mokoena	6	6	0	0	N/A	N/A	N/A	N/A	2	2	0	0	N/A	N/A	N/A	N/A
Sandra Kocketso Sibuyi	6	6	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	5	5	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	5	4	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	5	5	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Farida Alidi (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	5	4	1	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A



## APPENDIX B: COMMITTEE AND COMMITTEE PURPOSE

### 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
- Human Resources and Remuneration Committee/Social and Ethics Committee

Each committee composition is as follows:

**TABLE 52: AUDIT AND RISK COMMITTEE**

Composition	Mandate
Ntona Marota (Chairperson) Mthobisi Malinga Christopher Whittle Nosipho Ngaka Kwena Mashiane John Mendelson	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: <ul style="list-style-type: none"> <li>• Reviewing JDA's internal controls, publishing financial reports for statutory compliance and against standards of best practice, and recommending appropriate disclosures to the Board.</li> <li>• To provide reasonable assurance to the external auditors that control procedures are in place and are being followed.</li> <li>• Reviewing the half-yearly and annual financial statements before submission to the Board, focusing particularly on any changes in accounting policies and practices.</li> </ul>

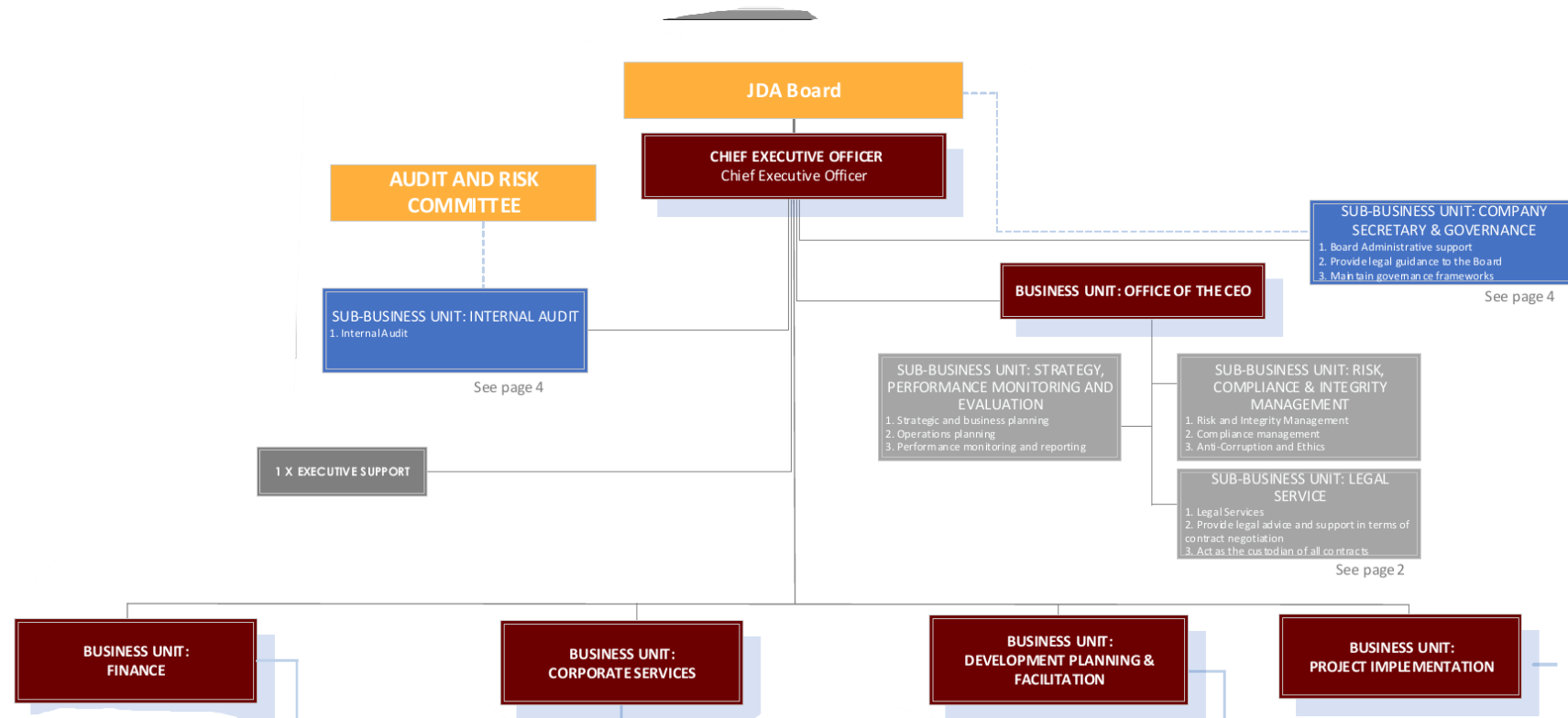
**TABLE 53: DEVELOPMENT AND INVESTMENT COMMITTEE**

Composition	Mandate
Lindelani Matshidze (Chairperson) Lionel Brenner Didibuku Thwala Phathutshedzo Raphaelalani Christopher Whittle	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.

**TABLE 54: SOCIAL AND ETHICS, HUMAN RESOURCES AND REMUNERATION COMMITTEE**

Composition	Mandate
Neo Ntingane (Chairperson) Anchen Dreyer Phathutshedzo Raphaelalani Mthobisi Malinga	The Social and Ethics Committee is 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 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. Committee is responsible for evaluating development proposals to make recommendations for approval to the Board. This entails examining risks associated with the proposed projects such as the financing, returns and projects risk profiles.

## APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE



## APPENDIX D: FUNCTIONS OF ENTITY

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

## APPENDIX G: RECOMMENDATIONS OF THE AUDIT AND RISK COMMITTEE

TABLE 55: AUDIT AND RISK COMMITTEE RECOMMENDATIONS

Date of committee	Committee recommendations during 2021/22	If recommendations adopted, enter Yes. If not adopted, provide an explanation
9 July 2021	CFO's Report for the year ended 30 June 2021	The Committee noted the report.
	Operation Clean Audit (OPCA) Steering Committee Progress report	The Committee noted the report.
	Fourth Quarter Performance report	Yes
	Internal Audit Progress Report	The Committee noted the report.
	Internal Audit Reports: Consolidated report regarding completed audits (9 supplementary reports).  Completed audits and related findings were in relation to the following: <ul style="list-style-type: none"> <li>- Cyber Security</li> <li>- Payroll and leave management</li> <li>- Enterprise-wide Risk Management and Management of Strategic Risk register</li> <li>- Budget and Expenditure Management</li> <li>- Supply Chain Management Process</li> <li>- Operational Plan Process Review Q1 and Q2</li> <li>- Contract Management</li> </ul>	The Committee noted the report
	Internal Audit Reports: Consolidated report on Probity Audits for Bids above R5 million (5 Reports were annexed) <ul style="list-style-type: none"> <li>- Appointment of the 7CE contractors – Panel of main contractors</li> <li>- Appointment of the 7GB contractors – Panel of main contractors</li> <li>- Appointment of the 8CE contractors – Panel of main contractors</li> <li>- Appointment of the 8GB contractors – Panel of main contractors</li> <li>- Appointment of the Main Contractor – for the construction of Our City Block round two project.</li> </ul>	The Committee noted the report.
	Internal Audit Charter	The Committee approved the Internal Audit Charter.
	Internal Audit Manual	The Committee approved the Internal Audit Manual.
	Quality Assurance and Improved Programme	The Committee approved the report on quality assurance and improved programme.
	Cloud Policy	Yes The Committee wished to alert the Board that given its limited knowledge on ICT related matters it would have been ideal to have another member with ICT background as the Committee had previously requested and written accordingly to the Shareholder.

Date of committee	Committee recommendations during 2021/22	If recommendations adopted, enter Yes. If not adopted, provide an explanation
30 July 2021	Audit and Risk Committee Charter	Yes.
	JDA Financial Policy	No.  The Policy was deferred to the planned Board Strategic Planning to address the issue of charging interest to Client Departments for late settlement of JDA claims.
	Supply Chain Management Policy	Yes.
	JDA Asset Management Policy	Yes.
	Travel and Subsistence Policy	Yes.
	Internal Audit Plan	No  <ul style="list-style-type: none"> <li>- the Committee could not approve a plan with unconfirmed budget with a hope that it may be made available at a later stage.</li> <li>- the Committee could not approve a plan knowing that internal audit is under resourced to undertake audits as planned</li> <li>- internal audit plan should be referred back for streamlining; and Internal Audit should undertake prioritisation of the audits in the plan and particularly based on the AG's findings and then adjust the budget and adjust the plan once the budget was made available</li> <li>- Internal Audit Plan be deferred to the next quarterly Committee meeting</li> <li>- audits on AFS, Annual Report and Commitments should be carried out in the meanwhile</li> </ul> <p>The Committee deferred the Internal Audit Plan to the next Committee quarterly meeting.</p>
	Internal Audit Operational Plan	The report was deferred to the next Committee quarterly meeting.
	IT Steering Committee Progress Report	The Committee noted the report.
	ICT Operations Report	The Committee noted the report.
	Q4 Risk & Compliance Report	The Committee noted the report.
	Risk & Compliance Implementation Plan	The Committee approved the Risk & Compliance Implementation Plan
	Risk Management Policy	Yes.
	Risk Management Framework	The Committee approved the Risk Management Framework.
	Risk Management Strategy	The Committee approved the Risk Management Strategy
	Risk Appetite and Tolerance Framework	The Committee approved the Risk Appetite and Tolerance Framework.
	SCM Risk Tolerance Framework	The Committee approved the SCM Tolerance Framework.
	Whistle Blowing Policy	Yes.
23 August 2021	AGSA Engagement Letter	The Committee noted AGSA Engagement Letter.
	AGSA Audit Strategy	The Committee noted AGSA Audit Strategy.
	CEO's Report	The Committee noted the CEO's report.
	Unaudited Annual Financial Statements	Yes.
	Unaudited Integrated Annual Report	Yes.
	Internal Audit Plan	The Committee approved the Internal Audit Plan.
	Internal Audit Operational Plan	The Committee noted Internal Audit Operational Plan.
07 October 2021	2021/22 First Quarter Report	Yes.
	Internal Audit Progress Report	The Committee noted the report.

	<p>Completed Internal Audits during the 1<sup>st</sup> Quarter.</p> <p>A summary of completed audits were on the following:</p> <ul style="list-style-type: none"> <li>- Commitment Schedule</li> <li>- Annual Financial Statements</li> <li>- Annual Report</li> <li>- Financial Discipline Review</li> <li>- Supply Chain Management</li> <li>- ITGC</li> <li>- Data Analytics</li> <li>- Q4 Performance of Information</li> </ul>	The Committee noted the report.
	Follow up report on Internal and External Audit Findings.	The Committee noted the report.
26 November 2021	AGSA Management Letter	Yes
	Draft AGSA Audit Report	Yes.
	2020/21 Audited Annual Financial	Yes.
	2020/21 Audited Integrated Annual Report	Yes.
11 January 2022	Mid-Year Performance Report	Yes
05 April 2022	Audit & Risk Committee Charter	Yes.
	CFO's Report	The Committee noted the report.
	Third Quarter Performance Report	Yes.
	Adjusted Scorecard	Yes.
	<p>Internal Audit Reports:</p> <ul style="list-style-type: none"> <li>- Internal Audit Progress report</li> <li>- Internal Audit Completed reports</li> <li>- Revised Annual Internal Audit Plan</li> <li>- Request to Defer Planned Audits</li> </ul>	The Committee noted the reports.
	Risk & Compliance Q3 report	The Committee noted the report
	JDA Strategic Risk Register 2022/23	The Committee noted the report.
	ICT Progress report	The Committee noted the report.
20 June 2022	2022/23 JDA's Business Plan	Yes.
	<p>Finance Policies Review</p> <ul style="list-style-type: none"> <li>- Finance Policy</li> <li>- Asset Management Policy</li> <li>- Travel and Subsistence Policy</li> </ul>	Yes.
	Supply Chain Management Policy Review	Yes.
	Enterprise Risk Management Framework	Yes.
	Email and Internet Policy Review	Yes.

Date of committee	Committee recommendations during 2020/21	If recommendations adopted, enter Yes. If not adopted, provide an explanation
	Cover Letter & Internal Audit Charter 2020/21	Approved
	Cover Letter & Internal Audit Operational Plan 2020/21	Approved
	Internal Audit Reports: Q4 Performance Information Contract Management Financial Review Report	The Committee noted the report accordingly
08 October 2020	2020/21 JDA Q1 Performance Report	Yes
21 October 2020	CFO's Q1 Report Operation Clean Audit (OPCA) progress report ITSC Progress Report	Reports were deferred to the next Committee meeting having added required information.
	JDA Overall Assessment on the Internal Control Environment for 2019/20	The Committee noted the report accordingly
	Internal Audit's Review of the Unaudited 2019/20 AFS	The Committee noted the report accordingly,
	Cover Report re: 2019/20 AFS	The Committee noted the report accordingly,
	Unaudited 2019/20 Annual Financial Statements	Yes
	Internal Audit's Review of the 2019/20 Integrated Annual Report	The Committee noted the report accordingly,
	Unaudited 2019/20 Integrated Annual Report	The Committee noted the report accordingly,
	AGSA Draft Management Report	Yes
	Draft Audit Report	Yes
	Finance Policies: Financial Policy and Asset Management Policy	Yes
	Supply Chain Management Policy	Yes
	Review of amendments to AFS and IA Post audit (Including amended 2017/18 Audited AFS and 2017/18 Audited Integrated Annual Report)	The Committee noted the report accordingly,
15 March 2021	JDA Mid-Year Scorecard Adjustment	Yes
	AGSA Management Letter	The Committee noted the report accordingly,
	Draft AGSA Audit Report	The Committee noted the report accordingly,
	2019/20 Annual Financial Statements Post Audit	Yes
23 April 2021	Third Quarter Performance Report	Yes
	Internal Audit Progress Report	The Committee referred the report back to management for them to provide reasons for deferring critical audits without the approval of the Audit and Risk Committee meeting. Should the reasons for deferring the audits be sound, then the impact and risks associated with such deferment should be highlighted to the Committee.
	Internal Audit Reports on Review of Tenders Above R5 million	The Committee noted the report accordingly,
	Internal Quality Assessment Review	The Committee noted the report accordingly,

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

TABLE 56: SCHEDULE OF CONTRACTS OVER R10 MILLION AND RUNNING FOR MORE THAN ONE FINANCIAL YEAR:

Long-term contracts for 2021/22					
Name of service provider (entity or municipal department)	Description of services rendered by the service provider	Start date of contract	Expiry date of contract	Project manager	Contract value
Urban Soup Consulting	Jack Mincer PTF	20- Aug-2021	36 Months	Portfolio C	R 9 656 970,19
GVK Siya Zama Building Contractors	Construction of Bertram's Multipurpose Centre	31-Mar-22	Until Completion	Portfolio B	R 35 527 904,74
BMK Group	BRT Stations 8 and 15 CCC and Guard	18-Feb-22	36 Months	Portfolio C	R 12 504 468,97
Lamela Consulting	Jack Mincer PTF	20 -Aug-2021	36 Months	Portfolio C	R 13 066 981,88
Civmaq and Round Rock JV	Rosebank Main Contractor	17-May-22	Until Completion	Portfolio C	R 13 233 754,28
Pro-power group	Refurbishment of the Carr Street Taxi Rank	17-May-22	Until Completion	Portfolio C	R 16 218 626,46
Pro Power Group	Kaalfontein MPC	10-Mar-22	Until Completion	Portfolio B	R 18 970 699,29
MacP Constructionn	Soweto Stations NMT Stations Links (Chiawelo)	16-May-22	Until Completion	Portfolio C	R 21 883 757,58
DKPB Construction	Repair and Resurfacing of Braamficherville	25-May-22	Until Completion	Portfolio B	R 23 171 188,78
Halifax Road-Tech JV	Turffontein Complete Street	17-Mar-22	Until Completion	Portfolio C	R 24 179 103,50
HBC Conbstruction	Repairs and maintenance Social Development	09-Jun-22	Until Completion	Portfolio B	R 25 751 098,28
JR Sekwele and Associates	Repairs and maintenance Comdev	09-Jun-22	Until Completion	Portfolio B	R 30 171 363,81
Nsovo Construction	Deep South Complete Street	17-Mar-22	Until Completion	Portfolio C	R 30 667 826,50
Gochi Trading	Construction of Bulk Stormwater Upgrade Orange Farm Ward 4	31-Mar-22	Until Completion	Portfolio B	R 38 174 718,26
GVK Siyazama	Replacement of contractor for the construction of naledi clinic	25-May-22	Until Completion	Portfolio B	R 39 956 000,00
Halifax Agisanang JV	Yetta Nathan Community Centre	10-Mar-22	Until Completion	Portfolio B	R 41 594 075,16
Big O Engineering	Matholesville MPC: Main Contractor	22 June 2022	Until Completion	Portfolio B	R41 648 400.00
Abram Mashego Tim Mas	Rehabilitation and upgrade of the Eastern Stormwater Channel in Orange Grove:	29-Jun-2022	Until Completion	Portfolio A	R53 533 834,40
KPA Civils	Construction of Bulk Stormwater Upgrade Orange Farm Ward 3	31-Mar-22	Until Completion	Portfolio B	R 59 940 377,38
GVK Siyazama	Klipfontein Wellness Centre	17-Sept-2021	Until completion	Portfolio B	R 141 371 541,00
Zidlaphi Kgomo and Associates CC	Construction of Ivory Park Public Environment Upgrade (Dlamini Street)	17-Dec-21	Until completion	Portfolio B	R 29,781,362.00



Name of service provider (entity or municipal)	Description of services rendered by the service	Start date of contract	Expiry date of contract	Project manager	Contract value
Yahwe 1 Construction	Construction of Turffontein Clinic	21 June 2021	30 September 2022	Portfolio B	R44,891,114.81
Mac P Construction	Construction of Roads and Stormwater in Stretford Ext 6 and 9 Ward 1	21 June 2021	31 January 2022	Portfolio B	R31,644,967.46
Dwellers Trading and Projects	Balfour Park Precinct Student Promenade	22 June 2021	22 January 2022	Portfolio A	R15,876,444.73
BopCons Devtech JV	5th Road Bridge Project	22 June 2021	22 March 2022	Portfolio A	R10,682,940.77
A&P Trading and Projects	Modderfontein Bridge	22 June 2021	22 August 2021	Portfolio A	R33,827,394.50
Gochi Trading	Construction of Roads and Stormwater Upgrades in Ward 131 Stretford Extension 2 & 10	24 June 2021	31 January 2022	Portfolio B	R26,457,830.45
Ayezwa Trading and Projects	Construction of roads and stormwater upgrades in Orange Farm Ext 8, Ward 4	24 June 2021	31 January 2022	Portfolio B	R34,632,660.64
Linomtha Boleng JV	Construction of Roads and Stormwater Upgrades in Orange Farm Ext 7, Ward 3	21 June 2021	31 January 2022	Portfolio B	R 56,826,260.55
Izicwe Consulting	Kya Sands Super Stop & Holding Facility	21 June 2021	31 January 2022	Portfolio C	R18 949 283.00
Isizwe Building Construction	Construction of Roads and Stormwater upgrades in Drieziek, Ward 5	21 June 2021	31 January 2022	Portfolio B	R41,805,741.59
KPA Civils	Construction of Roads and Stormwater upgrades in Lakeside Extension 2, Ward 2	21 June 2021	31 January 2022	Portfolio B	R24,182,496.07

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

## APPENDIX I: MUNICIPAL ENTITY PERFORMANCE SCHEDULE

The City has thirteen entities that act as service delivery agents for the City. The entities are governed through a Service Delivery Agreement and remain fully controlled by the Metropolitan Council.

The mandate of the JDA<sup>28</sup> is:

- The JDA is responsible for stimulating and supporting area-based economic development initiatives throughout the Johannesburg metropolitan area in support of the long-term Growth and Development strategy.

TABLE 57: ALIGNMENT OF JDA MANDATE WITH IDP PROGRAMMES

MPG Strategic Priorities	MPG Priority Programmes	Matching JDA Programme/s	JDA Sub-Programme/s
<ul style="list-style-type: none"> <li>• Getting the basics right</li> <li>• A caring city</li> <li>• A smart city</li> </ul>	<ul style="list-style-type: none"> <li>• Holistic infrastructure strategy</li> <li>• Consistent support of marginalized communities.</li> <li>• A smart city that embraces ICT innovation as a force for good</li> </ul>	1. Strategic Economic Node Delivery Programme.	<ul style="list-style-type: none"> <li>• 1A: Inner City Transformation Sub-Programme.</li> <li>• 1B: Economic Node Sub-Programme.</li> </ul>
<ul style="list-style-type: none"> <li>• A well-run city</li> <li>• A business-friendly city</li> <li>• A smart</li> </ul>	<ul style="list-style-type: none"> <li>• A financial sustainable city</li> <li>• Improving and strengthening the city's financial position through prudent financial management practices</li> <li>• Zero tolerance to corruption</li> <li>• Safe and reliable transport systems</li> <li>• Improve supply chain management and accountability through the open tender system and smart apps</li> </ul>	2. Accelerated infrastructure Delivery Programme.	<ul style="list-style-type: none"> <li>• 2A: Deprivation Areas Revitalization Sub-Programme.</li> <li>• 2B: Urban Infrastructure Delivery Sub-Programme.</li> </ul>
<ul style="list-style-type: none"> <li>• A business friendly city</li> <li>• A smart city</li> <li>• A well -run city</li> </ul>	<ul style="list-style-type: none"> <li>• Fair access to EPWP opportunities and fair allocation of local contracts through an audited electronic system</li> <li>• Revitalize all CBDs through central improvement Districts, investment incentives, property releases, and urban upgrades.</li> </ul>	3. Economic Empowerment Programme.  4. Good Governance, Management and Administration Programme.	<ul style="list-style-type: none"> <li>• BBBEE.</li> <li>• EPWP.</li> <li>• SMME procurement</li> </ul>

## APPENDIX J: DISCLOSURE OF FINANCIAL INTEREST

### *Directors' and employees' declarations of interest*

Following its code of conduct, which is consistent with schedule 1 of the Municipal Systems Act and the provisions of the CoJ Corporate Governance Protocol for Municipal Entities, the JDA maintains a register of directors' declarations of interests. The register is updated annually and as and when each director's interests have changed. The JDA ensures that a conflict-of-interest register is also circulated at every Board and Board committee meeting for the directors to declare any interests to any matter that is to be discussed at a particular meeting.

All JDA employees are required to fill in declarations of interest covering shareholding in private companies, membership of close corporations, directorships held, partnerships and joint ventures, remunerative employment outside of the JDA, gifts and hospitality and the status of their municipal accounts. The employees' declaration of interests was undertaken in 2021/22.

**TABLE 59: AMOUNTS OWED BY THE JDA FOR SERVICE CHARGES**

Name of entity	Amount owed	Status	Comments
Johannesburg Water	Nil	Up to date	N/A
City Power	Nil	Up to date	N/A
City of Johannesburg	R4.4 million	Up to date	N/A

**TABLE 60: ASSESSMENT OF DIRECTORS' AND SENIOR MANAGERS' MUNICIPAL ACCOUNTS**

Name	Designation	Name of municipality	Municipal account name/number	Status from 1 July 2021 to 15 February 2022	Comments
K Phaahla	Non-executive Director	City of Johannesburg	403818494	Nil	Account paid up
M Ntanga	Non-executive Director	City of Johannesburg	403862542	Nil	Account paid up
T Motloung	Non-executive Director	City of Johannesburg	2100216375	Nil	Account paid up
K Marawu	Non-executive Director	-	n/a	n/a	n/a
T Maepa	Non-executive Director	City of Tshwane	5007690664	Nil	Account paid up
M Lecoge	Non-executive Director	-	n/a	n/a	n/a
T Sambo	Non-executive Director	City of Johannesburg	901066046	Nil	Account paid up
V Ntshangase	Non-executive Director	City of Johannesburg	554908862	Nil	Account paid up
S Ndlungwane	Non-executive Director	City of Johannesburg	504001229	Nil	Account paid up
N Veyi	Non-executive Director	City of Johannesburg	501444769	Nil	Account paid up
S Mokoena	Non-executive Director	-	n/a	n/a	n/a
S Sibuyi	Non-executive Director	-	n/a	n/a	n/a

Name	Designation	Name of municipality	Municipal account name/numb	Status from 1 July 2021 to 15 February 2022	Comments
L Brenner	Non-executive Director	City of Johannesburg	206777288	Nil	Account paid up
N Ntingane	Non-executive Director	City of Johannesburg	201644728	Nil	Account paid up
C Whittle	Non-executive Director	City of Johannesburg	5012604724/ 5017479260	Nil	Account paid up
L Mashidze	Non-executive Director	City of Johannesburg	556540214	Nil	Account paid up
M Malinga	Non-executive Director	-	n/a	n/a	n/a
P Raphalalani	Non-executive Director	City of Tshwane	01934	Nil	Account paid up
N Marota	Non-executive Director	City of Johannesburg	2103933196	Nil	Account paid up
A Dreyer	Non-executive Director	City of Johannesburg	207453568	Ni	Account paid up
D Thwala	Non-executive Director	City of Johannesburg	800156046	Nil	Account paid up

**TABLE 61: DISCLOSURES OF FINANCIAL INTERESTS PERIOD 1 JULY 2021 TO 15 FEBRUARY 2022**

Position	Name	Description of financial interests (Nil or details)
NED	K Phaahla	Directorship: 1. Information Tech
	M Ntanga	Directorship: 1. Ntanga Nkuhlu Incorporated 2. Khumo Star (Pty) Ltd 3. Trustee at KTVR Trust
	T Motloun	Directorship: 1. Batloun 2. TNT 3. TBOS Investment Holding
	K Marawu	Directorship: 1. Volvo Group SA
	T Maepa	Nil
	M Lecoge	Nil
	T Sambo	Nil
	V Ntshangase	Directorship: 1. Fumbarela NPC 2. Intuthuko NPC

TABLE 62: DISCLOSURES OF FINANCIAL INTERESTS PERIOD 15 FEBRUARY 2021 TO 30 JUNE 2022

Position	Name	Description of financial interests (Nil or details)
NED	L Brenner	Directorship: 1. Oystercatcher Aquaculture (Pty) Ltd (Algae Cultivation) 2. Greenshoots Resource Management (Pty) Ltd (Renewable Energy) 3. Dalist (Pty) Ltd (Dormant) 4. Brenner Consulting (Dormant)
	N Ntingane	Directorship: Centlec (Municipal Entity)
	C Whittle	Nil
	L Matshidze	Directorship: 1. LM ADVISORY (Pty) Ltd 2. INFRAGAP (Pty) Ltf
	M Malinga	Directorship: 1. Tswelopele Hub - K2021986891 (non-profit company – training) 2. Sandridge 256 - K2021357300 (investment) 3. La Malinga Farmer - K2020751141 (investment) 4. Equitable Bloem Property Group - K2020740894 (dormant) 5. MMBB Farmers - K2018083233 (investment) 6. Passive Investment Group - K2017389815 (investment) 7. NM Professional Services - K2015276920 (dormant) 8. K2015277020 (South Africa) - K2015277020 (dormant) 9. Rendition Communications - K2014211887 (dormant) 10. Open Circle Media - K2022246796 (Photography and Videography)
	P Raphalalani	Nil
	N Marota	Nil
	A Dreyer	Nil
	D Thwala	Directorship: 1. BASWA Electro Civils (Consulting) 2. Luvatsi Consultant (Consulting) 3. Serena (Consulting) 4. Green Energy Project Initiatives (NGO)



**Johannesburg Development Agency (SOC) Ltd**  
**Annual financial statements**  
**for the year ended 30 June 2022**

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## General Information

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<b>COUNTRY OF INCORPORATION AND DOMICILE</b>	South Africa
<b>NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES</b>	Regenerating the City of Johannesburg through facilitating and/or investing in development projects.
<b>CHIEF EXECUTIVE OFFICER (CEO)</b>	M Mongane
<b>CHIEF FINANCE OFFICER (CFO)</b>	S Moonsamy
<b>DIRECTORS</b>	L Brenner (Chairperson)  L Matshidze C Whittle M Phathutshedzo N Ntingane S Marota A Dreyer M Malinga W Thwala
<b>REGISTERED OFFICE</b>	The Bus Factory 3 Helen Joseph Street Newtown Johannesburg 2000
<b>BUSINESS ADDRESS</b>	The Bus Factory 3 Helen Joseph Street Newtown Johannesburg 2000
<b>POSTAL ADDRESS</b>	P O Box 61877 Marshalltown Johannesburg 2001
<b>CONTROLLING ENTITY</b>	The City of Johannesburg Metropolitan Municipality incorporated in South Africa
<b>BANKERS</b>	Standard Bank of South Africa Limited
<b>AUDITORS</b>	Auditor-General of South Africa
<b>SECRETARY</b>	R Shirinda



# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

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

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### ACRONYMS

COID	Compensation for Occupational Injuries and Diseases
CJMM	City of Johannesburg Metropolitan
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
JDA	Johannesburg Development Agency
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Directors' Responsibilities and Approval

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The directors are required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the directors to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal controls aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The directors have reviewed the entity's cash flow forecast for the year to 30 June 2023 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

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

The annual financial statements set out on pages 7 to 63, which have been prepared on the going concern basis, were approved by the directors on 29 November 2022 and were signed on its behalf by:



L Brenner (Chairperson)



M Mongane (Chief Executive Officer)

Newtown, Johannesburg

Tuesday, 29 November 2022

**JOHANNESBURG DEVELOPMENT AGENCY (SOC) LTD**  
**AUDIT AND RISK COMMITTEE REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

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We are pleased to present the Audit and Risk Committee Report of the JDA for the financial year ended 30 June 2022 in compliance with the Companies Act and the requirements of the MFMA. The Committee has been appointed and has adopted terms of reference that comply with the Companies Act, King Code and MFMA (where applicable to the JDA). These terms have been approved by the JDA Board of Directors, copies of which are available from the Company Secretary on request.

**1. Audit and Risk Committee Responsibility**

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

1.2 For the financial year ended 30 June 2022, the ARC conducted and/or reviewed the following:

- Separate meetings with the assurance providers;
- Quarterly Financial and Performance Reports;
- Enquired about the competence and capacity of the Finance function;
- Unaudited Annual Financial Statements before submission to the Auditor-General of South Africa (AGSA);
- The Annual Report and report on predetermined objectives prior to submission to the AGSA;
- Deliberations on the appropriateness of Accounting Policies and Procedures;
- The effectiveness of the system of Risk Management including Fraud Prevention and related plan;
- Compliance with relevant laws and regulations;
- The system of IT Governance;
- The plans, work and reports of the Internal Audit function ("IA");
- The IA audit three-year plan and yearly operational plan;

- The IA reports and its outcomes; and
- The AGSA's report and audit opinion.

## 2. **Audit and Risk Committee members and attendance**

- 2.1 The Audit and Risk Committee consists of the members listed here under and should meet not less than 4 times per annum as per its approved terms of reference. During the financial year seven (7) [five pre-AGM and two post AGM] meetings were held.

Name	Position	No. of Meetings attended
N Marota (Appointed 15 February 2022)	Chairperson	2
M Malinga (Appointed 15 February 2022)	Board Member	2
C Whittle (Appointed 15 February 2022)	Board Member	2
N Ngaka (Appointed 15 February 2022)	Independent Member	2
K Mashiane (Appointed 15 February 2022)	Independent Member	2
J Mendelsohn (Appointed 15 February 2022)	Independent Member	2
T Sambo (Retired 15 February 2022)	Chairperson	5
T Motloung (Retired 15 February 2022)	Board Member	5
V Vena (Retired 15 February 2022)	Independent Member	5
T Makofane (Retired 15 February 2022)	Independent Member	4
K Onuoka (Retired 15 February 2022)	Independent Member	5
F Alidi (Retired 15 February 2022)	Independent Member	4

## 3. **The effectiveness of Internal Control**

- 3.1 The system of internal controls applied by the entity over financial and risk management is effective, efficient and transparent. In line with the MFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the Audit and Risk Committee and management with assurance that the internal controls are appropriate, adequate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.
- 3.2 From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the AGSA, matters were reported that indicates material deficiencies in the system of internal control or any deviations

thereof. Except for these reported deficiencies, the system of internal control over financial reporting for the period under review was efficient and effective.

#### **4. Evaluation of Financial Statements**

##### **4.1 The Audit and Risk committee has:**

- Reviewed and discussed the unaudited annual financial statements to be included in the annual report, with the AGSA and the directors;
- Reviewed the AGSA's management report and management's response from the prior year thereto;
- Reviewed changes in accounting policies and practices; and
- Reviewed the entities compliance with legal and regulatory provisions.

#### **5. Internal Audit Effectiveness**

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

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

#### **6. Risk Management**

##### **6.1 The Audit and Risk Committee has:**

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

**7. Governance and Ethics**

- 7.1 The JDA has adopted corporate governance principles applicable to the Public Sector including the King Code.

**8. Conclusion**

- 8.1 The Audit and Risk Committee concurs with the audit opinion of the AGSA and noted the regression in instances of non-compliance with key legislation.
- 8.2 The Audit and Risk Committee wishes to express its appreciation to the management of the JDA, the AGSA and Internal Audit who assisted the committee in executing its functions effectively.



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**Mr Ntona Marota**

Chairperson of the ARC

Date: 30 November 2022



## **Report of the Auditor General**

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

**Auditor-General of South Africa**

**29 November 2022**

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Directors' Report

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The directors submit their report for the year ended 30 June 2022.

### 1. INCORPORATION

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

### 2. REVIEW OF ACTIVITIES

#### Main business and operations

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

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

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

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

Net deficit of the entity for the financial year is R31 787 858 (2021: deficit R17 082 565).

#### Fraud Hotline

As part of its endeavours to curb fraud and corruption in its activities, the entity maintains an anti-corruption Anonymous Tip-off Hotline which is managed by the City of Johannesburg Metropolitan Municipality. The JDA encourages all its stakeholders to use the Hotline to report incidents of fraud, corruption and maladministration. For the period under review the JDA received six tip-offs (2021: two tip-offs) from members of the public. The detail of the cases are as follows:

#### 2022

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

#### 2021

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

### 3. GOING CONCERN

We draw attention to the fact that at 30 June 2022, the entity had an accumulated surplus (deficit) of R 18 770 162 and that the entity's total assets exceed its liabilities by R 35 047 786.

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



# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Directors' Report

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

### 4. EVENTS AFTER THE REPORTING DATE

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

### 5. CONTINGENT LIABILITIES

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

### 6. FRUITLESS AND WASTEFUL EXPENDITURE

The organisation had incurred fruitless and wasteful expenditure in the current year to the value of R9,680,907. Details of the fruitless and wasteful expenditure incurred is disclosed in Note 37.

### 7. IRREGULAR EXPENDITURE

The organisation had incurred irregular expenditure in the current year to the value of R187,542,093 as disclosed in Note 38 .

### 8. ACCOUNTING POLICIES

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

### 9. SHARE CAPITAL / CONTRIBUTED CAPITAL

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

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

### 10. DIRECTORS' PERSONAL FINANCIAL INTERESTS

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

### 11. DIRECTORS

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

Name	Nationality	Changes
KM Phaahla (Chairperson)	South African	Resigned Tuesday, 15 February 2022
M Ntanga	South African	Resigned Tuesday, 15 February 2022
N Motaung	South African	Resigned Tuesday, 15 February 2022
K Marawu	South African	Resigned Tuesday, 15 February 2022
T Sambo	South African	Resigned Tuesday, 15 February 2022
S Moonsamy (Chief Financial Officer)	South African	
M Lecogo	South African	Resigned Tuesday, 15 February 2022
TT Maepa	South African	Resigned Tuesday, 15 February 2022
M Mongane (Chief Executive Officer)	South African	Appointed Friday, 05 August 2022
V Ntshangase	South African	Resigned Tuesday, 15 February 2022
SK Sibuyi	South African	Resigned Tuesday, 15 February 2022
SS Ndlungwane	South African	Resigned Tuesday, 15 February 2022
NE Veyi	South African	Resigned Tuesday, 15 February 2022
SNK Mokoena	South African	Resigned Tuesday, 15 February 2022
T Mvundle	South African	Resigned Tuesday, 15 February 2022

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Directors' Report

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L Brenner (Chairperson)	South African	Appointed Tuesday, 15 February 2022
L Matshidze	South African	Appointed Tuesday, 15 February 2022
N Ntingane	South African	Appointed Tuesday, 15 February 2022
S Marota	South African	Appointed Tuesday, 15 February 2022
A Dreyer	South African	Appointed Tuesday, 15 February 2022
M Malinga	South African	Appointed Tuesday, 15 February 2022
W Thwala	South African	Appointed Tuesday, 15 February 2022
M Phathutshedzo	South African	Appointed Tuesday, 15 February 2022, resigned Friday, 05 August 2022
C Whittle	South African	Appointed Tuesday, 15 February 2022

### 12. SECRETARY

The company secretary of the entity is R Shirinda of:

Business address

The Bus Factory  
3 Helen Joseph Street  
Newtown  
Johannesburg  
2000

Postal address

P O Box 61877  
Marshalltown  
Johannesburg  
2001

### 13. CORPORATE GOVERNANCE

#### General

The Board of directors are committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the directors supports the highest standards of corporate governance and the ongoing development of best practice.

The entity confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa. The directors discuss the responsibilities of management in this respect, at Board meetings and monitor the entity's compliance with the code, the Companies Act and MFMA on a quarterly basis.

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

#### Board of directors

The Board:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising:
  - nine non-executive directors (2021: twelve non-executive directors), all of whom are independent directors as defined in the Code. No director is a disqualified person in terms of Section 93F of the Municipal Systems Act; and
  - two executive directors (2021: two executive directors), the Chief Executive Officer and the Chief Financial Officer.
- has established a Board directorship training programme through the annual induction programme and attendance of applicable courses for directors with the Institute of Directors.

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Directors' Report

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### Board Chairperson and Chief Executive Officer

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

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

### HR and Remuneration/Social and Ethics Committee

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

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

### Development and Investment Committee

The members of the Development and Investment Committee are: Mr L Matshidze, Mr L Brenner, Mr D Thwala, Mr P Raphalalani and Mr C Whittle. The Chairperson of the Development and Investment Committee is Mr L Matshidze, who is a non-executive director. The Development and Investment Committee met on five occasions during period under review to review matters necessary to fulfil its role. During the year under review the changes in the committee included the retirements of Mr T Maepa, Mr K Phaahla, Mr V Ntshangase, Mr M Ntanga, Ms S Sibuyi and Mr S Ndlungwane and the appointment of Mr L Matshidze, Mr L Brenner, Mr D Thwala, Mr P Raphalalani and Mr C Whittle.

### Audit and Risk Committee

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

### 14. CONTROLLING ENTITY

The entity's controlling entity is CJMM incorporated in South Africa.

### 15. SPECIAL RESOLUTIONS

None.

### 16. BANKERS

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

### 17. AUDITORS

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

# **Johannesburg Development Agency (SOC) Ltd**

Annual Financial Statements for the year ended 30 June 2022

## **Directors' Report**

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### **18. INTERNAL AUDIT**

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

# **Johannesburg Development Agency (SOC) Ltd**

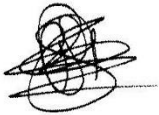
Annual Financial Statements for the year ended 30 June 2022

## **Company Secretary's Certification**

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### **Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act**

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.



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R Shirinda  
Company Secretary

Newtown, Johannesburg  
Tuesday, 29 November 2022



# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Statement of Financial Position as at 30 June 2022

Figures in Rand	Note(s)	2022	2021
<b>Assets</b>			
<b>Current Assets</b>			
Receivables from exchange transactions	3	687 532 457	585 590 127
VAT receivable	4	283 658 104	246 124 987
Prepayments	9	25 736 786	39 473 674
Cash and cash equivalents	5	375	639
		<b>996 927 722</b>	<b>871 189 427</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	6	7 099 829	6 168 207
Intangible assets	7	18 649 006	19 370 163
Deferred tax	8	3 619 326	3 634 555
		<b>29 368 161</b>	<b>29 172 925</b>
<b>Total Assets</b>		<b>1 026 295 883</b>	<b>900 362 352</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Loans from shareholders	10	625 061 656	271 557 891
Finance lease obligation	11	41 779	472 234
Payables from exchange transactions	12	307 583 778	450 916 627
Provisions	13	5 904 226	6 264 889
Project Funds Payable	14	34 557 784	81 656 924
		<b>973 149 223</b>	<b>810 868 565</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	11	-	41 779
Deferred tax	8	18 098 874	22 616 368
		<b>18 098 874</b>	<b>22 658 147</b>
<b>Total Liabilities</b>		<b>991 248 097</b>	<b>833 526 712</b>
<b>Net Assets</b>		<b>35 047 786</b>	<b>66 835 640</b>
Share capital / contributed capital	15	16 277 624	16 277 624
Accumulated surplus		18 770 162	50 558 016
<b>Total Net Assets</b>		<b>35 047 786</b>	<b>66 835 640</b>

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Rendering of services		68 096 591	74 845 550
Rental income	16	420 653	325 625
Sundry income	16	524 530	82 154
<b>Total revenue from exchange transactions</b>		<b>69 041 774</b>	<b>75 253 329</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants & subsidies	18	40 735 000	40 627 000
<b>Total revenue</b>	16	<b>109 776 774</b>	<b>115 880 329</b>
<b>Expenditure</b>			
Employee related costs	19	(73 945 664)	(78 590 972)
Administrative expenses	20	(167 706)	(112 302)
Depreciation and amortisation	21	(1 912 927)	(1 994 804)
Finance costs	22	(28 156 739)	(15 880 394)
Debt impairment	24	(289 007)	(16 729 513)
Loss on disposal of assets and liabilities	23	-	(103 028)
General Expenses	25	(24 952 904)	(22 239 481)
<b>Total expenditure</b>		<b>(129 424 947)</b>	<b>(135 650 494)</b>
<b>Deficit before taxation</b>		<b>(19 648 173)</b>	<b>(19 770 165)</b>
Taxation	26	(12 139 685)	2 687 600
<b>Deficit for the year</b>		<b>(31 787 858)</b>	<b>(17 082 565)</b>



# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Statement of Changes in Net Assets

	Share capital / Share premium contributed capital		Total share capital	Accumulated surplus	Total net assets
Figures in Rand					
<b>Balance at 01 July 2020</b>	<b>60</b>	<b>16 277 564</b>	<b>16 277 624</b>	<b>67 640 581</b>	<b>83 918 205</b>
Changes in net assets					
Surplus/(Deficit) for the year	-	-	-	(17 082 565)	(17 082 565)
Total changes	-	-	-	(17 082 565)	(17 082 565)
<b>Balance at 01 July 2021</b>	<b>60</b>	<b>16 277 564</b>	<b>16 277 624</b>	<b>50 558 020</b>	<b>66 835 644</b>
Changes in net assets					
Surplus/(Deficit) for the year	-	-	-	(31 787 858)	(31 787 858)
Total changes	-	-	-	(31 787 858)	(31 787 858)
<b>Balance at 30 June 2022</b>	<b>60</b>	<b>16 277 564</b>	<b>16 277 624</b>	<b>18 770 162</b>	<b>35 047 786</b>
Note(s)	15	15	15		

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Cash Flow Statement

Figures in Rand	Note(s)	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Grants		40 735 000	40 627 000
Other receipts incl. Tender fee income, rental income and sundry income		1 147 625	1 291 791
Cash receipts from CAPEX funding		1 148 895 830	1 337 198 258
		<u>1 190 778 455</u>	<u>1 379 117 049</u>
<b>Payments</b>			
Employee costs		(76 638 407)	(79 128 675)
Suppliers		(1 402 304 828)	(1 286 389 357)
Finance costs		1 031 418	-
Taxes paid		(16 641 951)	-
		<u>(1 494 553 768)</u>	<u>(1 365 518 032)</u>
<b>Net cash flows from operating activities</b>	28	<b><u>(303 775 313)</u></b>	<b><u>13 599 017</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	6	<u>(2 123 392)</u>	<u>(719 524)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Movement in Project Funds Payable		(47 099 140)	(2 693 371)
Proceeds of shareholders loan		353 503 765	(9 683 013)
Finance lease payments		(506 184)	(506 184)
<b>Net cash flows from financing activities</b>		<b><u>305 898 441</u></b>	<b><u>(12 882 568)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(264)</b>	<b>(3 075)</b>
Cash and cash equivalents at the beginning of the year		639	3 714
<b>Cash and cash equivalents at the end of the year</b>	5	<b><u>375</u></b>	<b><u>639</u></b>

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

### Statement of Financial Performance

#### Revenue

##### Revenue from exchange transactions

Rendering of services	82 096 000	(5 082 000)	<b>77 014 000</b>	68 096 591	<b>(8 917 409)</b>	43
Rental income	500 000	-	<b>500 000</b>	420 653	<b>(79 347)</b>	43
Sundry income	-	-	-	524 530	<b>524 530</b>	43
<b>Total revenue from exchange transactions</b>	<b>82 596 000</b>	<b>(5 082 000)</b>	<b>77 514 000</b>	<b>69 041 774</b>	<b>(8 472 226)</b>	

##### Revenue from non-exchange transactions

##### Transfer revenue

Government grants & subsidies	40 795 000	(60 000)	<b>40 735 000</b>	40 735 000	-	
<b>Total revenue</b>	<b>123 391 000</b>	<b>(5 142 000)</b>	<b>118 249 000</b>	<b>109 776 774</b>	<b>(8 472 226)</b>	

#### Expenditure

Employee related costs	(88 155 000)	2 811 000	<b>(85 344 000)</b>	(73 945 664)	<b>11 398 336</b>	43
Administration expenses	-	-	-	(167 706)	<b>(167 706)</b>	
Depreciation and amortisation	(3 165 000)	-	<b>(3 165 000)</b>	(1 912 927)	<b>1 252 073</b>	43
Finance costs	(6 864 000)	-	<b>(6 864 000)</b>	(28 156 739)	<b>(21 292 739)</b>	43
Debt Impairment	-	-	-	(289 007)	<b>(289 007)</b>	
General expenses	(25 207 000)	2 331 000	<b>(22 876 000)</b>	(24 952 904)	<b>(2 076 904)</b>	
<b>Total expenditure</b>	<b>(123 391 000)</b>	<b>5 142 000</b>	<b>(118 249 000)</b>	<b>(129 424 947)</b>	<b>(11 175 947)</b>	

#### Deficit before taxation

	-	-	-	<b>(19 648 173)</b>	<b>(19 648 173)</b>	
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#### Taxation

	-	-	-	12 139 685	<b>12 139 685</b>	
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#### Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement

	-	-	-	<b>(31 787 858)</b>	<b>(31 787 858)</b>	
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# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

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

These accounting policies are consistent with the previous period.

#### 1.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

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

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

#### 1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### a. Trade receivables and/or loans and receivables

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

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

##### b. Impairment testing

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

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, together with economic factors.

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.2 Significant judgements and sources of estimation uncertainty (continued)

#### c. Performance bonus

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

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

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

#### e. Effective interest rate

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

#### f. Allowance for impairment

On receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

#### g. Relationship with majority shareholder and classification as principal

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

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

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

#### h. Project funds payable

Funds held for the purchase of land was transferred to the project funds payable from the Funds Held by the City. BRT Land was identified and these will be purchased once all the necessary processes have been completed. The current year project funds payable is classified as current liabilities as these funds are repayable on demand. Refer to note 14 for details.

### 1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.3 Property, plant and equipment (continued)

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is unrecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the supply of services.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

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

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

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

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

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

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

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

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

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.3 Property, plant and equipment (continued)

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

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

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend previous estimate unless expectations differ from the previous estimate.

### 1.4 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised initially at cost when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

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### 1.4 Intangible assets (continued)

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

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

Item	Useful life
Licenses	1 years
Computer software, internally generated	15 years
Computer software, other	
Intangible assets under development	N/A

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

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

### 1.5 Financial instruments

#### Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Loan from shareholder	Financial liability measured at amortised cost
Other financial liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Finance lease liabilities	Financial liability measured at amortised cost

#### Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using initial cost accounting.

#### Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.



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### 1.5 Financial instruments (continued)

#### Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following category:

- Financial instruments at fair value.

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

#### Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

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### 1.5 Financial instruments (continued)

#### Derecognition

##### Financial assets

The entity derecognises financial assets using the initial cost accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

##### Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

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

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

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

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

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

### 1.6 Tax

#### Current tax assets and liabilities

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

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

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### 1.6 Tax (continued)

#### Deferred tax assets and liabilities

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

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

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

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

#### Tax expenses

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

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

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

### 1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

### 1.8 Impairment of cash-generating assets

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

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

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### 1.8 Impairment of cash-generating assets (continued)

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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

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

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

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

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

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

#### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

#### Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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### 1.9 Share capital / contributed capital

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

### 1.10 Employee benefits

#### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

### 1.11 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

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### 1.11 Provisions and contingencies (continued)

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

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

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

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

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

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### 1.12 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments, which is disclosed in note 30.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

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

### 1.13 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Revenue arising from the use by others of entity assets yielding interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

### 1.14 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

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### 1.14 Revenue from non-exchange transactions (continued)

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.



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### 1.14 Revenue from non-exchange transactions (continued)

#### Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

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

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

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

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

### 1.15 Related parties

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

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

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

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

### 1.16 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

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

### 1.17 Comparative figures

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

### 1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

## Accounting Policies

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### 1.18 Fruitless and wasteful expenditure (continued)

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as income in the statement of financial performance.

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

### 1.19 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure that was incurred and identified during the current financial and which was written off before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned/written off in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned/written off by the CJMM, JDA Board of Directors or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

### 1.20 Accumulated Surplus

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

### 1.21 Change in estimates and errors

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

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

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

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

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

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

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.22 Budget information

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2021/07/01 to 2022/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

### 1.23 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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

### 1.24 Loan to/(from) shareholder

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

Loans to controlling municipality are classified as loans and receivables.

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

### 1.25 VAT Receivable/(Payable)

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

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

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

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

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

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

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.25 VAT Receivable/(Payable) (continued)

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

The JDA accounts for VAT on an invoice basis.

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

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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### 2. New standards and interpretations

#### 2.1 Standards and interpretations not yet effective or relevant

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

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

### 3. Receivables from exchange transactions

Deposits	55 000	55 000
Rental Debtors	872 806	963 513
Related party debtors	686 604 651	584 571 614
	<b>687 532 457</b>	<b>585 590 127</b>

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

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

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

#### Trade and other receivables pledged as security

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

#### Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due which some have been impaired. At 30 June 2022 141 556 470 (2021: R 155 243 956) were past due but not impaired.

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

1 month past due	141 556 470	155 243 956
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### 4. VAT receivable

VAT	283 658 104	246 124 987
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### 5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	375	639
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Cash on hand consists of petty cash.

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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### 5. Cash and cash equivalents (continued)

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
Standard Bank - Current Account - 198366	-	-	-	-	-	-

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

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### 6. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Plant and machinery	389 194	(23 138)	366 056	389 194	(3 676)	385 518
Furniture and fixtures	2 347 918	(1 810 710)	537 208	2 347 918	(1 756 875)	591 043
Motor vehicles	136 013	(136 013)	-	136 013	(136 013)	-
Office equipment	1 540 024	(1 287 902)	252 122	1 540 024	(885 799)	654 225
Computer Equipment	5 612 793	(2 451 446)	3 161 347	3 489 401	(2 092 531)	1 396 870
Leasehold improvements	5 723 305	(3 615 690)	2 107 615	5 723 305	(3 330 968)	2 392 337
Computer Equipment - Servers	1 927 751	(1 252 270)	675 481	1 927 751	(1 179 537)	748 214
<b>Total</b>	<b>17 676 998</b>	<b>(10 577 169)</b>	<b>7 099 829</b>	<b>15 553 606</b>	<b>(9 385 399)</b>	<b>6 168 207</b>

#### Reconciliation of property, plant and equipment - 2022

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

#### Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Plant and machinery	-	389 194	-	(3 676)	385 518
Furniture and fixtures	650 183	-	(2 369)	(56 771)	591 043
Office equipment	1 055 404	-	-	(401 179)	654 225
Computer Equipment	1 649 348	303 748	(100 659)	(455 567)	1 396 870
Leasehold improvements	2 676 960	-	-	(284 623)	2 392 337
Computer Equipment - Servers	793 636	26 582	-	(72 004)	748 214
	<b>6 825 531</b>	<b>719 524</b>	<b>(103 028)</b>	<b>(1 273 820)</b>	<b>6 168 207</b>

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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### 6. Property, plant and equipment (continued)

#### Pledged as security

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

#### Assets subject to finance lease (Net carrying amount)

Office equipment	53 443	430 603
Leasehold improvements	2 107 615	2 392 337
	<b>2 161 058</b>	<b>2 822 940</b>

#### Expenditure incurred to repair and maintain property, plant and equipment

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

General expenses	720 657	607 679
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A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the entity.

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



# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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### 7. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Licenses	530 781	(530 781)	-	530 781	(530 781)	-
Computer software, internally generated	1 078 405	(1 071 807)	6 598	1 078 405	(1 031 460)	46 945
Computer software, other	12 804 237	(5 137 581)	7 666 656	12 804 237	(4 456 771)	8 347 466
Intangible assets under development	10 975 752	-	10 975 752	10 975 752	-	10 975 752
<b>Total</b>	<b>25 389 175</b>	<b>(6 740 169)</b>	<b>18 649 006</b>	<b>25 389 175</b>	<b>(6 019 012)</b>	<b>19 370 163</b>

#### Reconciliation of intangible assets - 2022

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

#### Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software, internally generated	87 279	(40 334)	46 945
Computer software, other	9 028 114	(680 648)	8 347 466
Intangible assets under development	10 975 752	-	10 975 752
	<b>20 091 145</b>	<b>(720 982)</b>	<b>19 370 163</b>

#### Intangible assets under construction

The JDA is currently implementing different phases of the SAP computer software. Phase 1 included project systems being project implementation and supply chain management. The system related to Project Implementation went live in the first quarter of the 2016/17 financial year. In the prior year, Payroll modules were brought into use as from the 1 March 2019 and the remainder of the intangible assets under construction are still classified as under construction as they have not gone live as yet. It is envisioned that the systems will officially go live in the 2022/23 financial year.

Software under development	10 975 752	10 975 752
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# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>8. Deferred tax</b>		
<b>Deferred tax liability</b>		
Property, plant and equipment	(2 330 111)	(1 953 538)
Temporary difference - S24C Allowance	(15 768 763)	(20 662 830)
<b>Total deferred tax liability</b>	<b>(18 098 874)</b>	<b>(22 616 368)</b>
<b>Deferred tax asset</b>		
Provisions	3 609 154	3 620 120
Leases	10 172	14 435
Deferred tax balance from temporary differences other than unused tax losses	3 619 326	3 634 555
<b>Total deferred tax asset</b>	<b>3 619 326</b>	<b>3 634 555</b>
Deferred tax liability	(18 098 874)	(22 616 368)
Deferred tax asset	3 619 326	3 634 555
<b>Total net deferred tax liability</b>	<b>(14 479 548)</b>	<b>(18 981 813)</b>
<b>Reconciliation of deferred tax asset \ (liability)</b>		
At beginning of year	(18 981 813)	(21 669 414)
Originating differences on tangible fixed assets	(376 573)	346 287
Originating differences on the S24C allowance	4 894 066	1 564 885
Originating differences arising from leases	(4 262)	(18 486)
Originating differences arising from provisions	(10 966)	794 915
	<b>(14 479 548)</b>	<b>(18 981 813)</b>

## 9. Prepayments

Contractual advance payments	25 736 786	39 473 674
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Contractual advance payments are advance payments made in accordance with CIDB regulations. The above advance payments relate to two projects i.e. BRT Stations and Selby Depot.

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

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>10. Loans to (from) shareholders</b>		
Sweeping account	(625 061 656)	(271 557 891)
The company has a sweeping arrangement with the CJMM whereby all cash is swept on a daily basis to the CJMM's bank account. Interest is paid and earned on this account at the CJMM Treasury rate.		
<b>11. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	42 182	506 184
- in second to fifth year inclusive	-	507 196
	42 182	1 013 380
less: future finance charges	(403)	(34 352)
<b>Present value of minimum lease payments</b>	<b>41 779</b>	<b>979 028</b>
<b>Present value of minimum lease payments due</b>		
- within one year	41 779	472 234
- in second to fifth year inclusive	-	506 794
	<b>41 779</b>	<b>979 028</b>
Non-current liabilities	-	41 779
Current liabilities	41 779	472 234
	<b>41 779</b>	<b>514 013</b>

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>12. Payables from exchange transactions</b>		
Trade payables	148 731 227	292 736 838
Deposits received from tenants	77 435	87 435
Accrued leave pay	10 172 403	6 664 111
Accrued expenses	4 335 672	3 654 843
Retentions held on construction contracts	109 426 871	142 149 754
Related parties payables	34 840 170	5 623 646
	<b>307 583 778</b>	<b>450 916 627</b>

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

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

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

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

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

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

## 13. Provisions

### Reconciliation of provisions - 2022

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

### Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Total
Provision - Performance bonus	5 832 805	4 821 786	(4 389 702)	6 264 889

The performance management system is designed to ensure that the JDAs business strategy is translated into measurable key performance areas and indicators for employees. At the beginning of each financial year each employee concludes a performance management contract with a scorecard. Although the performance review in respect of the 2021/22 financial year will be completed during August/September 2022, bonus payments to qualifying employees will only be made after the finalisation of the 2021/22 audit and upon receipt of a unqualified audit report from the Auditor General. In December 2021, a bonus payment was made in relation to the 2020/21 year for all qualifying employees including some Executive and Senior Managers.

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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### 14. PROJECT FUNDS PAYABLE

#### Project Funds

Opening balance at the beginning of the year	42 183 249	44 876 625
CAPEX claims for the year	1 063 180 546	1 229 904 559
CAPEX expenditure for the year	(1 095 583 734)	(1 232 597 935)
Advance payments made	24 777 723	39 473 675
	<b>34 557 784</b>	<b>81 656 924</b>

#### Funds Payable

BRT	-	6 641 649
BRT Land	194 625	24 384 979
Newtown Improvement District	9 585 436	11 156 621
Advance payments claimed	24 777 723	39 473 675
	<b>34 557 784</b>	<b>81 656 924</b>

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

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

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

### 15. Share capital / contributed capital

#### Authorised

100 Ordinary shares of R1 each	100	100
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#### Issued

60 Ordinary Type A shares of R1	60	60
Share premium	16 277 564	16 277 564
	<b>16 277 624</b>	<b>16 277 624</b>

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

### 16. Revenue

Rendering of services	68 096 591	74 845 550
Rental income	420 653	325 625
Sundry Income	524 530	82 154
Government grants & subsidies	40 735 000	40 627 000
	<b>109 776 774</b>	<b>115 880 329</b>

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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### 16. Revenue (continued)

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

Rendering of services	68 096 591	74 845 550
Rental income	420 653	325 625
Sundry income	524 530	82 154
	<b>69 041 774</b>	<b>75 253 329</b>

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

**Taxation revenue**

**Transfer revenue**

Government grants & subsidies	40 735 000	40 627 000
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### Rendering of Services

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

### 17. Other revenue

Rental income	420 653	325 625
Sundry Income	524 530	82 154
	<b>945 183</b>	<b>407 779</b>

Current year sundry income relates to LG SETA refunds that were received and an insurance claim for the hail damage to the roof.

### 18. Government grants and subsidies

**Operating grants**

Government grant	40 735 000	40 627 000
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# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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### 19. Employee related costs

Basic	65 109 798	67 932 408
Bonus	4 952 649	4 821 786
UIF	449 488	342 614
COVID	567 779	530 027
SDL	569 465	566 787
Other payroll levies	1 230 027	1 550 443
Leave pay accrual charge	1 066 458	3 376 934
	<b>73 945 664</b>	<b>79 120 999</b>

Remuneration of executive managers	Earnings	Pension	Acting Allowance	Bonus Payments	Travel Allowance	Total
A Ngcezula (Resigned 29 September 2022)	561 946	-	-	-	-	561 946
S Moonsamy (Chief Financial Officer)	1 878 767	212 024	155 675	154 779	-	2 401 245
O Nkoane (EM: Development Planning and Facilitation)	1 130 163	127 542	-	-	-	1 257 705
S Genu (EM: Development Implementation)	1 298 844	150 864	75 514	-	-	1 525 222
R Shirinda (Company Secretary & Legal Advisor)	1 711 381	162 591	-	173 206	-	2 047 178
B Seopela (EM: Corporate Services)	2 171 801	-	-	209 836	-	2 381 637
	<b>8 752 902</b>	<b>653 021</b>	<b>231 189</b>	<b>537 821</b>	<b>-</b>	<b>10 174 933</b>

### 20. Administrative expenditure

Administration expenses	167 706	112 302
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Administrative expenditure includes archiving costs for the current year.

### 21. Depreciation and amortisation

Property, plant and equipment	1 191 770	1 273 822
Intangible assets	721 157	720 982
	<b>1 912 927</b>	<b>1 994 804</b>

### 22. Finance costs

Interest on under payment of provisional tax - SARS	1 031 416	1 831
Sweeping account	27 091 373	15 795 268
Finance leases	33 950	83 295
	<b>28 156 739</b>	<b>15 880 394</b>

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

### 23. Loss on disposal of assets

Loss on disposal of assets	-	103 028
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In the current year, there was no assets disposed off.

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

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>24. Debt impairment</b>		
Impairment of receivables - Dept of Tourism	289 007	16 729 513
Debt impairment .		
In the prior year, a debt impairment was incurred on a Project Funds Receivable from Department of Tourism for the implementation of the Alexandra Heritage Centre.		
<b>25. General expenses</b>		
Advertising	519 648	709 384
Auditors remuneration	2 225 194	2 177 760
Bank charges	25 041	25 456
Computer expenses	6 701 554	3 769 773
Consulting, professional and legal fees	4 192 666	5 253 102
Insurance	302 270	541 020
Marketing	698 030	1 173 437
Motor vehicle expenses	5 602	7 982
Recruitment costs	982 742	490 117
Printing and stationery	352 334	323 158
Security (Guarding of municipal property)	3 114 498	3 010 029
Staff welfare	135 985	90 719
Telephone and fax	57 981	222 745
Training	413 057	336 094
Travel - local and foreign	64 737	-
Utilities	488 291	491 567
Internal Audit Fees (Outsourced services)	1 791 156	424 653
Cellphone Expenses	963 977	1 989 152
Meetings and Entertainment	230 190	199 804
Hygiene and other services	1 040 151	584 211
Planning and Strategy	-	256 000
Development Facilitation Fees	647 800	163 318
	<b>24 952 904</b>	<b>22 239 481</b>

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

- Computer Expenses - Increase due to the implementation of the back-up and cloud based services in an SLA that was signed with Metropolitan Trading Company (SOC) Ltd.
- Internal Audit Fees - Increase due to the inclusion of external service providers as per the approved Internal Audit Plan. These include Project Implementation review, Back-up and Disaster Recovery.
- Hygiene and other services - Increase due to repairs that was conducted on the Bus Factory roof that had hail damage.



# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>26. Taxation</b>		
<b>Major components of the tax expense (income)</b>		
<b>Current</b>		
Local income tax - recognised in current tax for prior periods	16 641 951	-
<b>Deferred</b>		
Originating and reversing temporary differences	(4 502 266)	(2 687 600)
	<b>12 139 685</b>	<b>(2 687 600)</b>
<b>Reconciliation of the tax expense</b>		
Reconciliation between applicable tax rate and average effective tax rate.		
Applicable tax rate	28,00 %	28,00 %
Tax effect on timing differences	1,73 %	56,62 %
Tax effect on-deductible expenses	- %	(1,68)%
	<b>29,73 %</b>	<b>82,94 %</b>
<b>27. Auditors' remuneration</b>		
External audit fees	2 225 194	2 177 760
<b>28. Cash (used in) generated from operations</b>		
Deficit	(31 787 858)	(17 082 565)
<b>Adjustments for:</b>		
Depreciation and amortisation	1 912 927	1 994 804
Loss on disposal of assets	-	103 028
Debt impairment	289 007	16 729 513
Movements in provisions	(360 663)	432 084
Movement in expenditure - deferred tax	(4 502 266)	(2 687 606)
Interest from finance leases	33 950	83 295
Current tax paid	16 641 951	-
<b>Changes in working capital:</b>		
Receivables from exchange transactions	(101 942 330)	(72 860 368)
Impairment of receivables	(289 007)	(16 729 513)
Other receivables from non-exchange transactions	-	11 075 650
Prepayments	13 736 888	(39 473 674)
Payables from exchange transactions	(140 104 374)	120 283 222
VAT	(37 533 117)	(27 742 527)
Project Funds Payable	(19 870 421)	39 473 674
	<b>(303 775 313)</b>	<b>13 599 017</b>
	-	-
	-	-

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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### 29. Directors' emoluments

#### Executive

#### 2022

	Emoluments	Acting Allowance	Pension	Bonus	Total
A Ngcezula (Chief Executive Officer)(Resigned 29 September 2021)	561 946	-	-	-	561 946
S Moonsamy (Chief Financial Officer)	1 967 110	155 675	123 681	154 779	2 401 245
S Genu (Acting Chief Executive Officer Mar-Jun 2022)	-	75 514	-	-	75 514
	<b>2 529 056</b>	<b>231 189</b>	<b>123 681</b>	<b>154 779</b>	<b>3 038 705</b>

#### 2021

	Emoluments	Pension paid or receivable	Total
A Ngcezula (Chief Executive Officer)	2 432 028	-	2 432 028
S Moonsamy (Chief Financial Officer)	1 810 760	204 852	2 015 612
	<b>4 242 788</b>	<b>204 852</b>	<b>4 447 640</b>

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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### 29. Directors' emoluments (continued)

#### Non-executive

#### 2022

	Directors' fees	Total
K Phaahla (Chairperson)	86 000	86 000
C Whittle	72 000	72 000
M Lecogo	96 000	96 000
L Matshidze	86 000	86 000
S Marota	98 000	98 000
K Marawu	100 000	100 000
M Malinga	72 000	72 000
W Thwala	64 000	64 000
L Brenner (Chairperson)	102 000	102 000
M Phathutshedzo	72 000	72 000
NE Veyi	96 000	96 000
N Ntingane	88 000	88 000
M Ntanga	98 000	98 000
V Ntshangase	90 000	90 000
TT Maepa	104 000	104 000
SK Sibuyi	90 000	90 000
A Dreyer	56 000	56 000
T Motloung	114 000	114 000
S Mokoena	96 000	96 000
SS Ndlungwane	90 000	90 000
K Mashiane (Independent Audit and Risk Committee Member)	16 000	16 000
K Onuoka ((Independent Audit and Risk Committee Member)	30 000	30 000
T Makofane ((Independent Audit and Risk Committee Member)	24 000	24 000
V Nena ((Independent Audit and Risk Committee Member)	30 000	30 000
F Alidi ((Independent Audit and Risk Committee Member)	24 000	24 000
J Mendelsohn (Independent Audit and Risk Committee Member)	24 000	24 000
N Ngaka (Independent Audit and Risk Committee Member)	36 000	36 000
	<b>1 954 000</b>	<b>1 954 000</b>

#### 2021

	Directors' fees	Total
P Kganare (Chairperson)(Retired 11 February 2011)	172 000	172 000
KM Phaahla (Chairperson)	70 000	70 000
M Hleko	108 000	108 000
M Lecogo	54 000	54 000
T Maepa	80 000	80 000
V Magale	126 000	126 000
M Makwarela	134 000	134 000
K Marawu	80 000	80 000
S Masango	108 000	108 000
E Megerman	102 000	102 000
S Moichela	142 000	142 000
N Moiloa	108 000	108 000
S Mokoena	54 000	54 000
T Mothloun	180 000	180 000
T Mvundle	108 000	108 000
S Ndlungwane	54 000	54 000
M Ntanga (Chairperson)	120 000	120 000
V Ntshangase	54 000	54 000
T Sambo	92 000	92 000
S Sibuyi	54 000	54 000
N Veyi	54 000	54 000

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>29. Directors' emoluments (continued)</b>		
F Alidi (Independent Audit and Risk Committee Member)	12 000	12 000
V Vhena (Independent Audit and Risk Committee Member)	50 000	50 000
T Makofane (Independent Audit and Risk Committee Member)	48 000	48 000
K Onuoka (Independent Audit and Risk Committee Member)	42 000	42 000
	<b>2 206 000</b>	<b>2 206 000</b>

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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### 30. Commitments

#### Authorised capital expenditure

##### Approved and contracted for

• Contractual costs on multi-year contracts	1 518 622 269	1 424 807 611
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##### Total capital commitments

Approved and contracted for	1 518 622 269	1 424 807 611
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The contractual costs committed arise from the related construction work as well as professional services which was contracted for but not yet incurred. This will be funded through capital budget allocations from various departments.

#### The approved and contracted for commitments consist of the following:

Randburg Precinct	1 737 179	967 392
Watt Interchange	2 953 153	-
Inner City Core	2 999 735	2 354 034
Kazerne Development	-	5 316 511
Bridge repairs	28 486 889	69 032 705
Patterson Park and Union Stadium	-	7 814 690
Brixton Social Cluster	35 844 627	57 565 275
Melville Auckland Park	309 618	-
Minor Works	340 615	-
Central Fire Station	31 030 404	42 305 967
Johannesburg Centre of Excellence	17 717	-
Inner City Gateway	260 831	9 819 118
Balfour Park	426 352	16 367 445
Alexandra Youth Development	-	2 434 570
Ghandi Square East	6 682 350	29 221 883
Inner City Ranks	15 771 692	5 656 007
Our City our block	17 110 399	27 541 186
Integrated Management Corridor	-	983 361
Pageview and Vrededorp	1 324 660	-
Masingita City Development	11 517 328	-
	<b>156 813 549</b>	<b>277 380 144</b>

#### Portfolio B:

Orchards Clinic	-	52 131 770
Pennyville Precinct	941 200	-
Health Preparatory Projects	1 075 794	-
Protea South	1 691 451	-
Shelter for GBV	4 096 173	-
Hikhsensile and Freedom Park	4 658 140	-
Yetta Nathan Community Centre	39 524 952	-
Klipfontein, Turffontein and Zandspruit	49 369 991	51 132 354
Florida Clinic	-	1 663 176
Jabulani TOD	28 485 921	29 856 968
Bertrams Multipurpose centre	34 534 064	-
Ebony Park Clinic	-	1 321 322
Matholesville	4 174 056	-
Melville Auckland Park	276 294	-
Naledi Clinic	-	36 310 086
Braamfischerville Ext 12	43 996 505	-
Bophelong and Protea South Clinics	-	66 099
Balfour Park	4 642	1 708 913
Diepsloot	24 450 161	29 170 191
Ivory Park PEU	32 622 589	-
Lenasia Transit Orientated	32 416 652	3 585 397
Johannesburg Art Gallery	2 159 018	7 630 485

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>30. Commitments (continued)</b>		
Northern and Eikenhoff Farm	-	6 081 675
Ebony Park, Kaalfontein Intersection	1 826 931	9 273 753
Alexandra Hospice	8 955 570	23 403 261
Kaalfontein Matholesville Work Package	68 880 976	14 782 989
Klipfontein Wellness Centre	143 059 385	276 100
Minor Upgrade of swimming pools	10 292 636	650 382
Social Development Facilities	55 604 687	32 966 610
Repairs and Maintenance Program	7 019 850	85 561 728
Ivory Park Swimming Pool	5 510 850	17 836 716
Orange Farm	107 813 941	206 067 111
Drieziek MPC	5 613 470	18 364 569
Roodepoort CBD	5 564 113	555 645
Naledi Clinic	38 766 526	-
Johannesburg Community Library	6 290 116	-
	<b>769 676 654</b>	<b>630 397 300</b>
<b>Portfolio C:</b>		
Non-motorised transport	135 160 606	143 757 482
BRT various	381 630 581	313 345 848
	<b>516 791 187</b>	<b>457 103 330</b>
<b>Operational contracts</b>		
Operational contracts	75 340 879	59 926 837

## 31. Contingencies

### Grayston Pedestrian Bridge scaffolding collapse

On 14 October 2015 the scaffolding work into the Grayston Drive Pedestrian and Cyclist structural bridge collapsed which resulted in the loss of life and other damages.

Due to the nature of the incident, the Department of Labour (DOL) has to conduct a formal inquiry in terms of section 32 of the Occupational Health and Safety Act 85 of 1993 to determine the causes for the collapse of the scaffolding works.

The inquiry commenced on 7 July 2016 and a Commissioner has been appointed by the DOL. The hearing took place and was completed. The Commissioner from the Department of Labour has concluded on the matter and the JDA has lodged an appeal to the Labour Court against the decision of the Chief Inspector, the JDA received a Notice to Oppose from the State Attorney, who is representing the Chief Inspector in the above matter.

In addition, the JDA received the written record of proceedings forming the subject of the appeal from the State Attorney on 30 June 2020. In accordance with the Labour Court Rules, we extracted certain portions of the record for purposes of the appeal proceedings and served a certified copy thereof on the State Attorney and filed another copy at the Labour Court on 16 July 2020.

In the circumstances, the Appellants' concise written representations were received on Thursday, 30 July 2020.

Now that both parties have submitted their written representations, the Registrar of the Labour Court, will set the matter down. To date, the JDA 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.

### REMBU Arbitration

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

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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### 31. Contingencies (continued)

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

#### **Bona Electronic Solutions (Pty) Ltd/Naledi Consortium**

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.

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.

The matter is currently at pleadings stage with the JDA having filed its answering affidavit in July 2020.

The Applicant(Bona) has not taken steps since September 2020 to ensure that the matter is ready for hearing. They are required to file heads of argument, after which the rest of the respondents (JDA and Naledi) would file theirs and the matter be allocated a date for hearing.

The JDA and City have since decided to file our own heads of arguments despite the failure by the applicant to do so.

The matter was heard in court on 11 May 2022. The JDA argued against the applicant's relief for a substitution order. Our main contention was that no exceptional circumstances exist to warrant a substitution order. Surprisingly, the applicant did not make a compelling case for a substitution order. Not only that, but the applicant conceded to the court that there is not enough information before the court to place the court in a position to be able to make such an order. In the premises, we prayed that the court directs the JDA to start a new tender process and that the order for a substitution relief be dismissed with costs.

#### **Contingent assets**

##### **SARS Dispute/objection**

In accordance with the interest and penalties disclosed, the JDA has issued a dispute or objection against SARS regarding the reassessment that was done for the 2019 financial. The basis used by SARS is unprecendanted and recovery is highly probable. Estimate dispute value: R17,673,366.82 ( including interest and penalties disclosed in Fruitless and Wasteful Expenditure of R1,031,415.82)

##### **REMBU Matter**

Potential liability through the arbitration regarding the allegedly unlawful termination of the JBCC agreement by JDA as consequence of Rembu's failure to progress the works with due diligence and expedition. Currently, the parties have agreed that the question of whether the agreement ought to be rectified be dealt with separately and before the remainder of the issues. The parties are engaging regarding a date for the hearing of the separated issue. As matters stand, it seems that the matter will be heard in January 2023. The JDA has as a result of this, lodged a counter claim against Rembu Construction which is being dealt with together with the arbitration. Estimated claim: R12,994,609.36

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>32. Related parties</b>		
Relationships		
Controlling entity	The City of Johannesburg Metropolitan Municipality	
Controlled entities	Refer to note	
	Johannesburg Social Housing Company (SOC) Ltd	
	Johannesburg City Parks and Zoo NPC	
	Johannesburg Metropolitan Bus Services (SOC) Ltd	
	Johannesburg Roads Agency (SOC) Ltd	
	The Johannesburg Tourism Company NOC	
	Johannesburg Water (SOC) Ltd	
	Johannesburg Market (SOC) Ltd	
	Johannesburg Property Company (SOC) Ltd	
	Pikitup (SOC) Ltd	
	Metropolitan Trading Company (SOC) Ltd	
	City Power (SOC) Ltd	
	Johannesburg City Theatre (SOC) Ltd	
Members of key management	Refer to employee costs note	
<b>Related party balances</b>		
<b>Loan accounts - Owing (to) by related parties</b>		
CJMM - Treasury	(625 061 656)	(271 557 891)
<b>Amounts included in Trade receivable (Trade Payable) regarding related parties</b>		
CJMM	679 029 635	584 571 614
Johannesburg Roads Agency (SOC) Ltd	7 575 016	-
<b>Amounts included in Trade Payables regarding related parties</b>		
CJMM - Revenue	233 106	1 699 684
CJMM - GCSS	1 069 688	2 509 378
Johannesburg Civic Theatre (SOC) Ltd	-	7 378
Johannesburg Property Company (SOC) Ltd	33 192 376	16 856
Metropolitan Trading Company (SOC) Ltd	345 000	1 390 350
<b>Related party transactions</b>		
<b>Revenue received from related parties</b>		
CJMM - Development Management Fees	62 513 998	74 845 564
CJMM - Grant	40 735 000	40 627 000
Johannesburg Roads Agency (SOC) Ltd	3 613 522	-
<b>Purchases from (sales to) related parties</b>		
CJMM - Corporate Services	-	530 027
City Power (SOC) Ltd	705 466	537 292
CJMM - Interest	27 091 373	15 795 268
CJMM - Group Risk and Shared Services	-	541 020
Metropolitan Trading Company (SOC) Ltd	1 800 000	1 209 000
Johannesburg Civic Theatre (SOC) Ltd - Venue Hire	-	11 852
Johannesburg Property Company (SOC) Ltd	2 620 180	11 484
<b>Key management information</b>		



# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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### 33. Comparative figures

Certain comparative figures as per the disclosure have been restated.

Amendments were made to the prior year disclosure notes based on current year considerations as indicated below with the following reasons:

- Reclassification of leased printers from separate line item of leased assets to office equipment.

The effects of the restatement for the 2020/21 financial year is as follows:

- Net impact on overall Property, Plant and Equipment was Rnil as indicated in the table below.

Class of Property, Plant and Equipment	Cost - 2021	Accumulated Depreciation - 2021	Carrying Value - 2021
Leased Assets	(1 128 733)	698 130	(430 603)
Office equipment	1 128 733	(698 130)	430 603
	-	-	-

### 34. Risk management

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

#### Capital risk management

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

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

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

There are no externally imposed capital requirements.

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

#### Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

At 30 June 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	303 437 923	-	-	-
At 30 June 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	450 916 615	-	-	-

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### 34. Risk management (continued)

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

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

Financial instrument	2022	2021
Loan to (From) shareholder	(625 061 656)	(271 557 891)
Trade and other receivables	687 821 463	605 271 907

### 35. Going concern

We draw attention to the fact that at 30 June 2022, the entity had an accumulated surplus (deficit) of R 18 770 162 and that the entity's total assets exceed its liabilities by R 35 047 786.

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

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

### 36. Events after the reporting date

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

### 37. Fruitless and wasteful expenditure

Add: Expenditure identified - current	1 031 417	-
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In the current year there was fruitless and wasteful expenditure incurred as indicated above. This was as a result of a reassessment done by SARS on the 2019 tax period. The interest and penalties charged relates to section 89(4)(a) interest and penalties which is the underpayment of provisional tax. The above has been disputed with SARS and we are awaiting the outcome.

### 38. Irregular expenditure

Opening balance as previously reported	321 438	321 438
<b>Opening balance as restated</b>	<b>321 438</b>	<b>321 438</b>
Add: Irregular expenditure incurred in the current year	109 492 720	-
Add: Irregular expenditure incurred in the prior year but identified in the current year	87 730 279	-
<b>Closing balance</b>	<b>197 544 437</b>	<b>321 438</b>

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### 38. Irregular expenditure (continued)

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

	Disciplinary steps taken/criminal proceedings		
Total expenditure incurred above approved budget	Process to request write-off interest still in progress	6 668 730	-
Contractual advance payments entered into without following due processes	Still in investigation	87 730 279	-
Cession agreements entered into outside of the contract	Still in investigation	61 764 339	-
Irregularities in SCM processes at CJMM	Investigated by CJMM	-	321 438
Expenditure incurred post contract expiration	Still in investigation	41 059 651	-
		<b>197 222 999</b>	<b>321 438</b>

In the current year, there are three reported instances of irregular expenditure.

- Expenditure incurred post contract expiration which constitutes non-compliance - This was incurred from expenditure that was paid post the expiration of the professional service providers contracts. These contracts were subjected to a Section 116 process to extend these contracts in the 2021/22 financial year, however, final approval from the Board was not obtained before the 30 June 2022. In order for project sites not to be abandoned due to lack of professional teams, the teams continued working whilst new service providers were being appointed. The above is currently being investigated by Internal Audit.

- Cession agreements entered into outside of the contract - This related to two contractors that had ceded the rights of their contract to another contractor following the JCC requirements. These cessions were found to be in contravention of the MFMA and was reported as irregular expenditure. This is currently still under investigation.

- Contractual advance payments entered into without following due processes - This was incurred due to advance payments made to eight contractors without following the CIDB requirements. This matter is still under investigation.

Opening balance in the prior year relates to CJMM's insurance contract that is applicable to all municipal entities and was considered irregular expenditure due to irregularities identified in the SCM process conducted by CJMM. This investigation is still currently underway.

### 39. Additional disclosure in terms of Municipal Finance Management Act

#### Audit fees

Current year subscription / fee	2 225 194	2 177 760
Amount paid - current year	(2 225 194)	(2 177 760)
	-	-

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### 39. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### PAYE and UIF

Current year subscription / fee	16 723 954	16 990 489
Amount paid - current year	(16 723 954)	(16 990 489)
	-	-

#### Pension Deductions

Current year subscription / fee	6 601 766	6 164 069
Amount paid - current year	(6 601 766)	(6 164 069)
	-	-

#### VAT

VAT receivable	283 658 104	246 124 987
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All VAT returns were submitted by the due date throughout the year.

### 40. Deviation from supply chain management regulations

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

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

Various Service Providers	502 699	397 727
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#### Categories of deviation as per Regulation 36 of the MFMA

Ratified Minor Breaches of SCM Processes	502 699	397 727
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#### Deviations - 2022

##### Ratification - Appointments made were less than three quotations were received

The accounting officer ratified a minor breach in the supply chain process for the appointment of service providers through the request for quotation process where less than the minimum three quotations were received. In the current financial year there were various service providers appointed where less than three quotations were obtained to a value of R503k these also includes the request for quotations from the approved panel service providers.

#### Deviations - 2021

Ratification - Appointments made were less than three quotations were received

The accounting officer ratified a minor breach in the supply chain process for the appointment of service providers through the request for quotation process where less than the minimum three quotations were received. In the current financial year there were various service providers appointed where less than three quotations were obtained to a value of R397k these also includes the request for quotations from the approved panel service providers.

### 41. Segment information

#### General information

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

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Figures in Rand

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### 41. Segment information (continued)

#### Identification of segments

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

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### 42. Awards made to a person whose close family members are in the service of the state

A municipal entity must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including.

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

Name of project	Company name	Capacity in which the close family member is in service of the state	Name of the person	Amount
Inner City Ranks Project Manager	GIBB (Pty) Ltd	Daughter employed by Health Infrastructure PWGWC as a State Accountant and another Daughter employed by the City of Cape town as a Project Administrator	Clive September	656 263
		Parent employed by the Dept of Education KZN as a data capture and Another parent employed by the Dept of Education as an Educator	Darren Pillay	
		Spouse works for the City of Cape Town as Head: Business Continuity	Jenny Moon	
		Spouse works for the City of Cape Town as Principle Professional officer	Jo-Anne Stolworthy	
		Spouse works for Eskom as Chief Engineer	Lize De Beer	
		Spouse works for the National Department of water Affairs and Forestry as an Accounting Clerk	Mthokozisi Selby Mkhize	
		Department of Education as a Senior Educator	Neville Randall	
		Spouse works for the Dept of Correctional Services as Correctional Officer	Nomasithini Nzayiya	
		Partner works for the Department of transport and Public Works as DDG	Penny Smith	
		Spouse work for Department of National Treasury as Deputy Director	Rorisang Lekonyana	
		Parent works for Department of Water Affairs and Forestry	Douglas Kiewiet	
		Spouse works for the Gauteng Dept of Education as an HOD for Math's	Vinnie Naidoo	
		Spouse works for the City of Cape Town as senior Professional Officer and Mother works for the Dept of Education KZN as HoD: Languages, Father works for the Dept of Transport KZN as Mechanical Engineer	Pravanya Pillay	
		Brother works for City Engineers as Architect/town Planner	Zafar Haq	
Brixton Social Cluster and Lehae Training Academy & Fire Station	Threshold Project Manager	Wife is employed by DBSA and sister employed by SAA	Nokuthula Sedumedi	3 043 740
Brixton Social Cluster	CSM Consulting Services	Son is employed by Western Cape Provincial Government Department of Environmental Affairs and Development Planning		2 053 480
Alexandra Hospice Centre	Lukhozi Consulting Engineers	Wife employed by Office of the Premier	Lumko Sidwell Mhlauli	1 738 231

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### 42. Awards made to a person whose close family members are in the service of the state (continued)

Emdeni Public Transport Facility	CSM Consulting	Son, Andre van Collie, is employed by Western Cape Provincial Government Department of Environmental Affairs and Development Planning	CAJ Van Coille	2 885 000
Roodepoort Public Transport Facility	CSM Consulting	Son, Andre van Collie, is employed by Western Cape Provincial Government Department of Environmental Affairs and Development Planning	CAJ Van Coille	2 860 000
Deep South	Ikemeleng Architects	Spouse employed at Gauteng Provincial Infrastructure Development	Ridwaan Bhana	1 017 172
Contract Management system and dispute resolution mechanism consultant	Bowmans	Father, Jan van den Heuvel employed by Department of Justice	Lizelle Blignaut	1 280 000
		Brother, Jacob Christoffel Cronje employed by SANDF	Cornelia Maria Bouwer	-
		Sister-in-law, Tanje Cronje employed by the Department of Education:Gauteng	Cornelia Maria Bouwer	-
		Elizabeth Arumugam, employed by the Department of Education: Kwa-Zulu Natal	Amanda Chetty	-
		Roshal Rye Ramdenee - Husband Principle Investments present	Deokiram, Nicole	-
		Johan Conradie - Brother in law Auditor-General South Africa	De Villiers, David	-
		Marilize de Villiers - Wife The Council for Scientific and Industrial Research (CSIR)	De Villiers, David	-
		Mr Deokiram - Father Johannesburg Roads Agency	Deokiram, Nicole	-
		Claire Dyer- Mother National Department of Education	Dyer, Livia (nee Smith)	-
		Christopher Barry Franklin Father NECSA (South African Nuclear Energy Corporation)	Franklyn, Claire	-
		Michael van Aardt - Husband Department of Health: Gauteng	Graham, Ashleigh	-
		Quentin Green - Father Johannesburg City Power	Green, Chris	-
		Ditodi Norman Kaapu - Brother South African Police Service: Silverton	Kaapu, Jerry	-
		Nomveliso Mkiva - Sister Road Traffic Management Corporation	Mkiva, Clement	-
		Gail Mellem - Mother Western Cape Education Department	Mellem, Roxan	-
		Terrence Nichols - Brother South African Airways Voyager - Commercial/Voyager Department	Nichols, Trudie	-
		Philistine Tolamo - Aunt Gauteng Department of Education	Nonkululeko Zondo	-
		Sibongile Zondo - Mother City of Johannesburg - Operations Manager- 1997-2004; 2006 – Present	Nonkululeko Zondo	-
		Thamsanqa Mtshali - Father KZN Department of Education	Nonkululeko Zondo	-

# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### 42. Awards made to a person whose close family members are in the service of the state (continued)

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

### 43. Budget differences

#### Material differences between budget and actual amounts

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

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

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

Employee related costs - The variance is mainly due to key positions that were vacant as well as certain positions that were put on hold due to the moratorium that was placed. Certain key position interviews that included the Chief Audit Executive, Chief Executive Officer, Senior Manager: Finance and Senior Manager: Project Implementation.



# Johannesburg Development Agency (SOC) Ltd

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

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Figures in Rand

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### 43. Budget differences (continued)

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

Finance costs - Included in the finance costs is interest charged on the sweeping account.

# Report of the auditor-general to the Gauteng Provincial Legislature and the council of the City of Johannesburg Metropolitan Municipality on the Johannesburg Development Agency (SOC) Ltd

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Johannesburg Development Agency (SOC) Ltd set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Johannesburg Development Agency (SOC) Ltd as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Companies Act, 2008 (Act No. 71 of 2008) (Companies Act).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the municipal entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key audit matters

6. I have determined that there are no key audit matters to communicate in this auditor's report.

### Emphasis of matter

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### **Uncertainty relating to the future outcomes of exceptional litigations**

8. With reference to note 31 to the financial statements, the municipal entity is the defendant in various lawsuits. The ultimate outcome of the matters could not be determined and no provision for any liability that may result was made in the financial statements.

### **Other matter**

9. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### **Unaudited disclosure notes**

10. In terms of section 125(2)(e) of the MFMA, the municipal entity is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

### **Responsibilities of the accounting officer for the financial statements**

11. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and the Companies Act, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
12. In preparing the financial statements, the accounting officer is responsible for assessing the municipal entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipal entity or to cease operations, or has no realistic alternative but to do so.

### **Auditor-general's responsibilities for the audit of the financial statements**

13. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected strategic priority presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
16. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipal entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipal entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
17. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic priority presented in the municipal entity's annual performance report for the year ended 30 June 2022:

Strategic priority	Pages in the annual performance report
Strategic priority 1 – integrated human settlements and sustainable service delivery	x – x

18. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
19. I did not identify any material findings on the usefulness and reliability of the reported performance information for this strategic priority.

### Other matters

20. I draw attention to the matters below.

## **Achievement of planned targets**

21. Refer to the annual performance report on pages x to x for information on the achievement of planned targets for the year. The Johannesburg Development Agency (SOC) Ltd achieved 42,9% of the planned targets for the year in the selected strategic priority (strategic priority 1- integrated human settlements and sustainable service delivery).

## **Adjustment of material misstatements**

22. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of strategic priority 1 – integrated human settlements and sustainable service delivery. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

## **Report on the audit of compliance with legislation**

### **Introduction and scope**

23. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipal entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
24. The material findings on compliance with specific matters in key legislation are as follows:

### **Annual financial statements**

25. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of current assets, current liabilities, expenditure, cash flow statement and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

### **Expenditure management**

26. Money owed by the municipal entity was not always paid within 30 days, as required by section 99(2)(b) of the MFMA.
27. Reasonable steps were not taken to prevent irregular expenditure amounting to R201 730 216 as disclosed in note 38 to the annual financial statements, as required by section 95(d) of the MFMA. Irregular expenditure amounting to R 3 547 374 was incurred on Selby 2C project.
28. Reasonable steps were not taken to ensure that the municipal entity had and maintained an effective system of expenditure control including procedures for the approval, authorisation, withdrawal and payment of funds relating to advance payments to suppliers in line with MFMA section 99(2)(a).

## Strategic planning and performance management

29. The annual performance objectives and indicators were not established by agreement with the parent municipality, as required by section 93B(a) of the Municipal Systems Act 32 of 2000.

### Other information

30. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act. The other information does not include the financial statements, the auditor's report and the selected strategic priority presented in the annual performance report that have been specifically reported in this auditor's report.
31. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
32. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected strategic priority presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
33. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

### Internal control deficiencies

34. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that result in the findings on compliance with legislation included in this report.
35. The accounting officer did not exercise adequate oversight responsibility over the internal controls relating to compliance with key laws and regulations. This resulted in material non-compliance with laws and regulations.
36. Senior management did not ensure that adequate monitoring controls were in place to prevent non-compliance with laws and regulations.
37. Senior management did not implement sufficient controls for the preparation of accurate and complete annual financial and performance reports that are supported by reliable supporting information.

## Other reports

38. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the municipal entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
39. The municipal entity had three (3) ongoing investigations at the time of this report relating to allegations of possible fraud, corruption or maladministration. These investigations were in progress as the date of this report and they cover various financial years including the year under review. The outcome of these investigations was expected after 30 June 2022.

*Auditor - General.*

Johannesburg

30 November 2022



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## **Annexure – Auditor-general’s responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected strategic priority and on the municipal entity’s compliance with respect to the selected subject matters.

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity’s internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting officer
  - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Johannesburg Development Agency (SOC) Ltd to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipal entity to cease operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.