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2023/24 INTEGRATED ANNUAL REPORT

**JOHANNESBURG DEVELOPMENT
AGENCY (SOC) LIMITED**



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

COMPANY INFORMATION:

Registration number: 2001/005101/07

Registered Address: 3 Helen Joseph Street, Newtown,
Johannesburg

Postal Address: PO Box 61877, Marshalltown, 2017

Telephone number: +27 (0) 11 688 7800

Fax number: +27 (0) 11 688 7851

Website: www.jda.org.za

Bankers: Standard Bank of SA Limited

Auditors: Auditor-General



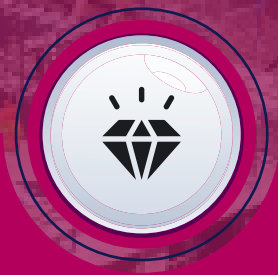
Vision

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



Mission

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



Values

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

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

Approval

	Signature	Date of Approval
Mr Sinovuyo Mpakama Name and Surname Chief Financial Officer	 	05 December 2024
Mr Themba Mathibe Name and Surname Chief Executive Officer	 	06 December 2024
Mr Julius Maputla Name and Surname Chairperson of the Board	 	06 December 2024
Cllr Eunice Mgcina Name and Surname Member of Mayoral Committee	 	06 December 2024



“Turning the City into a Construction Site”

ACRONYMS AND ABBREVIATIONS

TABLE 1: ACRONYM AND ABBREVIATIONS

ACRONYM	Definition
AFS	Annual Financial Statements
AG	Auditor General
AGM	Annual General Meeting
AGSA	Auditor General of South Africa
ARC	Audit and Risk Committee
B-BBEE	Broad-Based Black Economic Empowerment
BRT	Bus Rapid Transit
CAE	Chief Audit Executive
CBD	Central Business District
CID	City Improvement District
COGTA	(Department of) Cooperative Governance and Traditional Affairs
COID	Compensation for Occupational Injuries and Diseases
CoJ	City of Johannesburg
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
DBSA	Development Bank of South Africa
DED	Department of Economic Development
DR	Disaster Recovery
EMS	Emergency Management Services
EPWP	Expanded Public Works Programme
ESG	Environmental, Social and Governance
EXCO	Executive Management Committee
FY	Financial Year
GDS	Growth and Development Strategy Joburg 2040
GFIS	Group Forensics and Investigation Services
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
HR	Human Resources
IAC	Independent Audit Committee
IAR	Integrated Annual Report
IAS	International Accounting Standards
ICT	Information and Communications Technology
IDP	Integrated Development Plan
IIRC	International Integrated Reporting Council
ILP	Individual Learning Plan
IMATU	Independent Municipal and Allied Trade Union
IT	Information Technology
ICT	Information and Communications Technology
IDP	Integrated Development Plan
IIRC	International Integrated Reporting Council
ILP	Individual Learning Plan
IT	Information Technology

ACRONYMS AND ABBREVIATIONS

ACRONYM	Definition
IPSAS	International Public Sector Accounting Standards
JDA	Johannesburg Development Agency
JHF	Johannesburg Heritage Foundation
JOSHO	Johannesburg Social Housing Company
JRA	Johannesburg Roads Agency
King Code	King Report on Governance for South Africa and the King Code of Governance Principles
KPI	Key Performance Indicator
KRI	Key Risk Indicator
MFMA	Municipal Finance Management Act (2003)
MMC	Member of the Mayoral Committee
MSCOA	Municipal Standard Chart of Accounts
MOE	Municipal-Owned Entity
MPC	Multipurpose Centre
MSA	Municipal Systems Act (2000)
NACH	National Anti-Corruption Hotline
NED	Non-Executive Director
NGO	Non-Governmental Organisation
NHRA	National Heritage Resources Act
NMT	Non-Motorised Transit
OHS	Occupational Health and Safety
OPCA	Operation Clean Audit
PEU	Public Environment Upgrade
PTF	Public Transport Facility
PTIS	Public Transport Infrastructure and Systems
SAMWU	South African Municipal Workers' Union
SCM	Supply Chain Management
S, E, HR & REMCO	Social, Ethics, Human Resources and Remuneration Committee
SHE	Safety, Health and Environment
SMME	Small, Medium and Micro Enterprise
TOD	Transit-Oriented Development
TP	Third Party
UDF	Urban Development Framework
URR	Universal Regulatory Register

CONTENTS

About this Report	10
Section 1: Scope	10
Section 2: Materiality	11
Section 3: Assurance statement.....	11
Section 4: Board Responsibility and Approval	12

Chapter 1: JDA LEADERSHIP AND CORPORATE PROFILE.....13

Section 1: Foreword by Member of the Mayoral Committee.....	14
Section 2: Board Chairperson's Report.....	15
Section 3: Chief Executive Officer's Report.....	16
Section 4: Chief Financial Officer's Report.....	17
Section 5: Corporate Profile and Overview.....	19
Section 5.1: Vision	19
Section 5.2: Mission	19
Section 5.3: Values.....	19
Section 6: Strategic Goals and Objectives.....	20
Section 7: JDA's Value Creation Process.....	23

Chapter 2: CORPORATE GOVERNANCE.....25

Section 1: Corporate Governance Statement.....	26
Section 1.1: Board of Directors	28
Section 1.2: Board and Committees Meeting Attendance	30
Section 1.3: Directors & Prescribed Officers Remuneration	34
Section 1.4: Company Secretarial Function	37
Section 2: High-Level Organisational Structure	38
Section 3: Governance of Stakeholder Relationships	39
Section 4: Risk Management.....	45
Section 4.1: Risk-Management Process.....	45
Section 4.2: Risk-Management Architecture	45
Section 4.3: Implementation of the Strategic Risk Mitigation Plan.....	46
Section 4.4: Residual Risk Analysis of Strategic Risk.....	47
Section 5: Anti-corruption and Fraud	48
Section 5.1: Reported Cases.....	49
Section 6: ICT Governance	49
Section 6.1: ICT Performance.....	49
Section 6.2: 2023/24 ICT Performance.....	50
Section 6.3: Planned Areas of Future Focus.....	50
Section 7: Compliance with Laws & Regulations.....	51
Section 8: Corporate Ethics and Organisational Integrity.....	53
Section 8.1: Code of Conduct.....	63
Section 8.2: Declaration of Interest	73

Chapter 3: SERVICE DELIVERY PERFORMANCE.....54

Section 1: Highlights and Achievements.....	55
Section 2: Service Delivery Challenges.....	58
Section 3: Response to Strategic Direction	58
Section 4: Performance against Service Standards.....	59
Section 5: Performance Against Predetermined Objectives.....	60
Section 5.1 : Economic Empowerment Programme.....	66
Section 6: Public Satisfaction in Municipal Services.....	57
Section 7: Recommendations and Plans for 2023/24.....	68

Chapter 4: HUMAN RESOURCES & ORGANISATIONAL MANAGEMENT.....72

Section 1: Employee Remuneration (Total Costs Including Executives).....	73
Section 2: : Employment and Key Vacancies.....	73
Section 3: Employment Equity	73
Section 4: Skills Development and Training.....	78
Section 5: Performance Management	79
Section 6: Disciplinary Matters and Outcomes.....	79
Section 7: Leave and Productivity Management	80
Section 8: Employee Wellness	80
Section 9: Employee Benefits.....	80
Section 10: Occupational Health & Safety Programmes.....	81
Section 11: Corporate Social Responsibility.....	82

Chapter 5: FINANCIAL PERFORMANCE.....83

Section 1: Statement of Financial Position and High-level Notes.....	84
Section 2: Statement of Financial Performance and High-level Notes.....	85
Section 3: Cash Flow Statement and High-level Notes.....	86
Section 3.1: Net Assets.....	87
Section 4: Capital Projects and Expenditure.....	88
Section 5: Ratio Analysis (Liquidity, Solvency and Cost Coverage).....	95
Section 6: Supply Chain Management, BBBEE and SMME	95
Section 6.1: Black Economic Empowerment.....	95
Section 6.2: Deviations and Ratifications.....	96
Section 6.3: Payment within 30 Days.....	97
Section 6.4: Report on Irregular, Fruitless and Wasteful Expenditure and Due Process.....	97

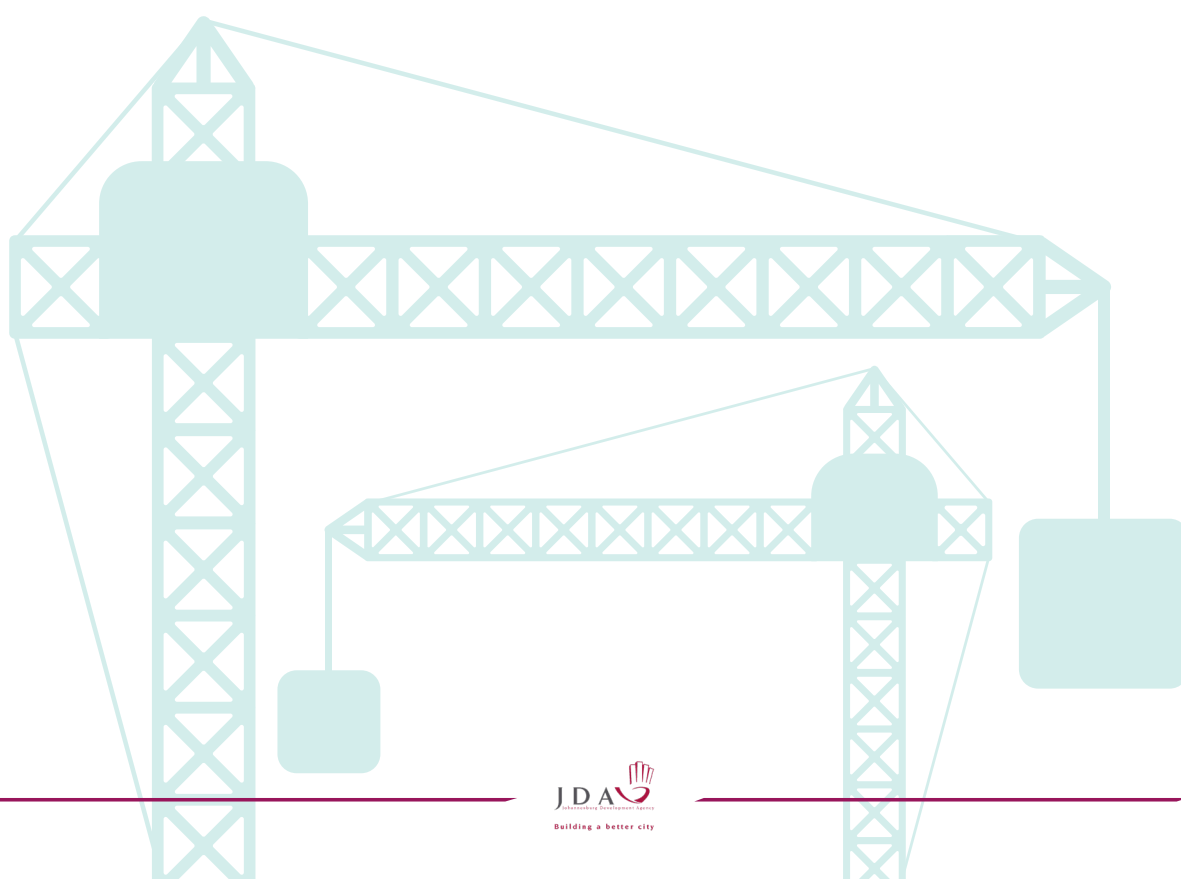
Section 7: Pending Litigations and Possible Liabilities	98
Section 8: Insurance Claims against/to MOE	100
Section 9: Statement on Amounts Owed by and To Government Departments and Public Entities.....	101

CHAPTER 6: AUDITOR-GENERAL AND INTERNAL AUDIT FINDINGS.....102

Section 1: Progress on Internal Audit Plan	103
Section 2: Progress on Resolution of Internal Audit Findings.....	106
Section 3: Progress on Resolution of External Audit Findings	106
Section 4: Overall State of Internal Controls	107
Section 5: Auditor-General's Report for the Current Year	107
Section 6: Historical Audit Findings and Remedial Action	108
APPENDICES	109

VOLUME 2: ANNUAL FINANCIAL STATEMENTS AND AUDITOR GENERAL REPORT.....122

Directors' Responsibilities and Approval.....	124
Audit and Risk Committee Report.....	125
Report of the Auditor General.....	126
Directors' Report.....	135
Company Secretary's Certification.....	139
Statement of Financial Position.....	140
Statement of Financial Performance.....	141
Cash Flow Statement.....	142
Statement of Comparison of Budget and Actual Amounts.....	143
Significant Accounting Policies.....	144
Notes to the Annual Financial Statements.....	159



ABOUT THE INTEGRATED REPORT

SECTION 1: SCOPE

▪ Statutory Annual Reporting Process

The Johannesburg Development Agency (JDA), a municipal entity that is wholly owned by the City of Johannesburg (CoJ), hereby presents its Integrated Annual Report (IAR) for the period 1 July 2023 to 30 June 2024. This Report has been compiled in accordance with the International Integrated Reporting Framework (IIRF), which is used for accelerating the adoption of integrated reporting across the world. The IIRF aims to support integrated thinking, decision-making and actions that focus on the creation of value over the short, medium and long term (among others). Furthermore, section 121 of the Municipal Finance Management Act (MFMA) and National Treasury Circular 63. Section 121 (1) stipulates that every municipality and every municipal entity must for each financial year prepare an annual report in accordance with the Act. The Council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control.

▪ Scope and Boundary of the Integrated Report

The Annual Report provides information about the entity's performance in the preceding financial year, enabling performance review, learning and oversight. It also promotes accountability to the community within the City's jurisdiction for the work undertaken by the entity throughout the 2023/24 Financial Year (FY). It provides information that by its nature has material significance in creating and preserving short, medium and long term value. This JDA's Annual Report outlines the entity's performance against strategic objectives, key performance indicators and the entity's performance against the budget.

The JDA's IAR provides a more interconnected and effective approach to corporate reporting. The entity draws on different reporting components and communicates the full range of factors that materially affect the ability of the entity to create value over time.

This is the primary report used to communicate the entity's performance, and focuses on positive and negative material matters to a range of stakeholders. The entity endeavours to focus on both qualitative and quantitative matters that are material to the operations and strategic objectives of the organisation.

▪ Aligning with the Leading Practice Frameworks

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

- Municipal Finance Management Act No. 56 of 2003, Circular 63 (MFMA) reporting requirements
- South African Statements of Generally Recognised Accounting Practice (GRAP)
- Section 46 (1) of the Municipal Systems Act No. 32 of 2000 (MSA)
- International Integrated Reporting Council's Integrated Report Framework (IIRC IRF)
- King Code of Governance for South Africa
- National Treasury Guidelines and Regulations
- Batho Pele principles
- Discussion papers issued by the South African Integrated Report Committee and the IIRC
- Millennium Development Goals
- National Development Plan (NDP)
- Joburg 2024 Growth and Development Strategy
- City's Integrated Development Plan (IDP)
- City's Service Delivery and Budget and Implementation Plan (SDBIP)

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



SECTION 2: MATERIALITY

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

- **Strategy:** To feed into ongoing strategy development by highlighting rapidly emerging issues and enabling them to be factored into strategy development and possibly addressed as

business opportunities, rather than ignored until they become business risks.

- **Performance:** To promote an internal understanding of the link between environmental, social, and governance issues and business performance. The materiality determination provides a link between issue experts and strategic and operational managers.
- **Stakeholder engagement:** To provide a framework to design stakeholder-engagement strategies and a powerful tool to help identify opportunities for dialogue and collaboration.
- **Reporting:** To determine the scope of reporting and other communications so that they are more strategically aligned and useful to external stakeholders.

The criteria, both internal and external, that have been used to identify material issues are outlined in Table 1 below.

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

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

SECTION 3: ASSURANCE STATEMENT

Assurance on this Report was executed through engagements with heads of departments as first line of defence, the JDA's Executive Management Committee (EXCO), Internal Audit Unit, Audit and Risk Committee (ARC) and the JDA's Board. These governance structures reviewed and assessed the entity's IAR for 2023/24 to ascertain whether the minimum disclosure requirements that are outlined in Table 2 were adhered to.

The Shareholder (CoJ), through the Municipal Public Accounts Committee (MPAC), considers this entity's Report as part of the oversight processes for the Council. The Auditor General of South Africa (AGSA) audits the entity's performance and Annual Financial Statements. The ARC committee was satisfied with the external audit process and the swift cooperation by both management and the Auditor General (AG) team during the audit period.

TABLE 2: MINIMUM DISCLOSURE REQUIREMENTS

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

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

- **Approval of the JDA's Integrated Report**

The JDA's Board recognises its responsibility to ensure compliance and integrity of the 2023/24 IAR. Accordingly, the Board collectively reviewed the content of this Integrated Report and concurs that it provides a fair representation of the integrated performance of the Johannesburg Development Agency for the period 1 July 2023 to 30 June 2024.

SECTION 4: BOARD RESPONSIBILITY AND APPROVAL

The Directors are responsible for the preparation, integrity and fair presentation of the financial statements of the entity. The financial statements presented in Chapter 5 have been prepared as per the Generally Recognised Accounting Practice and include amounts based on judgements and estimates made by management. The Directors are responsible for the preparation of other information in the IAR and are responsible for both its accuracy and consistency with the financial statements. The going concern basis has been adopted in preparing the financial statements. The Directors have no reason to believe that the entity will not be a going concern in the foreseeable future, based on the forecast and available cash resources. Refer to the Directors' report in Chapter 5 concerning the appropriateness of the going concern assumption for the preparation of the financial statements.

The Board of Directors conducted its oversight responsibility over the compiling of the IAR to ensure the report's integrity and credibility. After careful consideration, the Board expressed its satisfaction that the report is credible and complies with legislative frameworks that guide the preparation of the IAR. The draft Annual Financial Statements (AFS) was approved for submission to the AG and to the Shareholder by the Board of Directors on 29 August 2024 and was thereafter signed by the Chairperson of the Board. The AFS were submitted to the AG on 31 August 2024.

CHAPTER 1

JDA LEADERSHIP AND CORPORATE PROFILE

Strategic Objective 4	
Impacted Capital	Financial, Intellectual and Social and Relationship

Interested Stakeholder:



SECTION 1: FOREWORD BY MEMBER OF THE MAYORAL COMMITTEE



Cllr Eunice Mgcina

Member of Mayoral Committee

It is my immense pleasure to present the Johannesburg Development Agency's Annual Report for 2023/24 Financial Year on behalf of the City of Johannesburg. This is the second Annual Report that is presented under my leadership as the Member of the Mayoral Committee responsible for Development Planning portfolio.

The JDA's strategic plans take cognisance of the development direction that the country is taking as per the National Development Plan 2030, the Provincial Growth and Development Strategy that makes emphasis on the spatial development of the province. The City of Johannesburg, sole shareholder of the JDA, has developed an overarching long-term strategy (Joburg 2040 Growth and Development Strategy). The 2040 GDS articulates five outcomes that the City aims to achieve through its implementing agencies with the JDA spearheading the implementation of infrastructure projects. The JDA's outcomes are aligned with those set out in the City of Johannesburg's GDS 2040 and the Integrated Development Plan (IDP) which presents the collective and shared vision for the future of Johannesburg. To give effect to the GDS 2020/IDP outcome, the Entity works with the City's framework on environmental compliance with the requirements of the National Environmental Management Act (NEMA) Regulations and the National Spatial Development Framework (NSDF).

It is worth noting that the Entity achieved 89% performance, although it was confronted with service

delivery challenges and experiencing temporary financial distress. The Entity identified several options for the City to consider as measures to address and mitigate cashflow challenges to improve service delivery going forward. The interventions include granting the JDA permission to solicit clients that are outside the City departments and entities fraternity. The entity is fostering collaborations with City departments such as the Department of Economic Development on enterprise development approach aiming to curb SMMEs uprisings that lead to projects stoppages which negatively affect projects progress. My office, as the MMC will intensify its oversight role to provide the necessary support in ensuring that the entity improves on service delivery and actively address challenges.

Another progressive step by the JDA, is that it has intensified its public participation with local communities and stakeholders to meet local needs and mitigate challenges. Public participation is conducted prior, i.e., during and post projects implementation to prevent exclusion of critical community related issues. This assists with managing expectations and perceptions of various stakeholders by providing clear and regular communication and mobilization activities, explaining the purpose, scope and outcomes of each project to minimize misunderstandings and misinformation. Local communities were involved in the implementation of projects through ensuring that local businesses with relevant skills are subcontracted in projects and local labourers were sourced throughout projects life cycle. The JDA's Board, Management and all employees under my leadership have yet again demonstrated exceptional performance as witnessed by the achievements detailed in the Integrated Annual Report for 2023/24 financial year.

It remains our priority for the JDA to attain clean audits year in and year out and be an entity that is self-sustaining and able to generate its own revenue rather than being solely reliant on the City's for revenue. I would like to thank the JDA's Board, Management and all employees as we continue to forge ahead with service delivery.

A handwritten signature in black ink, consisting of a stylized 'E' and 'M'.

Cllr Eunice Mgcina

MEMBER OF MAYORAL COMMITTEE

SECTION 2: BOARD CHAIRPERSON'S REPORT

I am honoured to present the Report for the 2023/24 Financial Year as the Chairperson of the JDA Board of Directors. For the period under review, the JDA's Business Plan with key milestones was approved by the Shareholder. The Business Plan contributes towards the key policy imperatives, which comprise the City's Growth Development Strategy 2040, Integrated Development Plan and priorities that have been set by the Government of Local Unity. Management is committed to executing the key performance indicator (KPI) targets as set out in the Business Plan.

Under the leadership of Mr Themba Mathibe, the Chief Executive Officer (CEO), the JDA's performance for the period under review achieved a score of 89% compared to the same period last year when its score was 60%. Furthermore, the JDA played an important role in contributing to the creation of 534 work opportunities in communities where its projects are implemented through the Expanded Public Works Programmes (EPWPs). This is indicative of the JDA's commitment to economic empowerment despite sector-wide challenges.

The JDA continues to fulfil its objective of promoting socio-economic growth through the development and promotion of efficient spatial environments in defined geographic areas and regenerating decaying areas of the City of Johannesburg. In fulfilling this objective, it remains one of our key priorities as the JDA Board to ensure that the JDA performs and complies with applicable laws and policies.

For the period under review, the City's cash-flow challenges continued to affect the JDA negatively; as a result, progress on projects was affected owing to financial challenges that were encountered by service providers. To this end, the JDA has identified opportunities that can potentially generate multiple streams of revenue for the entity. Furthermore, the JDA is committed to paying service providers within 30 days.

The wellbeing of the JDA's employees and inculcation of a high-performance culture remain key priorities.

Meeting these priorities has necessitated the establishment of a mechanism that will ensure broad communication with the staff and continuous engagement between management and the staff.

I would like to express my appreciation to the MMC for Development Planning, fellow Board members, management and various stakeholders for their valuable contribution and continued support.



Mr Julius Maputla
Board Chairperson

SECTION 3: CHIEF EXECUTIVE OFFICER'S REPORT



Mr Themba Mathibe
Chief Executive Officer

I am pleased to present the Johannesburg Development Agency's (JDA) 2023/24 Annual Report. This Report is an important accountability document for the entity. It serves two purposes: firstly, it complies with legislation and, secondly, it outlines the entity's achievements in alignment with the fulfilment of the JDA's mandate. Notably, through this Report, the entity accounts for the use of the organisation's resources (financial, human and so forth).

On behalf of the entity, I can, with confidence, say that the JDA performed admirably during this financial year. The entity achieved 89% of its KPIs for the 2023/24 reporting year. This is a substantial improvement when compared to the 60% achieved in the previous financial year of 2022/23. Furthermore, we exceeded several KPI targets, such as number of EPWP work opportunities created city-wide, percentage spent on Broad-Based Black Economic Empowerment (B-BBEE) through local procurement, communication and media-related initiatives, percentage of Small, Medium and Micro Enterprise (SMME) expenditure as a share of total expenditure, and the resolution of the Internal Audit and Auditor General's findings. The empowerment performance on EPWP, SMME and B-BBEE demonstrates the entity's commitment to contributing to economic development and job creation.

As we celebrate the successes of the JDA, I am mindful that the entity remains affected by the City's cash-flow challenges. Such are the main cause of the 11% KPIs that were not achieved during the reporting year. The City's cash-flow challenges also affected the service

providers' ability to adequately financially resource the JDA's projects and thus consequently affected progress on projects. The entity remains focused on addressing these challenges, with several meetings held with client departments to resolve long-outstanding debtors, which will lead to the negative sweeping balance being reduced. Management made a commitment to ensure that the JDA and Group Treasury revisit the cash-allocation model in place with the intention of making sure that it is applied as required and that grant-funded projects are prioritised.

As a proactive measure to enhance efficiencies, management holistically diagnosed the challenges that hinder efficiencies. Accordingly, the JDA's Implementation Plan for the Strategy Objectives was compiled, and progress was reported throughout the financial year. Management implemented appropriate interventions for improving efficiencies, such as approving a framework of projects for initiation and acceptance matrix. There is an overall organisational procurement matrix that tracks the entire procurement process, and it is presented every two weeks at EXCO. Furthermore, all bids of above R5 million are subjected to Probity Advisory.

There are several restructuring initiatives that have been undertaken to showcase our new service offering with a new customer approach and to improve the business-facilitation process, planning initiatives and implementation approach.

We had extensive engagements with various provincial departments, provincial entities and the private sector on the possibility of getting JDA on board as their implementation agent. Among many lessons that the entity has learnt during the financial year under review is how to improve efficiencies while forging ahead to meet as many set performance targets as possible.

In financial years 2017/18 and 2018/19, JDA received clean audit opinions, subsequently from 2019/20 until the recent audit for 2023/24 in which the Entity received unqualified audit opinions. For the 2022/23 financial year audit, Auditor-General also identified areas of improvement for management. Recommendations proposed included an improved non-financial performance information controls and reporting. Remedial action has since been taken, that includes holding monthly Operation Clean Audit meetings (OPCA) where progress on resolution of Audit Findings is reported.

With regards to the financial health of the entity, for the financial year under review JDA earned total revenue of R144 million and incurred total expenditure of R215 million which resulted in an overall deficit of R51 million. The Entity achieved 109% of the budgeted target for revenue, this target includes development management fees, operational grant.

For the 2023/24 financial year, the top six (6) risks include failure to deliver capital projects on time and within Budget, poor performance by contracted Service Providers, inadequate development facilities in key development areas/ strategic economic nodes, failure to implement effective job creation, SMMEs and support systems, failure to adequately manage stakeholder expectations and inability to ensure financial sustainability. The Entity identified measures to mitigate these risks.

Regarding human capital, it is worth noting that the JDA successfully filled all vacancies for the executive positions, such as Chief Financial Officer (CFO), Company Secretary, Executive Manager: Corporate Services (EM:CS) and Chief Audit Executive (CAE). These personnel commenced duty during the period under review.

All our achievements and highlights for the financial year under review would not have been possible without the support from the MMC for Development Planning, the JDA Board, CoJ colleagues and the JDA employees, who continue to live and embody the JDA values.

We remain mindful of the factors that affect our performance, and we will continuously ensure that the JDA performs exceptionally.



Mr Themba Mathibe
Chief Executive Officer

SECTION 4: CHIEF FINANCIAL OFFICER'S REPORT



Mr Sinovuyo Mpakama
Chief Financial Officer

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

For the period ended 30 June 2024, the JDA earned total revenue of R144 million (2022/23: R120 million) and incurred total expenditure of R205 million (2022/23: R167 million), which resulted in an overall deficit of R51 million (2022/23: deficit of R34 million).

The organisation achieved 109% (2022/23: 107%) of the budgeted target for revenue. The revenue target includes the development management fees and operational grant. 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 155% (2022/23: 150% overall against target). The operational expenditure includes interest of R130 million that is charged on the JDA overdrawn sweeping account. The overdrawn account is the result of the late settlement of claims from the various client departments.

The breakdown of the actual operational expenditure against budget is shown in Table 3 below.

TABLE 3: ACTUAL OPERATIONAL BUDGET

	Actual Prior Year 30 June 2023 (R)	YTD Actual (R)	YTD Budget (R)	Variance (R)	% of Actual Against Budget
Revenue	119 729	144 284	132 364	11 920	109%
Operating costs (before interest)	(R121 862)	(R141 614)	(124 833)	(R16 781)	113%
Interest expense	(45 610)	(R73 253)	(7 531)	(R65 722)	972%
Total operating costs	(R167 472)	(R214 867)	132 364)	(R82 503)	162%
Surplus/(Deficit) for the year	(34 381)	(R51 412)	(nil)	(58 788)	

Actual capital expenditure for the year ended 30 June 2024 was R885 million (2022/23: R879 million) against an annual budget of R976 million (2022/23: R1.4 billion). There are still various factors that continue to affect projects, including poor contractor performance and stoppages caused by non-payment since the CoJ has a cash-flow problem. However, the 95% targeted capital expenditure is based on a city-wide performance indicator and not necessarily aligned to each project milestone and progress.

The organisation's total assets exceeded the total liabilities. The total net deficit of assets on 30 June 2024 was R50 million (2022/23: R1.3 million).

Table 4 below reflects the financial performance ratio of the organisation for the period ended June 2024.

TABLE 4: FINANCIAL RATIOS

Key Performance Area	Target	Actual 30 June 2023	Actual 30 June 2024
Current ratio	Above 1,5:1	0,98:1,5	0,93:1,5
Solvency ratio	Above 2:1	1:2	0,96:2
Salaries to expenditure ratio	Below 60%	52%	41%
Revenue	R132,2 million	R120 million	R144 million
Expenditure	R132,2 million	R167 million	R215 Million
Surplus / (Deficit)	R nil	(R34 million)	(R51 million)
Total net assets	R15,4 million	R1,3 million	(R50 million)
Capital expenditure	95%	75%	9%

The liquidity ratio is lower than the corresponding quarter of the last financial year, and the solvency ratio is below last year's corresponding quarter 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 lower loan to shareholder balance. Our major concern currently is the long outstanding balances owed by the city departments to the JDA and the overall impact this has on the liquidity and solvency of the JDA.

The remuneration ratio is lower than the target of 60%. This is due to some vacant positions that have not been filled and high interest expense. The ratio is based on employee costs of R88 million over total expenditure of R215 million, which results in 41% of the expenditure.



Mr Sinovuyo Mpakama
Chief Financial Officer

SECTION 5: CORPORATE PROFILE AND OVERVIEW

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

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

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

5.1 Vision

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

5.2 Mission

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

5.3 Values

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

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

Outcomes and Challenges

The JDA's evolution into an area-based development agency has prepared it to respond to the objectives as outlined in the GDS. Under this model, the JDA plays 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 achieve the common economic and social objectives defined for each area sustainably. 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., its focus on developing resilient, sustainable, inclusive and liveable urban areas in identified nodes and corridors.

SECTION 6: STRATEGIC GOALS AND OBJECTIVES

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

The JDA's current business plan outlines the strategic alignment of the JDA's programmes and output with the City of Joburg's strategic priority. The City of Joburg is implementing the 11 priorities that were introduced during the formation of the Government of Local Unity that was formed in 2023. The JDA's programmes are aligned and still relevant to the 11 strategic priorities. To ensure that the JDA is best positioned to respond to the spatial-development priorities, the agency coordinates 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, the JDA ensures the good governance of the organisation through an operational programme, which is resourced to support the optimal performance of the above three substantive areas:

- Programme 4. Good Governance, Management and Administration Programme Furthermore, the JDA's current business plan represents a spatial response to specific priority transformation areas, as outlined in the Spatial Development Framework 2040.

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

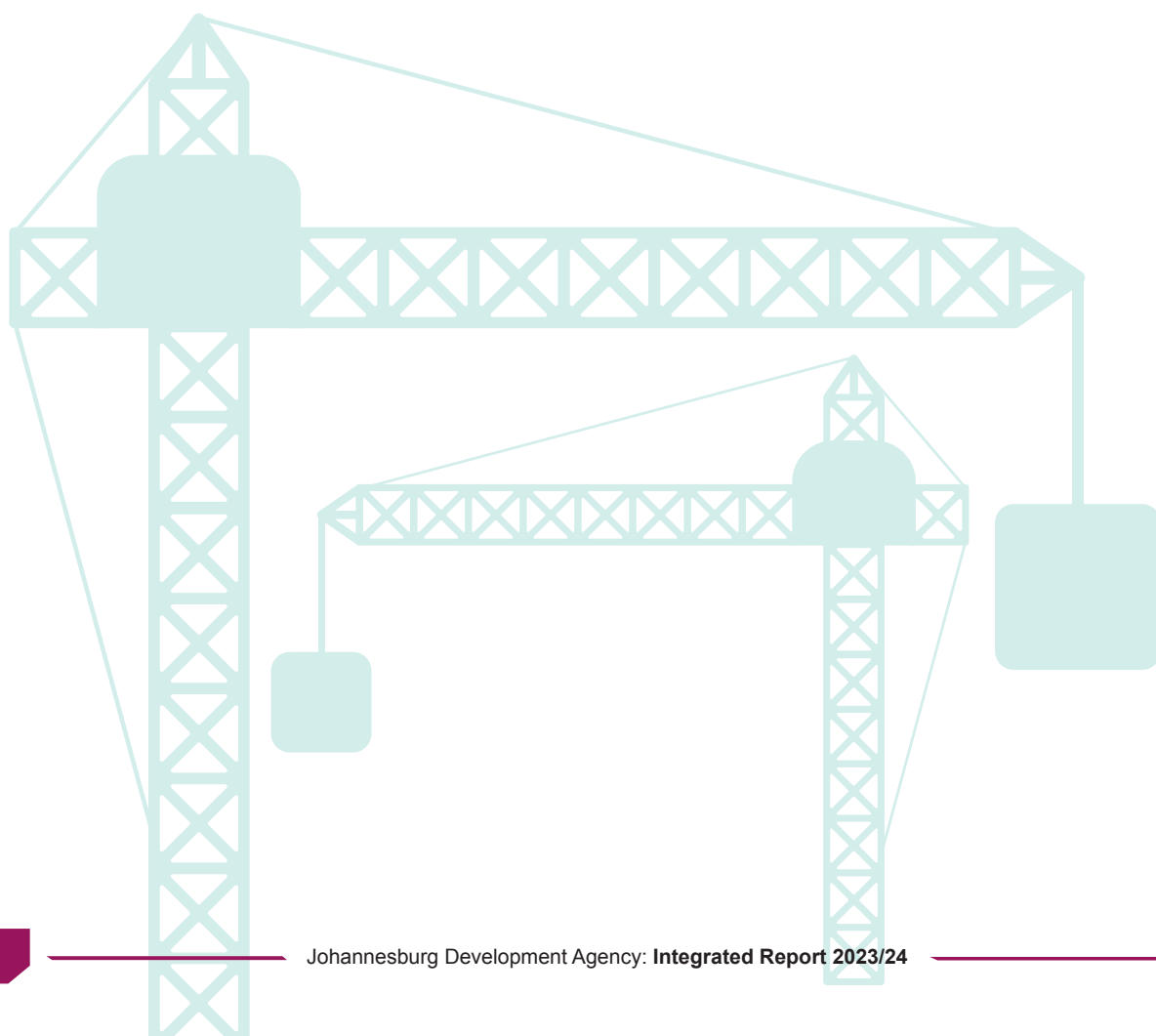


TABLE 5: JDA'S STRATEGIC ALIGNMENT WITH THE CITY'S LONG-TERM PLANS AND PRIORITIES

GDS Outcomes	GDS Output	Strategic Priorities	Priorities JDA Objectives	JDA Programme	Outcome
1. Improved quality of life and development- driven resilience for all	1. Reduced poverty and increased productivity 2. Food security that is both improved and safeguarded 3. Access to knowledge and lifelong learning 4. A society characterised by healthy living for all 5. A safe and secure city 6. A city characterised by social inclusivity and enhanced social cohesion	Safer City Sustainable Economic Growth	1. To support the growth and development of strategic nodes into high-quality, investor-friendly and sustainable urban environments	1. Strategic Economic Node Delivery Programme 2. Economic Empowerment Programme	The growth and development of strategic economic nodes into high- quality, investor-friendly and sustainable urban environments Efficient delivery infrastructure that produces a socio- economic return
2. Provide a resilient, liveable, sustainable urban environment– underpinned by smart infrastructure supportive of a low carbon economy	1. Sustainable and integrated delivery of water 2. Sustainable and integrated delivery of sanitation 3. Sustainable and integrated delivery of energy 4. Sustainable and integrated delivery of waste 5. Improved eco-mobility Sustainable human settlements	Sustainable service delivery Energy mix Infrastructure development and refurbishment	2. To effectively and economically deliver sustainable social and economic infrastructure projects	1. Accelerated Infrastructure Delivery Programme	Efficient delivery infrastructure that produces a socio- economic return

GDS Outcomes	GDS Output	Strategic Priorities	Priorities JDA Objectives	JDA Programme	Outcome
3. An inclusive, jobintensive, resilient, competitive and smart economy that harnesses the potential of citizens	1. Job-intensive economic growth 2. Promotion of and support to informal and micro businesses 3. Increased competitiveness of the economy 4. A 'Smart' City of Johannesburg, which is able to deliver quality services to citizens in an efficient and reliable manner (crosscutting output)	Sustainable economic growth Job opportunity and creation Green economy Smart City	3. To promote economic empowerment and transformation through the structuring and procurement of the JDA developments	1. Economic Empowerment Programme 2. Good Governance, Management and Administration Programme	The growth and development of strategic economic nodes into high-quality, investor-friendly and sustainable urban environments
4. A high-performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region	1. Partnerships, intergovernmental and international relations 2. A responsive, accountable, efficient and productive metropolitan government 3. Financially sustainable and resilient city 4. Meaningful citizen participation and empowerment 5. Guaranteed customer and citizen care and service	Active and engaged citizenry Good governance Financial sustainability	4. To strengthen and improve the JDA's corporate governance and operations to ensure that it remains an effective, efficient, self-sustained and well governed organisation	1. Good Governance, Management and Administration Programme	A financially viable, effective and well-governed development agency

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 4 and 5 of the King IVTM report. The business model below demonstrates the value-creation process in support of the City of Johannesburg's strategy. It further describes how the entity creates value for its stakeholders through core processes and how it delivers on its mandate.

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

Figure 1 below unpacks the JDA's value-creation process to illustrate how:

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

The value-creation process is linked to the following:

- The external operating context: This is the environment in which the JDA operates, and this environment impacts its ability to create value.
- Risks and opportunities: The JDA strategy is impacted by risks that could materially impact the delivery of value to its stakeholders.
- Stakeholder engagement: The entity is reliant on being perceived as a credible stakeholder partner. Delivering value to stakeholders influences its reputation.
- Governance: The JDA is a values-based organisation and is committed to high standards of business integrity and ethics.

Material matters are those issues that could substantially affect the JDA's ability to create value in the short, medium and long term and result in the entity

not being able to execute its strategy. The executive management is responsible for managing the material matters in a structured way and for ensuring that they remain current and relevant.



VALUE CREATION PROCESS FOR THE YEAR ENDED 30 JUNE 2024

INPUT

FINANCIAL RESOURCES

- R976 million capital budget allocation.
- R132 million Operating expenditure.
- R89 million employee's costs.

MANUFACTURED CAPITAL

31 projects were planned to reach specific milestone by end of the FY.

INTELLECTUAL CAPITAL

- GDS 2040.
- Integrated Development Plan 2022 - 2027.
- Spatial Framework.
- Smart City strategy.
- JDA Business Plan for 2023/24 FY.

HUMAN CAPITAL

- Total of 89 Employees.
- R683 000 Skills Development.

SOCIAL AND RELATIONSHIP CAPITAL

- Clients Departments.
- Vulnerable communities.
- Targeted stakeholder groups (e.g., SMMEs, youth, and children).
- Media, NGOs, and academic stakeholders.
- Shareholder.

NATURAL CAPITAL

- Natural resources consumed Water, land, and Energy (electricity and fuel).

ONTEXT

- Applicable National Outcomes.
- Six SDGs.
- Eleven IDP priorities driven through four clusters.

TOP SIX RISKS

- Failure to deliver capital projects on time and within budget.
- Poor performance by contracted service providers.
- Inadequate development facilities in key development areas/strategic economic nodes.
- Failure to effective job creation, SMMEs and support systems.
- Failure to adequately manage stakeholders expectations.

6. Inability to ensure financial sustainability.

OPPORTUNITIES

- A possible JDA mandate review (to work with Province and National on projects – mega-projects).
- To harness partnership opportunities to further the co-development of urban development, research etc. -A possible strategic role for the JDA to determine the future Lanseria development.

COJ STRATEGIC PRIORITIES

- Good governance.
- Financial sustainability.
- Energy mix.
- Sustainable service delivery.
- Infrastructure development, Job opportunity and creation
- Safer City.
- Active and engaged citizenry, Sustainable economic development.
- Green economy.
- Smart City.

OUTPUTS/PROGRAMMES

- R144 million revenue generated.
- Two Urban development frameworks completed.
- One projects detailed design completed.
- Six projects reached practical completion.
- 534 EPWP jobs were created.
- 37% of total expenditure was spent on SMMEs.
- 107% of OPEX and CAPEX procurement recognition were spent on at least 51% Black-owned companies.
- 91% of allocated CAPEX was utilised in the FY.

OUTCOME

ECONOMIC SUSTAINABILITY

- R10 000 cash and cash equivalent.
- R144 million revenue generated.
- City of Joburg residents benefited from jobs that JDA created through EPWP.
- JDA supported SMME.

ADMINISTRATIVE SUSTAINABILITY

- Unqualified audit opinion.

ENVIRONMENTAL SUSTAINABILITY

- The JDA, in planning and implementing its projects, adheres to all legislation that governs the use of natural resources and those intended to preserve the environment and heritage sites.

SOCIAL SUSTAINABILITY

- Three projects were identified to be supported by the JDA as part of its Corporate and Social Responsibility. Progress was unfortunately affected by budget.

CHAPTER 2

CORPORATE GOVERNANCE

Strategic Objective 4

Impacted Capitals

Financial, Social & Relationship and Intellectual

Stakeholders Interested:



SECTION 1: CORPORATE GOVERNANCE STATEMENT

Governance Framework

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

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

JDA's Governance Arrangements

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

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

Implementation of King Code of Corporate Governance

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

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

The entity applies the governance principles contained in the King Code as far as it applies to it and continues to further entrench and strengthen recommended practices in its governance structures, systems, processes and procedures. Through this process, shareholders and other stakeholders may derive assurance that the entity is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices. As highlighted above, the monitoring of the entity's compliance with the King Code on Corporate Governance is part of the ARC mandate. The entity 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 (CoJ's) Corporate Governance Protocol in its Board Charter, which, inter alia, regulates its relationship with the CoJ as its sole shareholder in the interest of good corporate governance and good ethics.

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

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

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

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

Ethical Leadership

The JDA Board provides leadership that is directed by respect for ethical beliefs and values and the dignity and rights of others. It provides effective leadership that is 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 medium 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 of the municipality. 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 the social, political and environmental responsibilities outlined in international conventions on human rights.

Compliance with Laws, Rules, Codes and Standards

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

Citizen Involvement in Plan-Making and Project Implementation

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



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

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

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

The local ward councillor, ward committees and residents' associations are the key link for citizens to get involved in public-participation processes in planning and project development.

The Board of Directors of the JDA subscribes to good corporate governance expressed in the King Code and the Code of Conduct for Directors referred to in section 93L of the 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 improve the entity's systems of control and governance on a continuous basis to ensure that the entity is managed ethically and within prudently determined risk parameters.

1.1 Board of Directors

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

As at the AGM held on 01 March 2023 that operated throughout the financial year, the JDA Board of Directors consists of the following members:

1. Ms Daliwe Oliphant (Chairperson)
2. Ms Mally Hilda Mokoena
3. Mr Mongezi Ntanga
4. Mr Bruce Sarela
5. Ms Morwesi Ramonyai
6. Ms Nandipha Zonela
7. Ms Pinkie Numa
8. Mr Vukile Hlongwa
9. Mr Makoko Makgonye
10. Mr Siyabonga Masiza
11. Mr Tshepo Nawane – rotated from the Internal Audit Committee (IAC) to becoming a non-executive director (NED) on 20 November 2023

Mr Themba Mathibe – Acting Chief Executive Officer (CEO) effective 15 February 2024 to 30 May 2024, thereafter appointed CEO from 01 June 2024

Mr Siyabonga Genu – Acting CEO from 30 June 2023 to 14 February 2024

Mr Mokgema Mongane – CEO from 05 August 2022 to February 2024

Mr Sinovuyo Mpakama – Chief Financial Officer (CFO) effective 01 January 2024
Mr Sihle Mkhize – Acting CFO from 14 November 2022 to 30 December 2023
The appointed Independent Audit Committee members are:

1. Mr Sivuyile Mndawe
2. Mr Patrick Lebopa

Board Appointment Post the Financial Year End

It is important to report that the Shareholder held an AGM on 31 July 2024 at which the new Board of Directors, consisting of 11 NEDs and four ARC members, was appointed, with Mr Julius Maputla being the chairperson. Therefore, the 2023/24 Integrated Annual Report was compiled under the stewardship of this newly appointed Board, and all related processes were subsequently endorsed by them. Ms Daliwe Olifants was appointed as the Chairperson of the Audit and Risk Committee, which was responsible for overseeing the external audit process and the signing off of the 2023/24 AFS.

Diversity of the Members of the 2023/24 JDA Board of Directors

Figure 2 indicates the diversity of the Board that operated during the financial year in terms of gender, race and age. The Board's members ranged in age from 20 to 70 years, with the majority of the members between the ages of 41 and 50. Both males and females served as non-executive directors, with five females and eight males serving on the Board. All of the members were Black.

The members showed a wide range of skill sets, which benefited the JDA in running its operations. The members had a skills and experience mix with the capability to enable the JDA to become a high-impact area-based development agency.

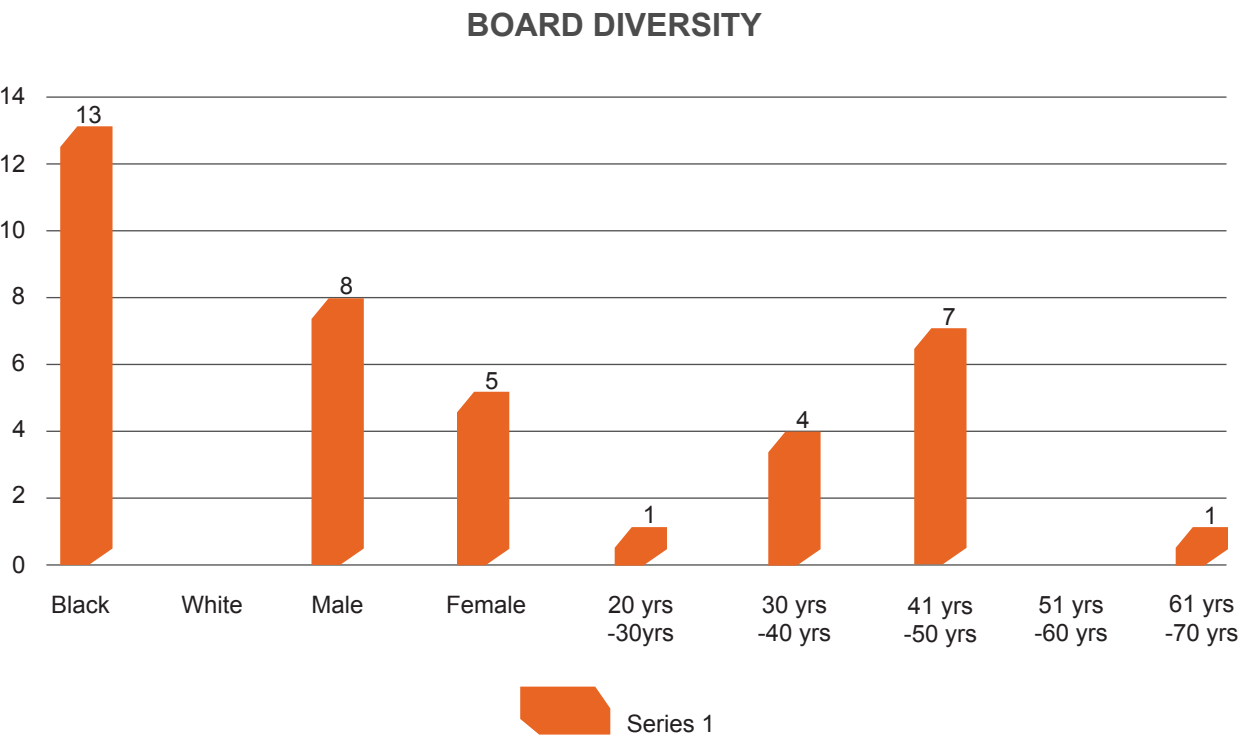


FIGURE 2: BOARD DIVERSITY



TABLE 6: BOARD COMPOSITION FOR THE PERIOD AS AT 30 JUNE 2024

Board member	Capacity: Executive/Non-Executive	Race	Gender/Age	Status
Ms. Daliwe Oliphant	Chairperson (Non-executive)	Black	Female – 49 yrs	Active – appointed on 01 March 2023
Mr. Makoko Makgonye	Non-Executive	Black	Male – 49 yrs	Active – appointed on 01 March 2023
Ms. Morwesi Ramonyai	Non-Executive	Black	Female – 43 yrs	Active – appointed on 01 March 2023
Mr. Mongezi Ntanga	Non-Executive	Black	Male – 50 yrs	Active – appointed on 01 March 2023
Ms. Nandipha Zonela	Non-Executive	Black	Female – 44 yrs	Active – appointed on 01 March 2023
Ms. Mally Mokoena	Non-Executive	Black	Female – 72 yrs	Active – appointed on 01 March 2023
Ms. Pinkie Numa	Non-Executive	Black	Female – 42 yrs	Active – appointed on 01 March 2023
Mr. Vukile Hlongwa	Non-Executive	Black	Male – 42 yrs	Active – appointed on 01 March 2023
Mr. Siyabonga Masiza	Non-Executive	Black	Male – 42 yrs	Active – appointed on 01 March 2023
Mr. Bruce Sarela	Non-Executive	Black	Male – 37 yrs	Active – appointed on 01 March 2023
Mr. Tshepo Nawane - Rotated from IAC to NED in November 2023	Independent Audit Committee (IAC) Member	Black	Male – 45 yrs	Active – appointed on 01 March 2023
Mr. Themba Mathibe	Chief Executive Officer and Executive Director	Black	Male – 28 yrs	Active- appointed 01 June 2024
Mr. Sinovuyo Mpakama	Chief Financial Officer	Black	Male – 39 yrs	Active – Appointed 01 January 2024
INDEPENDENT AUDIT MEMBER				
Mr. Sivuyile Mndawe	Independent Audit Member	Black	Male – 36 yrs	Active – appointed on 01 March 2023
Mr. Patrick Lebopa	Independent Audit Member	Black	Male – 49 yrs	Active – appointed on 01 March 2023

1.2. Board and Committee Meeting Attendance

The sitting of the Board and Board committees is guided by the Group Policy that was developed by the Shareholder to guide the functions of the City entities' Boards together with the Board charters. The policy provides that the Board should have four ordinary meetings in a financial year and special meetings must be motivated. Table 7 below presents the attendance of meetings in the financial year. The table presents attendance by the Non-Executive, Executive and IAC members. The Board has a prerogative to seek advice from external experts in line with its powers. However, no external services were sought by either the Board or its committees in the financial year apart from a shareholder representative, Group Governance officials, that have a standing invitation to all Board and sub-committee meetings.

TABLE 7: BOARD AND BOARD COMMITTEE MEETINGS AND ATTENDANCE (1 JULY 2023 TO 30 JUNE 2024)

Name	Board Meetings = Total of 9 Meetings				Audit & Risk Committee = Total of 8 Meetings				Social & Ethics / HR & Remuneration Committee = Total of 5				Development Committee = Total of 5			
	No. of Meetings	Attendance	Apology	Absent	No. of Meetings	Attendance	Apology	Absent	No. of Meetings	Attendance	Apology	Absent	No. of Meetings	Attendance	Apology	Absent
Daliwe Oliphant (Chairperson)	9	9	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5	5	0	0
Bruce Sarela	9	8	1	0	8	8	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Makoko Makgonye	9	9	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5	5	0	0
Mongezi Ntanga	9	8	1	0	N/A	N/A	N/A	N/A	5	5	0	0	N/A	N/A	N/A	N/A
Pinkie Numa Ceased to be a member of S, E, HR & REMCO from November 2023	9	9	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5	5	0	0
Morwesi Ramonyai	9	9	0	0	N/A	N/A	N/A	N/A	5	5	0	0	5	5	0	0
Siyabonga Masiza	9	8	1	0	8	8	0	0	5	5	0	0	5	5	0	0
Vukile Hlongwa	9	9	0	0	8	8	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nandipha Zonela	9	9	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5	5	0	0
Mally Mokoena	9	9	0	0	N/A	N/A	N/A	N/A	5	5	0	0	N/A	N/A	N/A	N/A
Sivuyile Mndawe (IAC)	N/A	N/A	N/A	8	8	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tshepo Nawane (IAC) Rotated from IAC to NED in November 2023	6	6	0	0	4	4	0	0	2	2	0	0	N/A	N/A	N/A	N/A
Patric Lebopa (IAC)	N/A	N/A	N/A	N/A	8	8	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

1. No fee is payable as the member is in the employ 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 (ARC)
- Development and Investment Committee
- Social, Ethics, Human Resources and Remuneration Committee (S, E, HR & REMCO)

The composition and mandate of each committee composition is described below.

TABLE 8: COMPOSITION, MANDATE AND QUARTERLY ACTIVITIES OF COMMITTEES

Composition	Mandate and Quarterly Activities
Audit and Risk Committee (ARC)	
The ARC has met on eight occasions during the financial year to review matters necessary to fulfil its role, including recommending the Annual Financial Statements (AFS) to the Board for approval. The members of the Committee from 01 March 2023 until 31 July 2024 were as follows: • Bruce Sarela (Chairperson) • Siyabonga Masiza • Vukile Hlongwa • Patrick Lebopa (Independent Audit member) • Sivuyile Mndawe (Independent Audit member) • Tshepo Nawane ARC member from 01 March 2023 until 20 November 2023. Rotated from IAC to NED from 20 November 2023. Became a member of S, E, HR & REMCO from 20 November 2023 until 31 July 2024. The ARC has specific responsibility for ensuring that all the activities of the JDA are subject to independent and objective review and financial performance oversight. The ARC has a charter with clear terms of reference as guided by the provisions of section 166 of the MFMA. The Committee has, amongst others, the following responsibilities: - Reviewing the JDA's internal controls, publishing financial reports for statutory compliance and against standards of best practice, and recommending appropriate disclosures to the Board; - Reviewing reports from management, and internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed; - Reviewing the half-yearly and AFS before submission to the Board, focusing particularly on any changes in accounting policies and practices; and - Monitoring management's responsiveness to the findings and recommendations of the Internal Audit function.	The ARC expressed its satisfaction with the execution of its mandate as outlined in its terms of reference, including the oversight that it exercised over the Internal Audit function. However, the Committee is still concerned that although the internal controls are adequate, they are still only partially effective. Management was requested to ensure that mitigations are identified and implemented timeously. The entity has a combined assurance approach where the Internal Audit plans are risk based. The risk and compliance function provides reasonable assurance on an ongoing basis, prior to the Internal Audit conducting its audit, and identifies areas where there are control deficiencies. The ARC is satisfied with the assurance arrangements that are in place in the entity. The ARC holds the view that both the Internal Audit and the CEO, including their functions, are effective in carrying out their responsibilities. Furthermore, the ARC was satisfied with the performance of the CFO and the finance team. The reports had satisfactory disclosures and the AFS were prepared in line with the relevant legislation and accounting standards. Lastly, the Committee is satisfied with the quality of audit conducted by Internal Audit and ultimately the Auditor General's work.

Social and Ethics / Human Resources and Remuneration Committee

In line with the best practice of corporate governance, the Board maintains a Human Resources and Remuneration Committee / Social and Ethics Committee (HR & REMCO / S & E). The Committee comprises five non-executive directors and is chaired by a non-executive director. The Committee met on five occasions over the financial year. The executive directors are excluded from the Committee when matters related to their remuneration are discussed. The Committee ensures that the remuneration of the CEO and senior management personnel is within the upper limits as determined by the City of Johannesburg following the provisions of section 89(a) of the MFMA.

The following members served on the Committee during the period under review:

- Mally Mokoena (Chairperson)
- Morwesi Ramonyai
- Mongezi Ntanga
- Pinkie Numa – ceased to be a member effective 20 November 2023
- Siyabonga Masiza
- Tshepo Nawane – effective 20 November 2023

The Committee considered the following key issues and policies during the year under review:

- HR policies approved: Remuneration and Reward Policy, Performance Management Policy, Talent Acquisition Policy, Acting Policy and Leave Policy;
- Filling of vacant positions in the executive management at the JDA (CEO, CFO, CAE, EM:CS and company secretary);
- Considered and approved its charter.

The Committee performs all the functions necessary to fulfil its role, including the following:

- Determining the setting and administering of remuneration at all levels in the company, considering the determinations of the Council of the City of Johannesburg Metropolitan Municipality;
- Determining the performance and remuneration of senior management subject to the upper limits as determined by the City of Johannesburg in terms of section 89 of the MFMA, post Board approval;
- Overseeing the establishment of a remuneration policy that promotes the achievement of strategic objectives and encourages individual performance. The Committee reviewed the policy and was satisfied that the policy considered external factors, such as inflation, standard of living and other socioeconomic factors. There were no significant changes made during the review since the policy was considered sound, relevant and to be achieving its intended objective of attraction and retention of talent in the entity;
- Overseeing the preparation of and recommending to the Board the remuneration report, to be included in the IAR, for accuracy, completeness and transparency; and providing a clear explanation of how the remuneration policy has been implemented;
- Overseeing and recommending for approval to the Board the implementation of employment equity plans; and addressing, monitoring and providing strategic guidance to transformation in accordance with the objectives of the Shareholder.

The Committee is satisfied with the execution of its responsibilities in line with its approved terms of reference.

Development and Investment Committee

Composition

The Development and Investment (D&I) Committee consists of five non-executive directors and met on five occasions during the reporting period. The following members served on the committee from 01 March 2023 until 31 July 2024:

- Nandipha Zonela (Chairperson)
- Makoko Makgonye
- Daliwe Oliphant
- Morwesi Ramonyai
- Pinkie Numa

The Committee's main focus included the following areas:

- Fulfilling oversight responsibilities as they relate to the Company's identification and prioritisation of development and investments and related risk management and internal- control practices; and
- Assessing and evaluating the business viability of proposed JDA projects.

Mandate and Quarterly Activities

The mandate and quarterly activities of the Development and Investment Committee include the following:

- 2023/2024 contracting strategies for development planning and facilitation and for development implementation;
- Examining the adequacy and effectiveness of the risk-management processes of the JDA projects by evaluating the effectiveness of the risk-management process for specific development projects; and
- Dealing with section 116(3) MFMA contract variations and extensions.

The Committee is satisfied with the execution of its responsibilities in line with its approved terms of reference.

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 IDP;
 - Reviewing and approving financial objectives, including significant capital allocations and expenditure as determined by the CoJ; and
 - Considering and ensuring that the entity's size, diversity and skills are sufficient for achieving its strategic objectives. Some of the key areas that the Board focused on in the year under review were as follows:
- The Board considered and approved the Board and Committee charters (ARC, D&I and S, E, HR & REMCO).
 - The Board dealt with the 2023/24 contracting strategies for development planning and facilitation and for development implementation.
 - The Board reviewed the 2023/24 audited AFS and IAR.
 - The Board assessed the MFMA Regulation 36 Deviations Report.
 - The Board considered the delegation of authority framework.
 - The Board assessed the 2024/25 JDA Business Plan (including the Strategic Risk Register).

A number of policies were approved by the Board during the 2023/24 FY:

- HR Policies: Remuneration and Reward Policy, Performance Management Policy, Talent Acquisition Policy, Acting Policy, Leave Policy.
- Supply Chain Management (SCM) Policy.
- Performance Information Management Policy.
- Marketing and Communication Strategy.

Board Charter

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

Within the financial year, the Board satisfactorily executed its duties, which included scrutinising the entity's financial sustainability and identifying innovative ways of improving sustainability. The Board held a strategic session in the financial year, where innovative strategies to improve revenue and sustain the entity's performance were identified and management was given a directive to develop a plan of execution. Short, medium and long-term strategies were identified. Management is expected to commence with implementation in the next financial year.

The JDA has put a delegation of authority framework in place that has taken into account all applicable legislation on the delegation of power. The framework was approved by the Board after it had satisfied itself that the framework complies with applicable legislation and it intends to segregate duties and properly implement delegation of authority.

The annual assessment of the Board performance is the prerogative of the Shareholder and was conducted by it. This process is carried out through the administration of a questionnaire, and results are shared with the Board.

1.3 Directors and Prescribed Officer's Remuneration

The JDA remunerates non-executive directors and IAC 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 AGM. The non-executive directors and IAC members are paid per meeting. Table 9 below reflects the gross or cost-to-company amounts paid by the JDA for the fees of the executive directors, non-executive directors and IAC members.

TABLE 9: EXECUTIVE DIRECTORS, SENIOR MANAGEMENT AND NON-EXECUTIVE DIRECTORS, AND INDEPENDENT AUDIT AND RISK COMMITTEE MEMBERS' REMUNERATION AND ALLOWANCES FOR THE PERIOD 01 JULY 2023 – 30 JUNE 2024

Name	Designation	Salary/Board Fee (R)	Pension (R)	Acting Allowance (R)	Bonus/ Board Retention Fees (R)	Travel Allowance (R)	Total (R)
Executive Directors & Senior Management							
M Mongane	CEO	2 609 465,28	83 972,17	0	0	385 648,00	3 079 085,45
T Mathibe	CEO	220 707,62	24 073,75	96 800,00	0	0	341 581,37
S Mpakama	CEO	937 209,38	102 172,79	0	0	0	1 039 382,17
S Mkhize	Acting CEO (01 Jul – Dec 2023)			123 751,23	0	0	123 751,23
R Shirinda	Company Secretary	88 285,54	6 774,64	0	0	0	95 060,18
S Ndhlovu	Acting Co Sec (01 Sept 2023 30 Apr 2024)			147 178,78	0	0	147 178,78
T Msane	Company Secretary	217 153,67	23 686,14	0	0	0	240 839,81
O Nkoane	EM: Development Planning and Facilitation	2 057 028,64	133 773,61	0	247 795,80	0	2 438 598,05
S Genu	EM: Project Implementation Acting CEO (01 Jul 2023 – 1 Feb 2024)	2 125 545,97	138 230,48	194 545,92	0	0	2 458 322,37
M Mazibuko	EM: Corporate Services	824 095,15	89 845,08	0	0	0	913 940,23
P Betshwana	Acting EM: Corporate Serv. (21 Jul – 31 Dec 2023)			134 217,24			134 217,24
M Sibiya	Acting CAE (01 Jul 2023 – 14 Mar 2024)			138 937,14			138 937,14
T Maota	Chief Audit Executive	419 323,00	51 573,53	0	0	0	470 896,53
Sub-Total		9 498 814,25	654 102,19	835 430,31	247 795,80	385 648,00	11 621 790,55
Non-Executive Directors & Independent Audit Committee Members							
With effect from 1 July 2023 to 30 June 2024							
Ms Daliwe Oliphant	Board Chairperson	250 000,00	N/A	N/A	N/A	N/A	250 000,00
Ms Mally Mokoena	Board Member (S, E, HR Chair)	260 000,00	N/A	N/A	N/A	N/A	260 000,00
Mr Mongezi Ntanga	Board Member	136 000,00	N/A	N/A	N/A	N/A	136 000,00
Ms Morwesi Ramonyai	Board Member	212 000,00	N/A	N/A	N/A	N/A	212 000,00
Ms Nandipha Zonela	Board Member	158 000,00	N/A	N/A	N/A	N/A	158 000,00
Mr Bruce Sarela	Board Member	0,00	N/A	N/A	N/A	N/A	0,00

Name	Designation	Salary/Board Fee (R)	Pension (R)	Acting Allowance (R)	Bonus/ Board Retention Fees (R)	Travel Allowance (R)	Total (R)
Executive Directors & Senior Management							
Non-Executive Directors & Independent Audit Committee Members							
With effect from 1 July 2023 to 30 June 2024							
Ms Pinkie Numa	Board Member	0,00	N/A	N/A	N/A	N/A	0,00
Mr Vukile Hlongwa	Board Member	184 000,00	N/A	N/A	N/A	N/A	184 000,00
Mr Makoko Makgonye	Board Member	172 000,00	N/A	N/A	N/A	N/A	172 000,00
Mr Siyabonga Masiza	Board Member	0,00	N/A	N/A	N/A	N/A	0,00
Mr Tshepo Nawane NED from November 2023	Independent Audit & Risk member	120 000,00	N/A	N/A	N/A	N/A	120 000,00
Mr Sivuyile Mndawe	Independent Audit & Risk member	56 000,00	N/A	N/A	N/A	N/A	56 000,00
Mr Patrick Lebopa	Independent Audit & Risk member	64 000,00	N/A	N/A	N/A	N/A	64 000,00
Sub-total		1 612 000,00					1 612 000,00
TOTAL		11 110 814,25	654 102,19	835 430,31	247 795,80	386 648,00	13 233 790,55

The directors' emoluments were taxed according to the South African Revenue Service guideline.

Loans and Advances

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

1.4 Company Secretarial Function

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

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

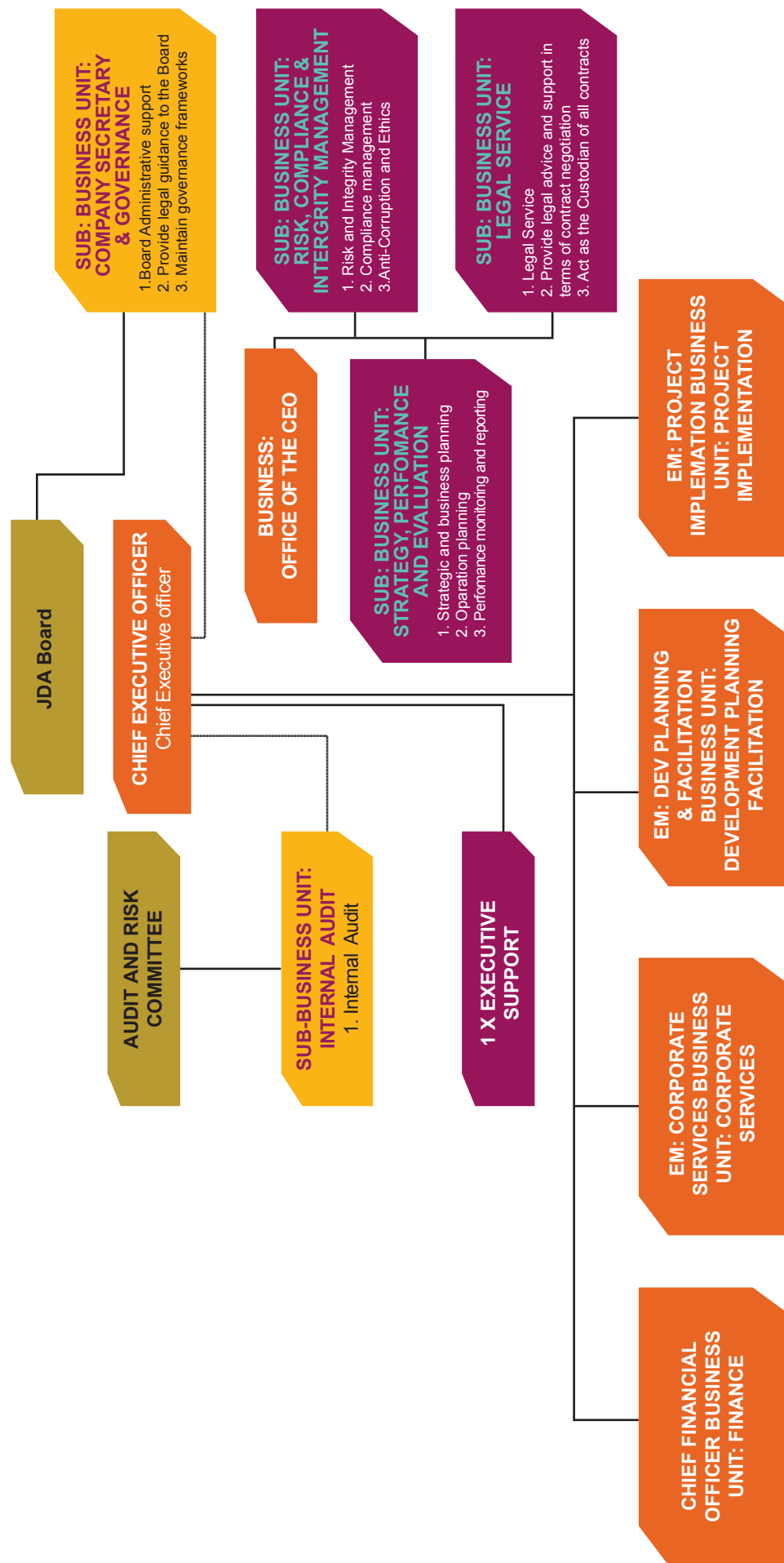
The Board has empowered the company secretary with the responsibility of advising the Board, through the chairperson, on all governance matters, including the duties set out in section 88 of the Companies Act. The company secretary's work covers a wide variety of functions, including but not limited to:

- Organising meetings, preparing meeting agendas and taking minutes of meetings;
- Dealing with correspondence, collating information, writing reports and ensuring that decisions taken 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 AGM.



SECTION 2: HIGH-LEVEL ORGANISATIONAL STRUCTURE

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



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 that 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 CoJ 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 10: JOHANNESBURG DEVELOPMENT AGENCY STAKEHOLDERS

Category	Name of Stakeholder	Specific Interest in our Business	Interest	Power	Impact
	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 that 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.	High	High	V High
	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 progress, and, where possible, involves the MMC in stakeholder engagement where political intervention is sought.	High	High	V High
	Members of the Mayoral Committee (MMCs)	The JDA has representation on and reports regularly to oversight committees, as well as to key forums 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 for and site visits to the general public.	Medium	High	High
	Office of the Speaker of the City of Johannesburg	As an agency of the City of Johannesburg (CoJ), 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.	High	High	V High

Category	Name of Stakeholder	Specific Interest in our Business	Interest	Power	Impact
		The Speaker facilitates the process whereby community requests and complaints are heard and ensures that there are appropriate responses from the Council. In order 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 CT 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 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 (DF), the JDA collaborates closely with CT on spatial planning, precinct / area research and planning, and project prioritisation and budgeting. The Development Implementation (DI) department 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 to ensure accurate budgeting for development projects.	High	Medium	High
	Business Partner Municipal-Owned Entities (MOEs) and Departments	The MOEs and departments act as project clients, co-implementers and operators in different projects. They are integral to any JDA development process. The JDA's engagement includes soliciting input for strategic-planning initiatives that are underway by all relevant departments. JDA engagement also includes the development of linkages between overall planning at City level and the JDA business plan. At a local planning and project level, it means bringing relevant departments together to coordinate existing opportunities and to generate plans for new area-based development. It is important to ensure that adequate complementary infrastructure is in place (e.g. stormwater, water and electricity reticulation) as well as complementary services (e.g. small cooperatives and social services) to schedule and bring projects to completion. DI teams interact with relevant MOEs and departments on project-specific requirements. Marketing and Communications staff work with relevant departments, particularly where the JDA has acted as implementing agent, to share process and completion details as part of ensuring smooth implementation and to publicise the work of the City.	High	High	High

Category	Name of Stakeholder	Specific Interest in our Business	Interest	Power	Impact
		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 that are working on specific investments or 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 use these forums to resolve project-specific issues and ensure smooth coordination with other departments for development and handover processes.			
	Housing Agencies of the City	These include the City's Housing Department and Johannesburg Social Housing Company (JOSHCO), which are integral partners in 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 implementing the refurbishment and development of housing when requested by JOSHCO or the Housing Department.	Medium	Medium	Medium
	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 in 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. The team also works with these stakeholders to understand the market dynamics and inhibitors of investment as well as to design area-based investment approaches that will promote the public good within those areas.	Medium	Medium	High
	Researchers and Urbanists	The JDA works with these groups at a strategic-planning level as well as at a 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. It is important that JDA Planning and Facilitation staff 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 DI staff are required to keep abreast of new methodologies, design approaches, and materials, among other things, to ensure best-practice implementation of projects. best-practice implementation of projects.	Medium	Medium	Medium

Category	Name of Stakeholder	Specific Interest in our Business	Interest	Power	Impact
	Heritage Foundations	The National Heritage Resources Act (NHRA) stipulates due process to protect the City's heritage. The Johannesburg Heritage Foundation (JHF) plays that role in Johannesburg. The JDA works within the NHRA framework and with the JHF to secure all the necessary heritage approvals when dealing with heritage assets.	Low	Low	High
	Environmental Groups	Many of the activities undertaken by government departments, at the national, provincial and local levels, have impacts on the environment. The JDA works with the City's framework with regard to environmental compliance with the requirements of the National Environmental Management Act (NEMA) Regulations.	High	High	High
	The JDA Board	The JDA is accountable for strategic and operational matters to its Board of Directors, which controls the JDA and maintains a fiduciary relationship with the company.	V High	V High	V High
	National and Provincial Government National departments and entities include the National Treasury, South African Police Service (SAPS) and the Department of Public Works (DPW) as well as other critical departments (Labour, Health and COGTA) in terms of budgeting and urban management on key projects Provincial departments include the Departments of Human Settlements, Education, Economic Development, Safety and Security, Social Development, Environmental Affairs and Water Affairs, among others	Thesedepartmentsplaykeyrolesindevelopments across the CoJ in the planning, implementation and sustainability of key developments. The various JDA departments engage with national and provincial departments at several levels, including the Department of Employment and Labour regarding the prescriptions of the Occupational Health and Safety (OHS) Act of 1993.The JDA also engages with the Department of Cooperative Governance and Traditional Affairs (COGTA) to ensure that with the Province the JDA carries out its service delivery and development mandate. The JDA collaborates with departments on larger-scale planning initiatives and on the finalisation of national or provincial programmatic grants for infrastructural development. It 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.	Medium	High	High
	Community Stakeholders	City Improvement Districts (CIDs) and other Urban-Management Partnerships	Medium	Medium	Medium

Category	Name of Stakeholder	Specific Interest in our Business	Interest	Power	Impact
	Local Area-Based Stakeholder Committees	These committees are established by the JDA DF team and are representative of community interests in areas. They may include ward councillors, ward committee members, religious leaders, school governing bodies, business representatives, non-governmental organisations (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.	High	High	High
	Small, Medium and Micro 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. B-BBEE and Enterprise Development). 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 incorporating small business in development areas and directly in JDA projects.	High	High	High
	Local Residents and Business Owners	These stakeholders are the people who will benefit from key investments through job opportunities. Engagements that focus on how these benefits can be capitalised on and best utilised are key to ensuring responsive development that will be well utilised.	High	High	High
	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 particular needs of these groups to improve living conditions and optimise economic outcomes for them.	High	High	High
	Organised Labour	It is necessary to engage workers on their needs in the environment (e.g. transport, access, safety) as well as on the development of enterprise and employment opportunities through project interventions.	High	Medium	Medium
	Auditor General	The AG is appointed an external auditor for the public sector. The AG's interest in the JDA is to ensure that the entity is governed in a transparent and accountable manner.	Medium	High	High
	JDA Staff	They are the key stakeholders and have interest on the sustainability of the entity.	High	High	High

Stakeholder Engagement Framework

One of the JDA's strategic objectives 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 JDA's three other strategic objectives. Since 1994, the state has made concerted efforts to engage resident communities and other affected stakeholders in the development of local solutions. Unfortunately, this has not always been successful and has often simply taken the form of decision-makers telling communities about their strategies. A more responsible and effective approach is to collaborate with local stakeholders to produce solutions by drawing on their knowledge of the development context. This can cultivate a much more sustainable sense of ownership, civic pride and citizenship.

The JDA's Stakeholder Engagement Framework represents the entity's ongoing commitment to collaborating 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 the JDA in supporting productive development partnerships and cooperation between all stakeholders in these areas. It frames how the JDA collaborates with the people and organisations that impact upon and are impacted by various JDA plans, interventions and projects that seek to fulfil the CoJ'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 programmes; and
- Facilitate effective collaboration with all affected and interested parties.

Figure 4 below sets out the components and functions of the Stakeholder Engagement Framework.

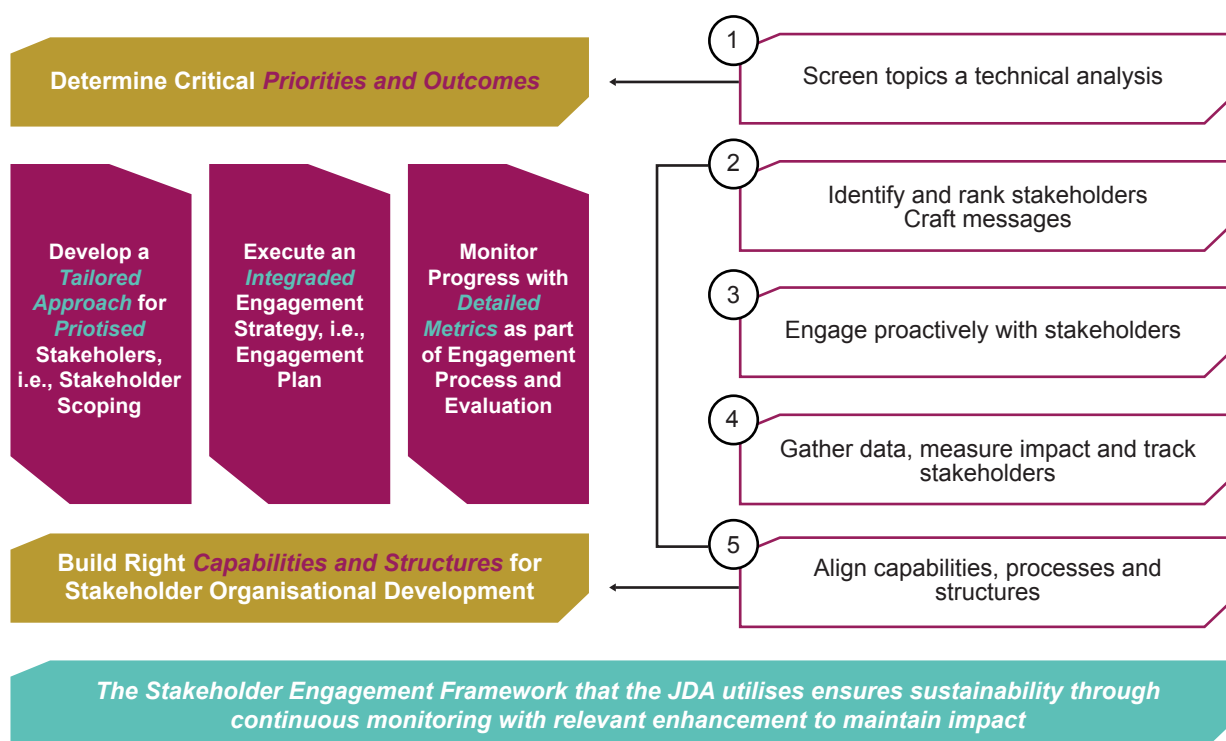


FIGURE 4: STAKEHOLDER ENGAGEMENT FRAMEWORK

SECTION 4: RISK MANAGEMENT

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

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

The JDA submits its risk-management reports to the

City of Johannesburg's Group Risk and Governance Committee. The committee assesses all risk that affects the CoJ and its municipal entities in a holistic manner and makes recommendations to the City Manager and Council about the general effectiveness of risk-management processes in the City.

4.1 Risk-Management Process

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

4.2 Risk-Management Architecture

Figure 5 below depicts the JDA's risk-management architecture as guided by the CoJ enterprise risk-management framework that all entities align their risk process with.

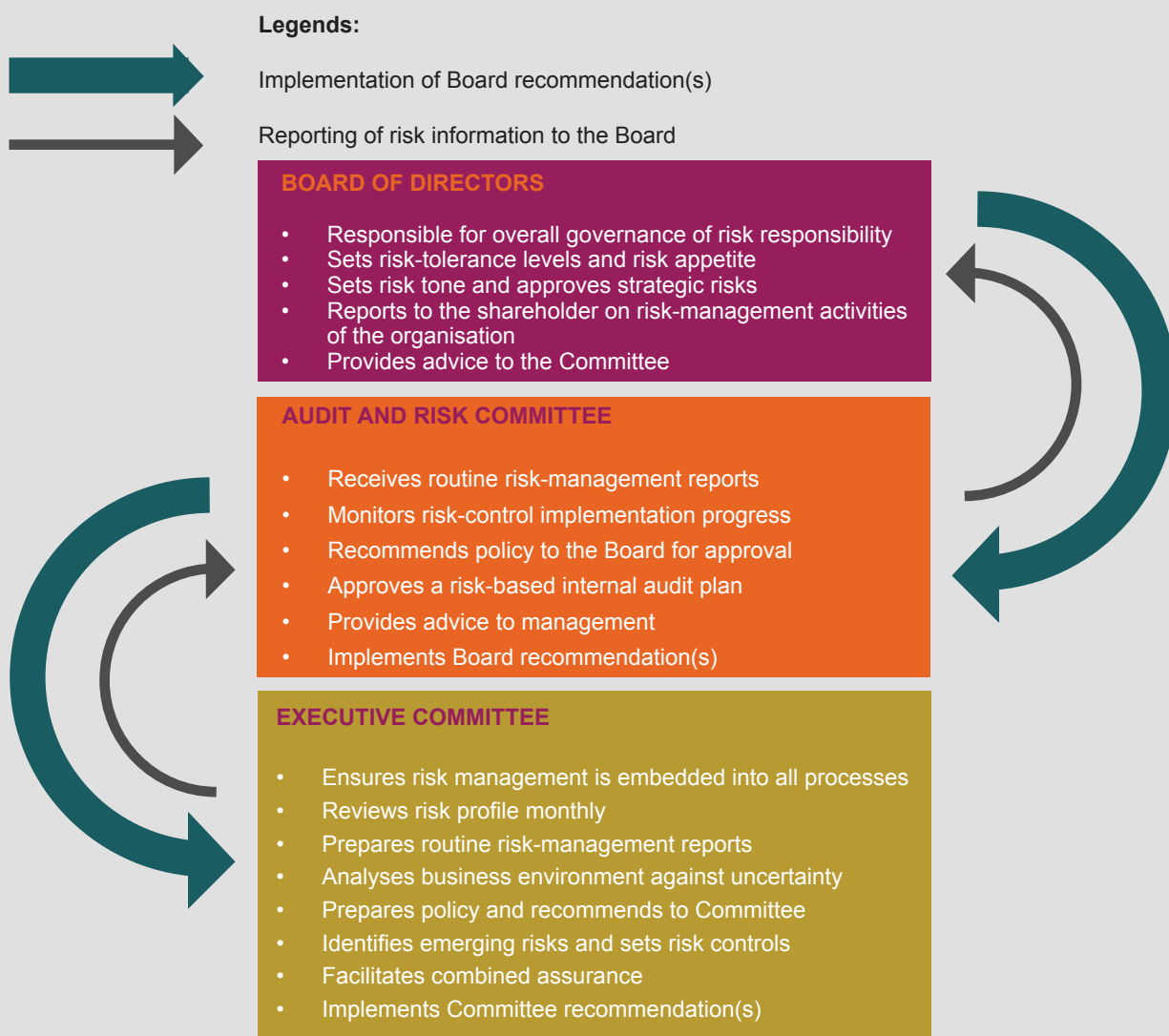


FIGURE 5: RISK-MANAGEMENT ARCHITECTURE

4.3 Implementation of the Strategic Risk Mitigation Plan

TABLE 11: STATUS OF IMPLEMENTATION OF COMMITTED ACTION PLANS

Key Performance Indicator	Q1 (%)	Q2 (%)	Q2 (%)	Q3 (%)
Implementation of committed Strategic Action Plans	65	80	76	100

The performance achieved reflects cumulative action plans that were implemented throughout the financial year against the planned mitigation plans. There were 24 committed mitigation plans to be implemented as at end of the financial year. All 24 plans were implemented, which translates as a 100% fulfilment rate.

Residual Strategic Risks Triggered by Risk Tolerance Threshold and Reported as per Priority for Attention Reporting Framework

Key risk indicators (KRIs) have been developed and linked to risk categories and risks. These KRIs are aligned to the organisation's key performance indicators (KPIs) in order to monitor the defined milestones and targets in pursuit of the set objectives. The strategic risks reported below trigger reporting for the attention of EXCO and ARC to intervene, treat and monitor these risks more closely to ensure achievement of expected performance. Over the reporting period, the residual risk-rating levels of amber and above were constantly reported to EXCO and ARC to allow early intervention as per the JDA's adopted risk-management framework.

TABLE 12: RESIDUAL STRATEGIC RISKS (RR) TRIGGERED BY RISK TOLERANCE THRESHOLD

No.	Risk Name	RR – 1 April 2024	RR – 25 June 2024	RR – Movement	KRIs Triggered	Status on the KRIs
1.	Poor project performance	16	16		Number of contractors put on terms / terminated contractors	Three contractors were put on terms: • Temi Construction – Selby Depot 2C, • Zookie Construction – Pennyville Public Environment Upgrade (PEU). • Molatebo Construction – Chris Hani Multipurpose Centre (MPC) The contract of one contractor was terminated: • Kgomphe Civils – Finetown The residual risk rating has stagnated.
2.	No/Insufficient working capital to finance the project (contractor)	12	12		Delay in payment of contractors / invoices paid outside 30 days	In the 4th quarter, there were 82 invoices, amounting to R58 125 555,15, paid outside the 30-day period. Management has indicated that the CoJ's cash-flow issues have contributed to the delayed payment of invoices.

No.	Risk Name	RR – 1 April 2024	RR – 25 June 2024	RR – Move- ment	KRIs Triggered	Status on the KRIs
						The residual risk rating has stagnated; management should monitor the risk closely.
3.	Inability to ensure financial sustainability	16	12	↓	Percentage of the budget spent on city-wide infrastructure	91% of the Capex budget was spent against the 95% target. This shows that the risk has progressed. Management should monitor the risk closely.
4.	Inadequate institutional governance	8	5	↓	Percentage of strategic risk management action plans resolved: - Percentage resolution of Internal Audit findings - Percentage resolution of Auditor General (AGSA) findings	100% of strategic risk management action plans were implemented in the fourth quarter. 97% Internal Audit findings were resolved as of 31 May 2024. 98% of AGSA findings were resolved. The residual risk rating is stagnant. Management must ensure that strategic action plans are implemented and audit findings are resolved timeously.

4.4 Residual Risk Analysis of Strategic Risk

TABLE 13: RESIDUAL RISK ANALYSIS AS AT END OF JUNE 2024

No.	Risk Description	RR Rating as at 1 July 2023	Risk Mitigation Movement	RR Rating as at 30 June 2024	Comments
1.	Poor project performance	Medium	↓	High	
2.	No/Insufficient working capital to finance the project (contractor)	Medium	↑	High	Although all the committed action plans to further mitigate the risk were implemented, the residual risk rating has regressed. This was due to the City's cash-flow challenges. The JDA was unable to pay service providers on time; several service providers were put on terms; and some service providers were terminated owing to poor performance.

No.	Risk Description	RR Rating as at 1 July 2023	RR Mitigation Movement	Residual Risk Rating as at 30 June 2024	Comments
3.	Uncoordinated infrastructure development in key strategic economic nodes	Medium		Low	The residual risk rating has progressed, as committed action plans were implemented to strengthen existing controls.
4.	Uncoordinated infrastructure development in key strategic economic nodes	Low		Low	The residual risk rating is still within the acceptable appetite level.
5.	Failure to achieve JDA economic development-related targets	Medium		Low	This risk will only require monitoring.
6.	Inability to ensure financial sustainability	High		High	JDA was able to spend 91% of the Capex budget for the 2023/24 FY, which slightly moves the residual risk rating from 16 to 12. However, owing to the nature of the JDA's financial model and the CoJ's cash-flow issues the risk remains high.
7.	Fraud and corruption	Medium		Medium	The residual risk rating is stagnant, and adequate controls are in place. However, owing to the nature of the JDA's business, the risk of fraud and corruption remains.
8.	Inadequate institutional governance	Medium		Low	The residual risk has progressed to an acceptable level.
9.	Unconducive working environment	High		High	The residual risk rating is stagnant for this risk.

SECTION 5: ANTI-CORRUPTION AND FRAUD

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

The JDA has a whistle-blowing hotline number that is displayed on the office premises 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 on and trained in fraud prevention. Strict payment-management processes are in place and the Bid Evaluation Committee independently verifies whether preferred service providers can complete the work.

The strategic risk register identifies "fraudulent and corrupt activities" as a strategic risk with a high inherent risk rating and medium residual risk rating. The strategic risk register sets out specific future actions to mitigate these risks, including conducting regular fraud risk assessments and creating fraud risk awareness. The fraud risk register is an operational risk register that is signed off by the respective heads of departments 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

5.1 Reported Cases

The JDA utilises 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. The JDA closed the financial year with the reported cases set out in Table 14. The cases are in different stages of investigation.

TABLE 14: REPORTED CASES

Year	Number of Cases Reported	Status	Comments
2024	4	- One case was reported in the 4th quarter. - Three new cases were reported in the 3rd quarter.	- Two cases were closed. - Two cases are in progress.
2022	2	There are two investigations that are currently in progress.	One case on advance payments has been handed over to a third party to investigate. The other case is currently being investigated by the Group Forensics and Investigation Services (GFIS).
2021	3	There are two cases to be reopened for further investigation, as JDA is of the view that the risk still exists.	The cases will be continuously monitored.
2019	1	There is one case that does not appear on the GFIS system.	The matter was discussed with the GFIS and continuous engagement is being maintained with the GFIS to identify where the discrepancies are.

SECTION 6: INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT) GOVERNANCE

6.1 ICT Performance

Principle 12: Technology and Information Governance

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

At management level, the JDA has established the ICT Steering Committee in line with Principle 12 of the King IV Code. The core mandate of the ICT Steering Committee is to ensure that the ICT function is efficiently managed, appropriately resourced and properly governed.

TABLE 15: ICT POLICIES AND FRAMEWORKS CURRENTLY IN PLACE

Policy	Role	Status
ICT Security Policy	ICT security enforcement	Approved
ICT Strategy	ICT strategy enforcement	Approved
Cloud Policy	Cloud enforcement	Approved
Disaster Recovery (DR)	Disaster recovery	Approved
Backup Policy	Backup detail and frequency	Approved
Password Policy	Password application	Approved
Internet and Email Policy	Governance	Approved
Cyber Security Strategy	Cyber security application	Approved

6.2 2023/24 ICT Performance

Infrastructure Management

- **Cloud Backup and Disaster Recovery (DR)**

The JDA uses a cloud backup and DR solution. The executive summary for this financial year reflects that 100% of the data was backed up for all servers and user data. The data was replicated in full to the Microsoft Azure Cloud environment.

- **Critical Server Backup Status – Great Plains Financial System**

The other critical server is the Great Plains Financial Management system server. As of 28 June 2024, the backup status report showed that there was a 100% successful backup and replication to the cloud DR environment of the Great Plains server.

Server Performance

An assessment of the virtual server environment in this quarter showed that there was adequate capacity to support the virtual server ecosystem. The report shows that there was still adequate memory and computer central processing unit (CPU) capacity in the physical server host to run all 26 virtual servers successfully. There were no hardware failures reported on the two server hosts in this quarter.

Network Performance

The performance of the network in this context refers to uptime of internet and allied services. The JDA outsources these services to an appointed internet service provider (ISP). ISPs typically guarantee 99,9% uptime and set up a tight support system to maintain this standard. This is the KPI value that has been set for network performance.

6.3 Planned Areas of Future Focus

The JDA is on the road to digitising its process. In the next financial year, the entity will implement the following projects that will positively contribute towards enabling its core mandate:

- Electronic Records Management
- ICT infrastructure upgrade
- SAP roll out
- Disaster Recovery audit and improvement
- Business Process automation

SECTION 7: COMPLIANCE WITH LAWS AND REGULATIONS

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

The URR is made up of applicable legislation and regulations. The URR is split into three broad compliance-management sections, which are the following:

- Compliance Universe
- Compliance Risk Register
- Compliance Assessment Report

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

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

For the 2023/24 financial year, the URR reflects a total of 41 laws and Regulations with a corresponding 302 compliance obligations identified. By the end of the year under review, four obligations were reported as non-compliant and details of these are captured in Table 16 below. The JDA has not had any material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations imposed on the entity or on members of the governing body or officers.



TABLE 16: OVERALL URR COMPLIANCE STATUS

Description	No. of Obligations	Compliance (%)
Compliant	298	98,67
Non-compliant	4	1,33
Total	302	100

TABLE 17: IDENTIFIED NON-COMPLIANCE FINDINGS AND ACTION PLANS / STATUS

Legislation	Relevant Section	Non-Compliance Finding	Committed Action Plan/Status
National Archives and Record Service of South Africa Act (Act No. 43 of 1996)	Section 13(2)(b)	The National Archivist shall - i. determine records classification systems to be applied by governmental bodies; ii. determine the conditions subject to which records may be microfilmed or electronically reproduced; and iii. determine the conditions subject to which electronic records systems should be managed.	A Records Management Matrix and plan are in draft to be submitted to the next EXCO in June 2024 for approval. The JDA has also implemented electronic filing through SharePoint for each business unit for ease of access in line with the file plan.
Municipal Finance Management Act (Act No. 56 of 2003)	Section 99(2)(b)	Service providers must be paid within 30 days.	The delayed payments were the result of the CoJ's cash-flow issues. A circular was issued indicating a new invoice-processing system in line with which all invoices must be received in one central point. This process will assist in fast tracking invoices for payment.
Employment Equity Act (Act No. 55 of 1998)	Chapter 3, section 25 subsection 1 to 3	A designated employer must, in each of its workplaces, place in prominent places that are accessible to all employees a. the most recent report submitted by that employer to the Director General.	The Employment Equity report is displayed in common areas.
Occupational Health and Safety Act (OHS) as Amended (Act No. 181 of 1993)	Section 7(1)(a) & (b) and (3)	(a) any employer in writing and (b) any category by notice in the Gazette, to prepare a written policy concerning the protection of the health and safety of his employees at work including a description of his organisation and the arrangement for carrying out that policy. (3) An employer shall prominently display a copy of the policy referred to in subsection (1) signed by the chief executive officer, in the workplace where the employee normally reports for service.	The OHS policy was approved by the Board and the signed copy will be displayed in all common areas before the end of June.

SECTION 8: CORPORATE ETHICS AND ORGANISATIONAL INTEGRITY

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

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

8.1 Code of Conduct

The JDA's code of conduct, which is fully endorsed by the Board, applies to all directors and employees. The code is consistent with schedule 1 of the MSA 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; and
- Ensuring that all directors declare any direct or indirect personal or business interest that might adversely affect them in the proper performance of their stewardship of the entity.

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

8.2 Declaration of Interest

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

The JDA's employee code of ethics and terms and conditions of employment require all employees to complete declarations of interest covering shareholding in private companies, membership of close corporations, directorships held, partnerships and joint ventures, remunerative employment outside of the JDA, gifts and hospitality, and the status of their municipal accounts. The entity achieved a 100% declaration of interest by employees by the end of the financial year. There were 37 employees that declared an interest; however, no conflict was identified. The rest of the employees did not declare any interest.

CHAPTER 3

SERVICE-DELIVERY PERFORMANCE

Strategic Objective 4	
Impacted Capitals	Financial, Manufactured, Natural and Human Capital

Stakeholders Interested:



SECTION 1: HIGHLIGHTS AND ACHIEVEMENTS

The JDA implemented its approved Business Plan, which has clear deliverables and targets for the financial year. The original business plan was approved at the beginning of the financial year. However, owing to budget reprioritisation at the City, the JDA deemed it critical to adjust its organisational scorecard during the mid-year deviation process in January 2024, and the performance reported is against the revised scorecard. The following are some of the highlights recorded during the implementation of the Business Plan:

- The Board of Directors held a strategic session that was intended to identify and agree on strategic focus areas that will ensure that the entity moves towards being self-sustainable.
- The entity adjusted its scorecard during the mid-year adjustment process from 20 KPIs to 19 KPIs. Of the 19 KPIs that are outlined in the adjusted Business Plan Scorecard, 17 (89%) were achieved and 2 (11%) were not achieved. In comparison with the previous financial year, the entity has significantly improved its performance from 60% to 89% in the 2023/24 FY.

ANNUAL PERFORMANCE COMPARISON

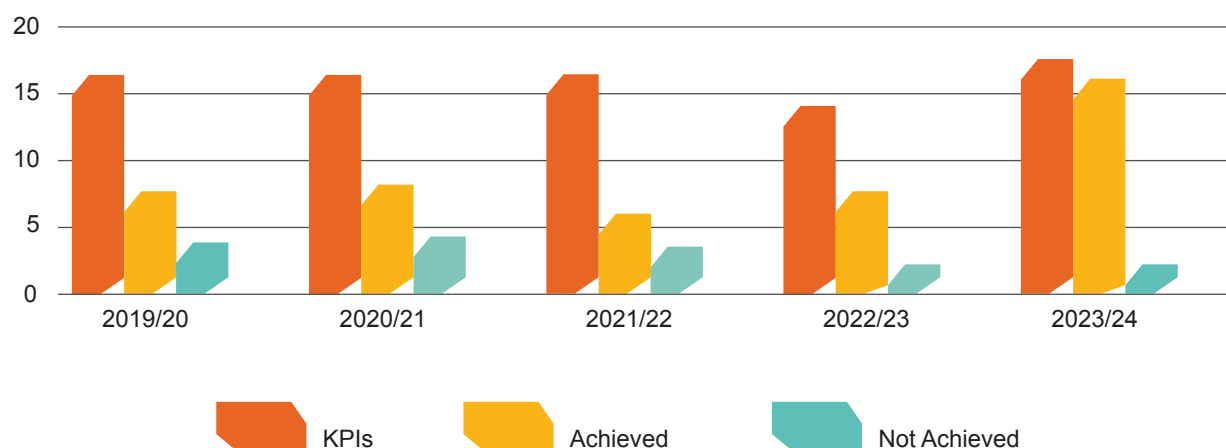


FIGURE 6: YEARLY PERFORMANCE COMPARISON / FIVE-YEAR ACHIEVEMENT TREND

A number of projects were under implementation in the 2023/24 FY. The following sections present a brief overview of some of the projects that were delivered to different milestones.

1. ZANDSPRUIT URBAN DEVELOPMENT FRAMEWORK DEVELOPED

The JDA, in partnership with the CoJ, commissioned the compilation of a new Urban Development Framework (UDF) for the Zandspruit study area, which is situated on the north-western boundary of the City of Johannesburg Metropolitan Municipality. The UDF was commissioned in April 2023 and went through the prescribed public consultation process in March 2024.

The eastern part of the study area has approximately 154,2 ha of land that could be redeveloped for economic activity, with the western part having 116,6 ha and the southern part having 148,6 ha.

Melville Project was implemented at a total cost of R28 million, and locals benefited through subcontracting and local labour. Five SMMEs benefited from R4,4 million that was spent on works carried by SMMEs. Seventeen local labourers were hired, of which four were female.

3. NALEDI CLINIC REACHED PRACTICAL COMPLETION

The JDA, on behalf of the CoJ, has been implementing the construction of a new clinic that will serve as a primary healthcare facility, to meet the City of Johannesburg's Health Department's quality standards. The construction of the much-anticipated Naledi Clinic facility has rapidly advanced to reach practical completion during the year under review, promising a transformative impact on healthcare accessibility and quality. One key focus area of the City's health thrust is ensuring that all residents can access efficient primary healthcare services. The construction of the new Naledi Clinic, in Soweto, is an exciting project that will provide much-needed healthcare services to the community.

The Naledi Clinic facility consists of four separate wings: the chronic wing, the antenatal wing, the acute wing, and the emergency wing. The new Naledi Clinic will be in close proximity to the existing temporary clinic in Naledi Ext. 2. With 18 consultation rooms, including support buildings, the facility will be capable of accommodating larger volumes of patients and providing a wider range of services. Some of the spaces that will be located around the public areas are group counselling rooms, a medical store and dispensary, and urine-testing facilities that are accessible to all patients. The design of the new clinic incorporates environmentally friendly features such as roof/clerestory windows, for maximal use of natural light, and green elements such as water harvesting and photovoltaic panels, as well as a vegetable garden.



SECTION 2: SERVICE-DELIVERY CHALLENGES

Over the course of the financial year, the JDA encountered a number of service-delivery challenges, which ranged from project stoppages and cash-flow issues to SMME uprisings. The details of some of the issues that the entity faced are summarised below:

- Poor-performing service providers (contractors and professional service providers) were a key risk in the delivery of Capex projects for the JDA – mainly because of their inability to resource the projects both financially and with competent personnel.
- The inability of contractors to pay community-based SMMEs timeously owing to cash-flow issues disrupted several projects currently at the construction stage.
- Some projects commenced later than the planned date as a result of delays in completing the contractor-procurement processes, which has affected the projected expenditure targets. These projects include the Drieziek Recreational Park and Pimville Gravel Road upgrades, which are part of the KPI for projects reaching contract-award stage.
- The City's cash-flow challenges became worse in the 4th quarter. For instance, for half of the quarter, no cash allocation was received from the City. As a result, the payment of invoices was delayed, which affected progress on projects. This, in turn, affected the service providers' ability to financially resource the JDA projects properly.
- Several contractors suspended sites because the contractors had not been paid for almost two months, resulting in projects being placed on hold.

The entity has proposed various options for the City to consider as measures to address cash-flow challenges going forward. These options vary from, amongst others, requesting that Group Treasury prioritise grant-funded projects during allocation and appealing to Group Treasury to freeze interest for a period of 120 days on the sweeping balance to allow for claims to be processed, to focusing on sourcing business outside the City to improve revenue and reduce the losses.

SECTION 3: RESPONSE TO STRATEGIC DIRECTION

The CoJ has a cluster system. The JDA forms part of the City's Economic Growth Cluster and plays both a direct and indirect role regarding the following mayoral priorities against which it can be measured and held accountable. The JDA responds to four GDS outcomes, and 11 priorities and spatial policies against which it can be measured and held accountable. Chapter 1 (see Table 5) of this IAR outlines the strategic objectives. This section presents the actions that the entity took to achieve these set objectives.

- Strategic Objective 1 = To support the growth and development of strategic nodes into high-quality, investor-friendly and sustainable urban environments.

The JDA focuses on strengthening the position of key nodes such as the inner city as a critical business and residential node and the primary gateway to transit networks for the city; financial services networks for the City region; and cross-border trade networks for the African continent. The implementation of this objective is described in more detail in this chapter and in Chapter 5.

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

The objective is to deliver on the City's priority social and/or economic infrastructure programme effectively and efficiently. Implementation is detailed in this chapter and in Chapter 5.

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

The focus is on developing skills and capacity within the construction industry in Johannesburg to optimise the JDA's contribution to inclusive economic growth and empowerment and to transform the construction industry. Implementation details are reported in this chapter.

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

The focus is on improving efficiency through finance, governance, human capital, risk and compliance, supply chain management and IT operations. Implementation is detailed in Chapters 2, 4 and 5.

TABLE 18: STRATEGIC OBJECTIVES AND ACHIEVEMENTS

Strategic Goal/Objectives	2022/23 Achievements	2023/24 Achievements
Strategic Objective 1	Two projects reached practical completion in the financial year: - Roodepoort Transit-Oriented Development (TOD) Phase 1 - Lenasia TOD Phase 1 Six prefeasibility studies of projects in the nodes were conducted. There are a number of concept designs for projects in the corridors that were concluded in the financial year.	Six projects reached practical completion in the financial year: - Pennyville Precinct Renewal and Precinct Redevelopment Public Environment Upgrade (PEU) Phase 1 - Melville Activity Street PEU Phase 1 - Inner-city Core PEU Goud Street - Lakeside Gravel Road Upgrade Phase 1 - Complete Streets Turffontein - Naledi Clinic Six concept designs were developed, and three prefeasibility studies and three feasibility studies were conducted.
Strategic Objective 2	Various concept designs for projects aimed at contributing to sustainable social and economic infrastructure were concluded.	Six concept designs were developed for projects aimed at contributing to sustainable social and economic infrastructure.
Strategic Objective 3	- 368 EPWP jobs were created. - 48% of total expenditure was spent on SMMEs. - 109% of the total expenditure supported B-BBEE.	- 534 EPWP jobs were created - 37% of total expenditure was spent on SMMEs. - 107% of the total expenditure supported B-BBEE.
Strategic Objective 4	- Compliance with applicable legislation was assessed, and the entity closed the financial year at 99.33% compliant. - The entity had a functional Board and Independent Audit members to play an oversight role with regard to the entity. - 75% of invoices were paid within the prescribed period of 30 days. - 91% of Internal Audit findings were resolved. - 86% of the AGSA findings were resolved.	- The entity implemented 100% of the strategic risk mitigation actions that were identified for the financial year. - Compliance with applicable legislation was assessed, and the entity closed the financial year at 99% compliant. - The entity had a functional Board and Independent Audit members to play an oversight role with regard to the entity. - 83% of invoices were paid within the prescribed period of 30 days. - 97% of Internal Audit findings were resolved. - 98% of the AGSA findings were resolved.

SECTION 4: PERFORMANCE AGAINST SERVICE STANDARDS

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

SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

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

The JDA policy and reporting framework define a target as achieved if it has a 95-100% rating, a target as partially achieved if it has an 80-94% rating and a target as not achieved if its rating is 79% and below.

Performance per programme and per KPA are summarised in Table 19 below.

KPI ACHIEVEMENT RATING'S LEGEND

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

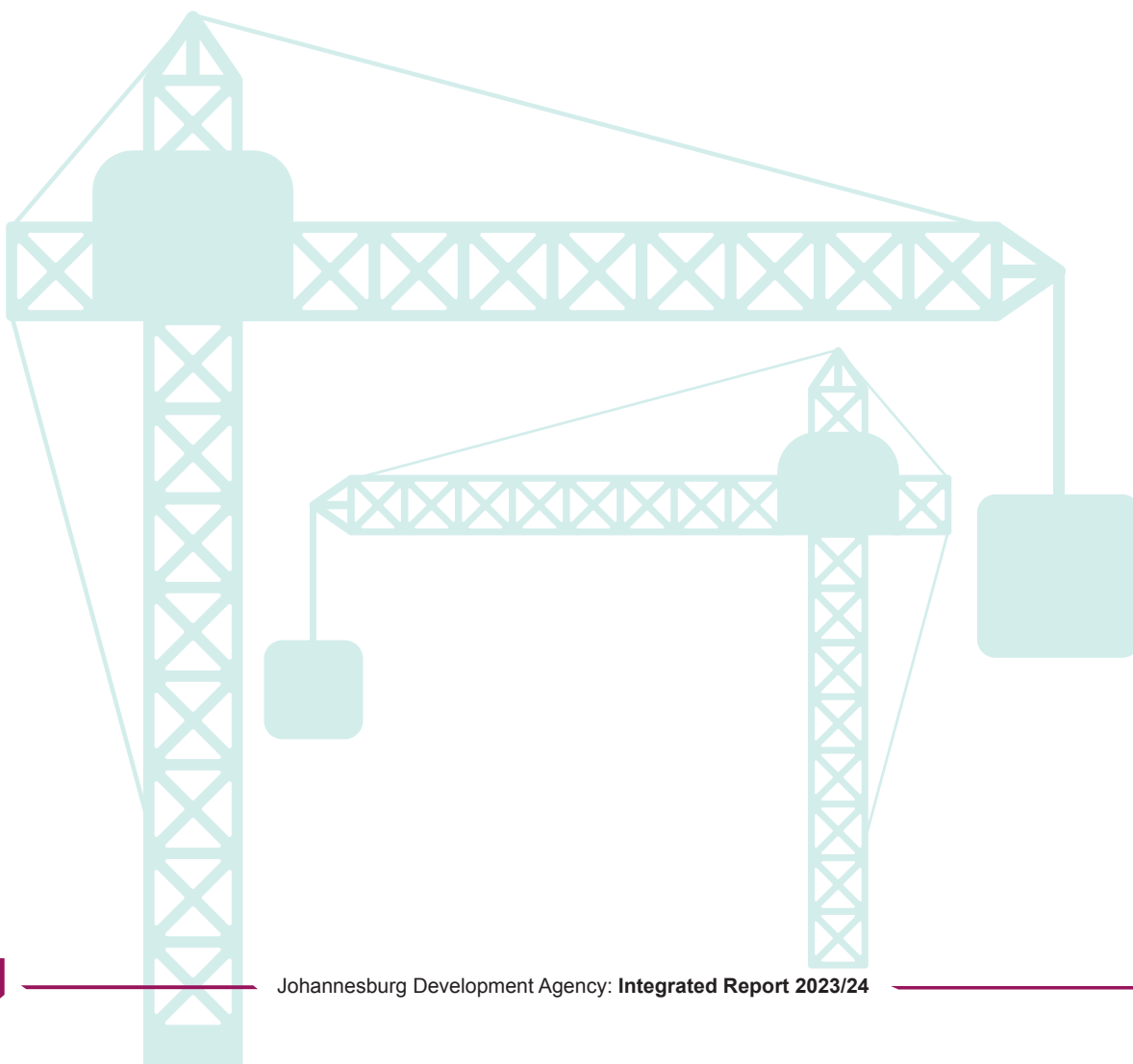


TABLE 19: SCORECARD

GDS OUTCOME: Provide a Resilient, Liveable, Sustainable Urban Environment – Underpinned by Smart Infrastructure Supportive of a Low Carbon Economy									
STRATEGIC PRIORITY: Infrastructure Development and Refurbishment									
STRATEGIC PROGRAMME: Accelerated Public Infrastructure Delivery Programme / Strategic Economic Node Delivery Programme KPI NO.									
KPI NO.	KEY PERFORMANCE INDICATORS	REF. NO.	BASELINE 2022/23	TARGET 2023/24	ACTUAL 2023/24	VARIANCE	ANNUAL ACHIEVEMENT RATING	EXPLANATION OF PROGRESS AS AT THE END OF 30 JUNE 2024	VARIATIONS AND STEPS TO BE TAKEN TO IMPROVE PERFORMANCE
1.	Number of prefeasibility studies conducted	JDA_001	6	3	3	0		The following prefeasibility studies were concluded: - Deep South Data Collection - Community-Based Planning - City and Suburban	None
2.	Number of feasibility studies conducted	JDA_002	0	3	3	0		The following feasibility studies were concluded: - Frank Brown Park Social Housing - Sunninghill Public Transport Facility (PTF) - Integrated Spatial Portal	None
3.	Number of urban development frameworks (UDFs) completed	JDA_003	2	2	2	0		The following UDFs were completed: - Main Reef Strip, Roodepoort - Zandspruit UDF	None
4.	Number of projects at concept design phase	JDA_004	25	6	6	0		The following concept designs were completed: - Mayfair PEU - Hillbrow Health Precinct - Kliptown UDF: Khayelethu Care Centre - Ivory Park UDF: Lord Khanyile Precinct - Kanana Park Gravel Roads Upgrade – Attenuation Pond - Kanana Park Gravel Roads Upgrade – K158 Access Road	None
5.	Number of projects in detailed design phase	JDA_005	13	1	1	0		- The Phefeni project detailed design was completed.	None

GDS OUTCOME: Provide a Resilient, Liveable, Sustainable Urban Environment – Underpinned by Smart Infrastructure Supportive of a Low Carbon Economy									
STRATEGIC PRIORITY: Infrastructure Development and Refurbishment									
STRATEGIC PROGRAMME: Accelerated Public Infrastructure Delivery Programme / Strategic Economic Node Delivery Programme KPI NO.									
KPI NO.	KEY PERFORMANCE INDICATORS	REF. NO.	BASELINE 2022/23	TARGET 2023/24	ACTUAL 2023/24	VARIANCE	ANNUAL ACHIEVEMENT RATING	EXPLANATION OF PROGRESS AS AT THE END OF 30 JUNE 2024	VARIATIONS AND STEPS TO BE TAKEN TO IMPROVE PERFORMANCE
6.	Number of projects reaching contract award stage	JDA_006	12	6	6	0		The following projects reached the contract award stage: - Moyane Drive PEU - Drieziek Node – Recreational Park - Edith Cavel Pavement Upgrade - Katherine Street Pavement Upgrade - Elias Motsoaledi Road and stormwater - Pimville Zone 9 roads and stormwater	None
7.	Number of projects reaching practical completion stage	JDA_007	2	6	6	0		The following projects reached practical completion: - Louis Botha TOD – Orange Grove Eastern Culvert - Melville Activity Street PEU Phase 1 - Inner-city Core PEU – Goud Street -Lakeside - Gravel Road Upgrade Phase 1 - Complete - Streets Turffontein - Naledi Clinic	None
8.	Number of precinct management implementation plans 1	JDA_008	0	4	4	0		The following precinct management implementation plans were developed: - Chris Hani Sports Complex - High Court Precinct - Mayfair PEU - Inner-City Walkable Network	None
9.	Number of JDA communication and media-related initiatives	JDA_009	363	280	488	208		The overachievement of this KPI is attributed to the growth of the JDA media database and increasing number of followers of the entity's social media platforms.	N/A

GDS OUTCOME: Provide a Resilient, Liveable, Sustainable Urban Environment – Underpinned by Smart Infrastructure Supportive of a Low Carbon Economy									
STRATEGIC PRIORITY: Infrastructure Development and Refurbishment									
STRATEGIC PROGRAMME: Accelerated Public Infrastructure Delivery Programme / Strategic Economic Node Delivery Programme KPI NO.									
KPI NO.	KEY PERFORMANCE INDICATORS	REF. NO.	BASELINE 2022/23	TARGET 2023/24	ACTUAL 2023/24	VARIANCE	ANNUAL ACHIEVEMENT RATING	EXPLANATION OF PROGRESS AS AT THE END OF 30 JUNE 2024	VARIATIONS AND STEPS TO BE TAKEN TO IMPROVE PERFORMANCE
10.	Percentage resolution of Internal Audit findings	JDA_010	9	95%	97%	2%		This overachievement is attributed to the commitment made by management to improving the control environment.	None
11.	Percentage resolution of Auditor General findings	JDA_011	88%	95%	98%	3%		This overachievement is attributed to the commitment made by management to improving the control environment.	None
12.	Percentage of budget spent on city-wide infrastructure	JDA_012	76%	95%	91%	-4%		The overall performance of the Capex projects has been affected by the delays in paying service providers on time caused by the City's cash-flow issues.	The entity will continuously engage with the City regarding the improvement of adequate capital allocation.
13.	Percentage of valid invoices paid within 30 days of invoice date	JDA_013	75%	100%	83%	-17%		The target was not achieved owing to cash-flow allocations from the CoJ Treasury being insufficient to cover JDA needs.	The target will be achieved if the JDA can diversify its revenues and have a separate bank account. Ring-fencing of funds for grant-funded projects must be strictly implemented.
14.	Percentage spent on repairs and maintenance to property, plant and equipment	JDA_014	New	5%	5%	0		Achieved	N/A

GDS OUTCOME: Provide a Resilient, Liveable, Sustainable Urban Environment – Underpinned by Smart Infrastructure Supportive of a Low Carbon Economy									
STRATEGIC PRIORITY: Infrastructure Development and Refurbishment									
STRATEGIC PROGRAMME: Accelerated Public Infrastructure Delivery Programme / Strategic Economic Node Delivery Programme KPI NO.									
KPI NO.	KEY PERFORMANCE INDICATORS	REF. NO.	BASELINE 2022/23	TARGET 2023/24	ACTUAL 2023/24	VARIANCE	ANNUAL ACHIEVEMENT RATING	EXPLANATION OF PROGRESS AS AT THE END OF 30 JUNE 2024	VARIATIONS AND STEPS TO BE TAKEN TO IMPROVE PERFORMANCE
15.	Percentage spent on Broad-Based Black Economic Empowerment through local procurement as a share of total expenditure	JDA_015	109%	100%	107%	7%		The target was overachieved.	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; 60% for level 6; 50% for level 7; and 10% for level 8, which constitutes the overall 109% B- BBEE claimed. If a service provider is paid R1000 and its B-BBEE level is 1, then the JDA claims expenditure of R1350; if a service provider is level 2 and is paid R1000, then the JDA claims expenditure of R1250. These therefore result in the B-BBEE expenditure claimed exceeding the actual invoice expenditure.
16.	Number of Expanded Public Works Programme (EPWP) work opportunities created City-wide	JDA_016	368	300	534	234		The target was overachieved.	Management has endeavoured to encourage contractors across all JDA projects to maximise the adoption of more labour-intensive methods of construction. This has resulted in the creation of more job opportunities than planned.
17.	Percentage of SMME expenditure as a share of total expenditure	JDA_017	48%	30%	37%	7%		The target was overachieved.	The overachievement is the result of payments made to a number of service providers that are classified as small and medium-sized enterprises (SMEs) or qualifying small enterprises (QSEs); a 100% is claimed on invoices paid to all service providers that are classified as SME or QSE providers.

GDS OUTCOME: Provide a Resilient, Liveable, Sustainable Urban Environment – Underpinned by Smart Infrastructure Supportive of a Low Carbon Economy									
STRATEGIC PRIORITY: Infrastructure Development and Refurbishment									
STRATEGIC PROGRAMME: Accelerated Public Infrastructure Delivery Programme / Strategic Economic Node Delivery Programme KPI NO.									
KPI NO.	KEY PERFORMANCE INDICATORS	REF. NO.	BASELINE 2022/23	TARGET 2023/24	ACTUAL 2023/24	VARIANCE	ANNUAL ACHIEVEMENT RATING	EXPLANATION OF PROGRESS AS AT THE END OF 30 JUNE 2024	VARIATIONS AND STEPS TO BE TAKEN TO IMPROVE PERFORMANCE
18.	Percentage spends on JDA operating budget against approved operating budget	JDA_018	101%	95%	155%	60%		The overachievement is due to the levying of finance charges.	JDA has engaged with the client department to ensure that the claims are paid within 30 days, which will decrease the finance charges.
19.	Percentage of the strategic risk management action plan implemented	JDA_019	761%	100%	100%	0%		Achieved	N/A

5.1 Economic Empowerment Programme

Expanded Public Works Programme (EPWP) Performance

The South African government describes the EPWP programme as one of government's key programmes aimed at providing poverty and income relief through temporary work for the unemployed. The JDA started the financial year with a target of 500 EPWP jobs to be created. However, following cash-flow challenges that affected the work on the ground, the entity revised the target downward to 300 jobs during the mid-year deviation process. The EPWP job opportunities range from skilled work to manual labour, depending on the type of projects and the existing skills in the community. The JDA performed way above the target, with 534 jobs created by the end of June 2024. This is attributed mainly to contractors that continued with work even though their payments were not guaranteed, while the entity had anticipated that most work would cease.

Small, Medium and Micro Enterprise (SMME) Development

South Africa has a high unemployment rate, with poverty and inequality that affect mainly the youth, women and people with disability. SMMEs are among the critical catalysts to address these challenges. The SMME sector contributes significantly to the country's gross domestic product (GDP) and also plays a critical role in absorbing labour and developing skills in the local economies. In an effort to support and sustain this critical sector, the SA government launched a number of programmes through relevant departments and entities.

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

As part of its economic development programme, the JDA supported SMMEs through subcontracting work in the projects that ran throughout the financial year and by ensuring that procurement focused on empowering SMMEs. As a result, 37% of the JDA total expenditure was spent on SMMEs. Table 20 below shows the JDA contribution to supporting SMMEs.

TABLE 20: SMME CONTRIBUTION

Description	1 July 2023 to 30 June 2024		
	Total Expenditure (R)	SMME Claimed (R)	SMME (%)
Capex	726 809 743,60	265 536 053,80	37
Opex	50 412 843,94	19 144 690,93	38
Consolidated Opex and Capex	777 222 587,54	284 680 744,70	37

Black Economic Empowerment

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

The JDA reports on the B-BBEE share of both actual expenditure and contractual commitments for all active contracts. Table 21 below shows the B-BBEE share of capital and operating expenditure. For the period 1 July 2023 to 30 June 2024, the overall B-BBEE share of expenditure was R788 679 546,20, which translates as an achievement of 101% B-BBEE claimed against quarterly expenditure. Table 21 below reflects the JDA's contribution towards B-BBEE.

TABLE 21: SUMMARY OF B-BBEE EXPENDITURE

Description	1 July 2023 to 30 June 2024		
	Total Expenditure (R)	SMME Claimed (R)	SMME (%)
Capex	726 809 743,60	742 985 509,40	102
Opex	50 412 843,94	45 694 036,76	91
Consolidated Opex and Capex	777 222 587,54	788 679 546,20	101

SECTION 6: PUBLIC SATISFACTION WITH MUNICIPAL SERVICES



The JDA mandate of area-based development covers the entire project development value chain, which includes project or development planning, the facilitation of the development and the construction of the project. Executing all phases of the development value chain ensures that the JDA supports the predevelopment and post-development phases to enhance the value added by the capital works' interventions and to improve the longer-term sustainability of the capital investment. To do this, the JDA places much emphasis on the co-production of solutions in partnership with local communities and stakeholders to meet local needs and mitigate challenges. The JDA involves the local communities in the implementation of its projects through ensuring that local businesses with relevant skills are subcontracted to the projects and that local labourers are sourced throughout project life cycles. As part of predevelopment consultations, the JDA collaborates with all relevant stakeholders, including the ward councillors, to ensure that the community is well apprised of the opportunities that the projects present and how the communities will access them.

In the 2023/24 FY, the JDA continued with its public participation practice in the planning stage; consultations with communities and affected parties during the design stage; and value-adding activities involving community members in projects such as the people's history, heritage exhibitions and public art projects that tell the story of the neighbourhood. Public involvement in projects enables the JDA to manage expectations and perceptions of all stakeholder groups throughout a project by providing clear and regular communication and mobilisation activities. In this way, the JDA is able to explain the purpose, scope and outcomes of each project to minimise misunderstanding and misinformation.

As a way of assessing the satisfaction of the public upon the completion of a project, the JDA always requests the client department that it is implementing the project on behalf of to sign off and sign a satisfaction receipt. The sign off of a project is undertaken after a vigorous snagging process of the project by professionals. Over and above the client department's assertion that the JDA has delivered as per the agreement and commitments made to the public, the JDA randomly conducts impact assessment studies on its projects. This also provides further primary information regarding the achievement of the project's objectives. On the basis of the assessment conducted to date, the JDA's projects have been implemented satisfactorily. The entity will continue to enhance its public satisfaction method for the purpose of covering a wider range of stakeholders.

SECTION 7: RECOMMENDATIONS AND PLANS FOR 2024/25

The City of Joburg and its entities have embarked on the planning process for the 2024/25 FY. The JDA aligned its priorities for the financial year with the City's long, medium and short-term plans. Eleven strategic priorities were identified by the City as the backbone of planning under the government of the local government term that commenced in February 2023.

In response to the City's priorities, the JDA will drive a set of strategic objectives. The entity further coordinates the implementation of its objectives through three substantive programmes and one administrative programme that support the good governance and optimal performance of the substantive programmes. Table 22 below outlines the alignment of the JDA's objectives and programmes with the City's priorities.



TABLE 22: ALIGNMENT WITH THE CITY'S PRIORITIES FOR 2024/25

GDS Outcomes	GDS Output	Strategic Priorities	JDA Objectives	JDA Programme	Outcome
1. Improved quality of life and development-driven resilience for all	1. Reduced poverty and increased productivity 2. Food security that is both improved and safeguarded 3. Access to knowledge and lifelong learning 4. A society characterised by healthy living for all 5. A safe and secure city 6. A city characterised by social inclusivity and enhanced social cohesion	Safer City Sustainable Economic Growth	1. To support the growth and development of strategic nodes into high-quality, investor-friendly and sustainable urban environments	1. Strategic Economic Node Delivery Programme 2. Economic Empowerment Programme	The growth and development of strategic economic nodes into high-quality, investor-friendly and sustainable urban environments Efficient delivery of infrastructure that produces a socio-economic return
2. Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy	1. Sustainable and integrated delivery of water 2. Sustainable and integrated delivery of sanitation 3. Sustainable and integrated delivery of energy 4. Sustainable and integrated delivery of waste 5. Improved eco-mobility 6. Sustainable settlements 7. Climate resilience 8. Environmental protection	Sustainable service delivery Energy mix Infrastructure development and refurbishment	2. To efficiently, effectively and economically deliver sustainable social and economic infrastructure projects	1. Accelerated Infrastructure Delivery Programme	Efficient delivery of infrastructure that produces a socio-economic return
3. An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens	1. Job-intensive economic growth 2. Promotion of and support to informal and micro businesses 3. Increased competitiveness of the economy 4. A 'Smart' City of Johannesburg, which is able to deliver quality services to citizens in an efficient and reliable manner (cross-cutting output)	Sustainable Economic Growth Job opportunity and creation Green economy Smart City	3. To promote economic empowerment and transformation through the structuring and procurement of the JDA developments	1. Economic Empowerment Programme 2. Good Governance, Management and Administration Programme	The growth and development of strategic economic nodes into high-quality, investor-friendly and sustainable urban environments
4. A high-performing metropolitan government that proactively contributes to and builds a sustainable,	1. Partnerships, intergovernmental and international relations 2. A responsive, accountable, efficient and productive metropolitan government	Active and engaged citizenry Good governance	4. To strengthen and improve the JDA's corporate governance and operations to ensure that it remains an effective, efficient, self-sustained	1. Good Governance, Management and Administration	A financially viable, effective and well-governed

GDS Outcomes	GDS Output	Strategic Priorities	JDA Objectives	JDA Programme	Outcome
socially inclusive, locally integrated and globally competitive Gauteng City Region	3. Financially sustainable and resilient city 4. Meaningful citizen participation and empowerment 5. Guaranteed customer and citizen care and service	Financial sustainability	and well-governed organisation	Programme	development agency

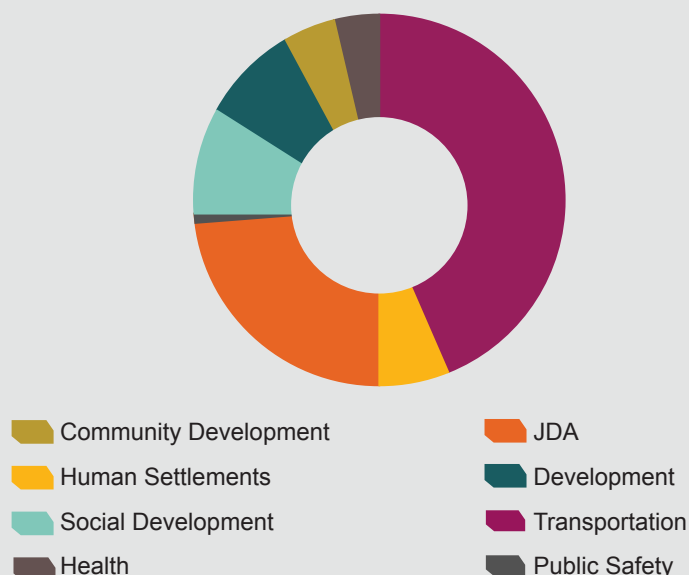
The JDA has developed a budget-informed business plan for the next financial year that sets out a number of projects to be implemented to reach various stages as at the end of the financial year. The JDA has identified a new business approach that will enhance the sustainability of its business model and further spread its footprint across all regions of the City. The approach includes acquiring clients that are outside the City departments and entities. This will contribute towards ensuring that the JDA receives additional revenue.

There are 26 planned projects for implementation in the 2024/25 FY, which is a significant drop from the 52 projects that were planned in the 2023/24 FY. It is incumbent upon the Shareholder to ensure that the JDA is well positioned, structured and capacitated to deliver against the committed projects in the City's spatial transformational priority areas. The CoJ needs to ensure that the JDA can manage the expectations and perceptions of all stakeholder groups throughout the development process by focusing on frequent communication, meaningful engagement and a co-creation ethos. The JDA Board has emphasised the importance of incorporating smart city principles and innovation during the implementation of the JDA projects. As such, the public is involved in proposing innovative ways that the JDA should consider when implementing its projects. The JDA also needs to oversee the capital budget effectively, efficiently and economically.

TABLE 23: PROJECT IMPLEMENTATION PLAN

Project Deliverables	Project Number of Projects 2023/24	Number of Projects 2024/25
Projects with prefeasibility studies conducted	3	4
Projects with feasibility studies conducted	3	2
Urban Development Frameworks (UDFs) completed and project precinct management implementation plans	2	4
Projects at concept design phase	6	4
Projects at detailed design phase	1	3
Projects reaching contract award stage	6	3
Projects reaching practical completion stage	6	5

The above list of projects planned for implementation in the next financial year will be implemented at an estimated budget of R605 million. The budget is allocated from different sources, which include allocation made directly to the JDA by the City and from client departments that the JDA will be implementing projects on behalf of. There was a significant drop in budget as compared to the 2023/24 FY, where the budget was approximately R1,3 billion in total. The drop in the budget has significantly affected the number of projects that the JDA plans to implement. Figure 7 presents the funding sources of the R605 million that will be utilised by the JDA.

**FIGURE 7: FUNDING SOURCES**

CHAPTER 4

HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

Strategic Objective 4

Impacted Capitals

Financial, Manufactured, Natural and Human Capital

Stakeholders Interested:



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

HR Priorities for the year Under Review and the Impact of these Priorities

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

Human capital policies are in place and were reviewed in 2023/24 FY to ensure that they were aligned to the strategic plan and legislative requirements.

An employee performance management system has been put in place to ensure that the organisational objectives are cascaded down and aligned with individual performance contracts. This process is embedded in the following principles:

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

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

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

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

The total remuneration costs for the period ending 30 June 2024 amounted to R89 376 753,28. This figure is inclusive of the pension fund, with the JDA participating in the eJoburg Retirement Fund. The total contribution for group life cover for the JDA employees and directors for the period ending 30 June 2024 amounted to R1 816 560,29.

SECTION 2: EMPLOYMENT AND KEY VACANCIES

Below is a list of key vacancies as at 30 June 2024.

TABLE 24: VACANCY PROGRESS AS AT 30 JUNE 2024

Vacancies	Progress
Project Manager x 3	Recruitment Stage
Human Capital Business Partner	On Hold
Specialist: Strategy, Performance and Monitoring	Recruitment Stage
Executive Support Finance	Recruitment Stage
Payroll Specialist	Shortlisting Stage

SECTION 3: EMPLOYMENT EQUITY

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

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

Structures such as an Employment Equity Committee and nominated shop stewards have been put in place to coordinate and monitor employment equity implementation across the organisation.

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

The JDA HR Department 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 25: 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	1	0	0	0	0	0	0	0	0	0	1
Executive management	4	0	0	0	1	0	0	0	0	0	5
Senior management	5	0	0	0	7	0	0	0	0	0	12
Professionally qualified and experienced specialists and mid-management	12	0	0	0	12	1	0	0	0	1	35
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	7	0	0	0	13	0	1	0	0	0	21
Semi-skilled and discretionary decision making	3	0	0	0	7	0	0	0	0	0	10
Unskilled and defined decision making	2	0	0	0	3	0	0	0	0	0	5
TOTAL PERMANENT	34	0	0	0	52	1	1	0	0	1	89
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	34	0	0	0	52	1	1	0	0	1	89

The JDA targets and achievements for the period under review are as follows:

- 96,6% of its employees are Black African.
- 61,8% of its staff members are female.
- 44% of executive and senior management positions are held by Black women.
- 1% of the JDA's staff are employees with physical disabilities. The JDA is committed to improving the percentage representation of people from designated groups across all occupational categories.

TABLE 26: EMPLOYMENT EQUITY PERFORMANCE AGAINST THE TARGET

	City Targets (JDA) (%)	JDA Achievements (%)
Black African Employees	80,9	96.5
Senior Management Female	35,9	44
Disability	2	1



TABLE 27: WORKFORCE PROFILE IN TERMS OF AGE, RACE, GENDER AND FOREIGN NATIONAL STATUS AS AT JUNE 2024

Occupational Level (Below EAP Row)	Age Group	Male			Female			Foreign National		Total
		A	C	I	W	A	C	I	W	
Top Management (Level 1-2)	18-34	1	0	0	0	0	0	0	0	1
	>35	4	0	0	0	1	0	0	0	5
	Total	5	0	0	0	1	0	0	0	6
Senior Management (Level 3-4)	18-34	0	0	0	0	0	0	0	0	0
	>35	5	0	0	0	7	0	0	0	12
	Total	5	0	0	0	7	5	0	0	12
Professionally Qualified (Level 5-6)	18-34	4	0	0	0	5	0	0	0	9
	>35	8	0	0	0	16	1	0	0	26
	Total	12	0	0	0	21	1	0	0	35
Skilled Technical (Level 7-8)	18-34	3	0	0	0	3	0	0	0	7
	>35	4	0	0	0	10	0	1	0	14
	Total	7	0	0	0	13	0	1	0	21
Semi-Skilled (Level 9-10)	18-34	1	0	0	0	2	0	0	0	3
	>35	2	0	0	0	5	0	0	0	7
	Total	3	0	0	0	7	0	0	0	10
Unskilled (Level 11)	18-34	1	0	0	0	0	0	0	0	1
	>35	1	0	0	0	3	0	0	0	4
	Total	2	0	0	0	3	0	0	0	5
Temporary	18-34	0	0	0	0	0	0	0	0	0
	>35	0	0	0	0	0	0	0	0	0
	Total	34	0	0	0	52	1	1	0	89

TABLE 28: PERCENTAGE STANDING ON RACE AND GENDER

Occupational Level (Below EAP Row)	Age Group	Male				Female				Foreign National		Total (%)
		A (%)	C (%)	I (%)	W (%)	A (%)	C (%)	I (%)	W (%)	M (%)	F (%)	
Top Management (Level 1-2)	18-34	1,1	0	0	0	0	0	0	0	0	0	1,1
	>35	4,5	0	0	0	1,1	0	0	0	0	0	5,6
Senior Management (Level 3-4)	Total	5,6	0	0	0	1,1	0	0	0	0	0	6,7
	18-34	0	0	0	0	0	0	0	0	0	0	0
	>35	5,6	0	0	0	7,9	0	0	0	0	0	13,5
	Total	5,6	0	0	0	7,9	0	0	0	0	0	13,5
Professionally Qualified (Level 5-6)	18-34	4,5	0	0	0	5,6	0	0	0	0	0	10,1
	>35	9	0	0	0	18	1,1	0	0	0	1,1	29,2
	Total	13,5	0	0	0	23	1,1	0	0	0	1,1	39,3
Skilled Technical (Level 7-8)	18-34	3,4	0	0	0	3,4	0	0	0	0	0	6,8
	>35	4,5	0	0	0	11,2	0	1,1	0	0	0	16,8
	Total	7,9	0	0	0	14,6	0	1,1	0	0	0	23,6
Semi-Skilled (Level 9-10)	18-34	1,1		0	0	2,3	0	0	0	0	0	3,4
	>35	2,3	0	0	0	5,6	0	0	0	0	0	7,9
	Total	3,4	0	0	0	7,9	0	0	0	0	0	11,3
Unskilled (Level 11)	18-34	1,1	0	0	0	0	0	0	0	0	0	1,1
	>35	1,1	0	0	0	3,4	0	0	0	0	0	4,5
	Total	2,2	0	0	0	3,4	0	0	0	0	0	5,6
Temporary	18-34	0	0	0	0	0	0	0	0	0	0	0
	>35	0	0	0	0	0	0	0	0	0	0	0

SECTION 4: SKILL DEVELOPMENT AND TRAINING

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

The JDA's learning strategy is based on four pillars:

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

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

An individual learning plan (ILP) is both a document and a process that employees use – with support from line management and HR to address areas of development and to define their career goals throughout their employment at the JDA. Training, which is part of HR development, is an ongoing process of improving employees' knowledge, skills and attitude to enhance job performance, create opportunities for growth and advance careers.

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

A budget of R645 000 was allocated for training and development for the 2023/24 FY. The actual expenditure incurred in the year under review was R357 771,82, with the training spend delayed by SAP SCM software errors and cash-flow issues during the last quarter of the financial year. R450 000 of the training budget will be spent on climate survey and change management training in the next financial year. The JDA supports the attainment of further educational qualifications by employees in order to improve their productivity. All training interventions were provided as part of the approved ILPs.

TABLE 29: SKILLS DEVELOPMENT AND TRAINING

Occupational Category	Number of Employees	Training Provided within the Reporting Period		
		Professional Memberships	Short Courses/ Seminars	Bursaries
Top Management	5	0	0	0
Senior Management	11	1	0	0
Middle Management	35	2	0	1
Skilled Technical and Academically Qualified	19	2	0	3
Semi-Skilled	10	0	0	1
Unskilled	5	0	0	0

The following skills' gaps have been identified and will be addressed in the current and in the next financial year to enable the JDA to improve on productivity and service delivery:

- **ICT – SAP: Data Analysis and Business Improvement** – training will be addressed as part of WSP 2024/25.
- **Strategic Change and Business Processes Development** – training will be addressed as part of WSP 2024/25.
- **Multimedia and Graphic Design** – training will be addressed as part of WSP 2024/25.
- **Legal Services** – funds have been set aside to recruit the skills needed.
- **Contract Management** – Funds have been set aside to recruit the skills needed.
- **Programme and Project Management** – training will be addressed as part of WSP 2024/25.

SECTION 5: PERFORMANCE MANAGEMENT

The JDA views performance management as an integral part of its business strategy as it ensures that employees deliver on the agreed scorecard and excellent performers are rewarded accordingly.

The JDA uses a scorecard to evaluate employee performance. Individual performance indicators are linked to the JDA's objectives and the CoJ's IDP 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 standard.

TABLE 30: PERFORMANCE MANAGEMENT 2023/24 FINANCIAL YEAR

Department	Eligible Staff	Performance Agreements Submitted	Outstanding	Mid-Term Reviews Eligible	Mid-Term Reviews Submitted
Office of the CEO	7	7	0	7	6
Company Secretary	1	1	0	1	1
Internal Audit	6	6	0	5	5
Finance	12	12	0	11	11
Corporate Services	15	15	0	14	14
Project Implementation	29	28	1	24	24
Development Planning and Facilitation	8	8	0	8	8
Total	78	77	1	70	69

SECTION 6: DISCIPLINARY MATTERS AND OUTCOMES

Table 31 summarises the outcomes of disciplinary hearings conducted within the entity for the period under review.

TABLE 31: MISCONDUCT AND DISCIPLINARY HEARINGS FINALISED FOR JULY 2023 - JUNE 2024

Outcome	Number
Written Warning	1
Final Written Warning	3
Suspension without Pay (31 days)	4
Dismissal	0

TABLE 32: TYPES OF MISCONDUCT ADDRESSED AT DISCIPLINARY HEARINGS FINALISED FOR THE YEAR TO DATE

Type of Misconduct	Number
Dishonesty	2
Intimidation and Harassment	0
Insubordination	2
Gross Negligence	0
Failure to Adhere to Company Processes	2
Total	6

SECTION 7: LEAVE AND PRODUCTIVITY MANAGEMENT

The JDA is committed to the effective management of leave for its employees to ensure sufficient rest for employees as legislated and to manage the liability to the organisation. As such, all line managers have an obligation to ensure effective planned-leave management within their respective departments.

Table 33 provides an annual analysis of the various leave types and how they were utilised by JDA employees in the period under review. The most highly utilised leave type was non-compulsory (encashed) leave, with a total of 766 days. Annual leave was the second most utilised leave, with a total of 644,50 days, followed by maternity leave, with a total of 322 days.

TABLE 33: LEAVE ANALYSIS IN DAYS FOR JULY 2023 - JUNE 2024

Type of Leave	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	March	April	May	June	Total
Annual Leave	48,5	41	25	59	21	45	150	62,5	19	84	66	86	644,50
Leave Encashment	0	0	0	0	0	0	0	0	0	0	0	766	766
Sick Leave	0,5	1	2	4	6	0	0	5	13	7	0	3	41,5
Family Responsibility	0	0	0	0	0	0	0	3	2	4	0	0	9
Maternity Leave	42	44	40	54	24	15	40	22	19	21	1	0	322
Paternity Leave	0	10	0	0	0	0	0	0	0	0	0	0	10
Study Leave	5	2	0	6	2	0	0	0	1	2	3	4	25
Total	96	98	67	123	53	60	190	92,5	54	118	70	859	1880,5

SECTION 8: EMPLOYEE WELLNESS

The entity has prioritised the health of the workforce and a service provider was sourced and onboarded in the last quarter of the financial year, although employee uptake in accessing the service was slow. The first report for the period 01 April until 31 May revealed the following:

- The JDA reached a utilisation rate of 0,60%.
- Six interactions took place, leading to a total engagement rate of 1,2%. The total engagement rate is calculated by adding the total number of employees reached (divided by (/) headcount times (*) by 100) through face-to-face sessions (1), telephonic sessions (2), total telephonic contacts (3), email, USSD and please call me (0), number of participants in group trauma debriefings (0), and number of participants in awareness and training interventions (0).
- The top presenting problems for this reporting period were money, management, financial issues and critical incidents (workplace trauma).

SECTION 9: EMPLOYEE BENEFITS

The total remuneration costs for the period ending 30 June 2024 amounted to R89 376 753,28. This figure includes the pension fund: the JDA participates in the eJoburg Retirement Fund. The total contribution for group life cover for the JDA employees and directors for the period ending 30 June 2024 amounted to R1 816 560,29.

SECTION 10: OCCUPATIONAL HEALTH AND SAFETY PROGRAMMES

HIV/AIDS in the Workplace

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

An employee health and wellness programme (EHWP) wellness day was arranged for 27 June 2024 and all related reports will be reported in the first quarter of the 2024/25 FY. The HIV/AIDS awareness and educational campaigns continued to provide free condoms, share videos and offer free helplines. The programme ensures that employees with HIV/AIDS are treated in a fair, consistent manner and are informed about their rights and employee benefits.



Occupational Health and Safety (OHS)

Significant improvements were made in relation to OHS legal compliance in the 2023/24 FY. The fire risk in relation to the 'unprotected' transformer outside the JDA was adequately mitigated. A lockable gate was installed so as to minimise public interface in relation to unlawful access to the transformer. Improvements were also evident in relation to the repairs of the downpipes that used to result in ponding and flooding of various sections at the Bus Factory. Firefighting equipment was recently serviced and is valid until 2025. Consistency was observed in relation to the Safety, Health and Environment (SHE) committee quarterly meetings. Feedback from the committee is positive and goes a long way towards the continual improvement of the SHE management system in place. Commitment by the CEO to OHS aspects of the JDA is laudable and is key to the inculcation of a positive health and safety culture at the JDA.

Three Lost Time Injuries involving JDA employees were reported at the JDA. Where a Lost Time Injury is recorded or where a significant damage-to-property incident is registered, a detailed incident investigation should always follow. The incident management procedure and the risk assessment in place should both be updated so as to minimise the probability of recurrence.

Three Occupational Health and Safety Administration (OHSA) incidents were reported:

1. Power cuts affected the JDA Bus Factory, with consistent power cuts by City Power from 3 June 2024. The matter was escalated to the CEO, who escalated it to the City Power CEO, and power was restored on 26 June 2024.
2. Two injury-on-duty incidents took place on 29 April 2024.



SECTION 11: CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

- **ALEXANDRA CAMPUS**, Alexandra Township – supported Smartboards.

The MMC Development Planning in the City of Johannesburg, Cllr Eunice Mgcina, with the JDA team, handed over the Smartboard to Alexandra Campus on 19 June 2024.

- **SEDI-LAKA PRIMARY SCHOOL**, Kaalfontein, Ivory Park – requested a sports kit.

The procurement process for the sports kit for Sedi-Laka Primary School has started and the kit should be handed over to the school at the end of July 2024.

- **SOWETO INFRASTRUCTURE AND CONSTRUCTION CHAMBER** – technical equipment.

The JDA IT Department, with the asset division in the Finance Department, disposed of 26 laptops. A letter was written to the Soweto Chamber to check whether second-hand laptops could be donated to the chamber. The principal responded in agreement. The chairperson of the JDA Corporate Social Investment (CSI) Committee circulated the letter to the CSI committee members before delivering the goods.



CHAPTER 5

FINANCIAL PERFORMANCE

Strategic Objective 4	
Impacted Capitals	Financial, Intellectual and Human Capital



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

TABLE 34: STATEMENT OF FINANCIAL POSITION FOR THE QUARTER ENDED 30 JUNE 2024

	Year ended 30 June 2024		
	Actual (R)	Budget (R)	Variance (R)
Non-current assets	42 094	39 000	3 094
Property plant and equipment	5 147	6 000	(875)
Deferred tax	21 177	17 500	3 677
Intangible assets	15 770	15 500	270
Current assets	1 225 892	1 307 772	(81 880)
Trade and other receivables	937 147	1 020 762	(83 615)
Prepayments	-		
VAT receivable	286 956	287 000	(44)
Cash and cash equivalents	10	10	0
Total assets	1 266 207	1 346 772	(80 565)
EQUITY AND LIABILITIES			
Capital and reserves	-50 124	51 278	1 154
Contribution from owner	16 278	16 278	(0)
Accumulated surplus/(deficit)	-66 402	35 000	(31 402)
Non-current liabilities	2 841	2 800	41
Finance lease obligation	341	300	41
Deferred taxation	2 500	2 500	0
	-	-	0
Current liabilities	1 313 490	1 292 694	20 796
Loans from shareholders	958 809	950 000	8 809
Trade and other payables	343 075	332 000	3 637
VAT payable	-	-	
Finance lease obligation	593	294	299
Project fund payable	3 430	3 400	30
Provisions – bonus	7 583	7 000	583
Total equity and liabilities	1 265 345	1 346 772	-11 456

Notes	
1	The decreases on the property plant and equipment are due to depreciation.
2	The unfavourable variance is due to budget, which had an impact on revenue claims.
3	Changes on the Reserve/Net Assets are due to the deficit of R50 million that arose from the sweeping account.
4	The movement of the non-current liability is immaterial.

Notes	
5	The variance is above the target overdraft of R300 million. This is mainly due to invoices that were raised / accrued in June 2023 that were paid in July. However, JDA contracts with suppliers with regard 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. The 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 a final overdraft balance on the treasury sweeping account.
6	The increases on the payable are due to invoices that were received in the current month.

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

TABLE 35: STATEMENT OF FINANCIAL PERFORMANCE FOR THE QUARTER ENDED 30 JUNE 2024

	June 2023	Original Approved	Quarter ending 30 June 2024		
	Actual (R)	Budget (R)	Actual (R)	Budget (R)	Variance (R)
Gross revenue	119 728	132 364	144 284	132 364	11 920
Operating costs	(121 862)	(124 833)	(141 615)	(124 833)	(16 782)
Gross surplus/(deficit)	(2 133)	7 531	2 669	7 531	(4 862)
Other operating income and expenditure	(45 611)	(7 531)	(73 253)	(7 531)	(65 722)
Interest expense	(45 611)	(7 531)	(73 253)	(7 531)	(65 722)
Interest income	0	0	0	0	0
Surplus/(Deficit) before tax	(47 744)	0	(70 584)	0	(70 584)
Taxation	13 978	0	19 172	0	19 172
Surplus/(Deficit) after tax	(34 393)	0	(51 412)	0	(51 412)

Notes	
7	Management fees are budgeted for in accordance with the capital project expenditure. The overall actual revenue is below the budget revenue by 10% owing to Capex expenditure not being achieved.
8	The negative variance is mainly due to budget cuts that were implemented during the year and which resulted in overspending as a result of commitments that had already been made.
9	The interest expenditure incurred relates to interest charged on an overdrawn treasury account balance. The overdrawn balance is mainly the result of long-outstanding claims that were received late or were still outstanding from various departments. The JDA contracts with suppliers with regard 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. The 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 a final overdraft balance on the treasury sweeping account. The outstanding balance as at the end of the first quarter relates to balances that were owing from the 2022/23 FY.

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

TABLE 36: CASH-FLOW STATEMENT FOR THE QUARTER ENDED 30 JUNE 2024

CASH-FLOW STATEMENT FOR THE QUARTER ENDED 30 JUNE 2024			
	Year to Date		
	Actual (R)	Budget (R)	Variance (R)
Cash flows from operating activities	(234 017)	(134 057)	(99 960)
<i>Receipts</i>			
Grants	71 574	0	71 574
Interest received	0	0	0
Cash receipts from CAPEX funding	668 094	600 000	668 094
Other receipts	1 748	2 600	(852)
	0	0	0
<i>Payments</i>	0	0	0
Employee cost	(89 876)	(70 000)	(19 876)
Suppliers	(885 556)	(800 000)	(85 556)
Cash flows from investing activities	(176)	(160)	(16)
Expenditure to maintain operating capacity			
Property, plant and equipment acquired	(176)	(160)	(16)
Proceeds from sale of property, plant and equipment			0
Purchase of intangible assets	0		0
Cash flows from financing activities	226 120	(1)	226 119
Movement in project funds payable	(3 156)	0	(3 156)
Proceeds from Shareholders' loan	215 230	79	215 151
Repayments of Shareholders' loan		0	0
Finance lease repayments	(127)	(80)	(47)
Net increase/(decrease) in cash and cash equivalents	1	(1)	2
Cash and cash equivalents at beginning of the year	9	4	5
Cash and cash equivalents at the end of the year	(10)	3	7

Notes	
10	The negative is mainly caused by the target not being achieved, which resulted in decreases on the Capital receipts.
11	The variance is mainly due to vacant positions that are not yet filled.
12	The variance is mainly due to decreases on the Capex invoice because of the target not being met or not achieved.
13	The variance is the result of money borrowed from loan to shareholder since there is a delay in the settlement of debtors by CoJ departments.

3.1 Net Assets

TABLE 37: STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED 30 JUNE 2024

Share Capital		Share Premium (R)	Total Share Capital (R)	Accumulated Surplus (R)	Total Net Assets (R)
Balance on 01 July 2022		16 278	16 278	18 770	35 048
Changes in net assets					
Deficit for the year	0	0	0	(33 760)	(33 760)
Total changes					
Balance on 01 July 2023	60	16 278	16 278	(14 990)	1 288
Changes in net assets					
Profit/(deficit) for the year				(51 412)	(51 412)
Total changes					
Balance on 30 June 2024	60	16 278	16 278	(66 402)	(50 124)

SECTION 4: CAPITAL PROJECTS AND EXPENDITURE

TABLE 38 CAPEX EXPENDITURE FOR THE YEAR

CAPITAL EXPENDITURE AS AT 31 MAY 2024	CAPEX FOR QUARTER			CAPEX FOR THE YEAR			ANNUAL BUDGET (R)	BUDGET USED (%)
	ACTUAL (R)	BUDGET (R)	VARIANCE (R)	ACTUAL (R)	BUDGET (R)	VARIANCE (R)		
JDA ON BUDGET								
Inner City Eastern Gateway TOD and Movement Corridors	11 289 612	11 115 000	174 612	11 289 612	11 115 000	174 612	11 700 000	96,49
Pennyville Precinct Renewal	5 799 153	9 257 750	(3 458 597)	5 799 153	9 257 750	(3 458 597)	9 745 000	59,51
Randburg CBD Regeneration Renewal	22 405 749	9 285 300	13 120 449	22 405 749	9 285 300	13 120 449	9 774 000	229,24
CORR - Louis Botha Corridor of Freedom Traffic Impact Assessment (TIA), Stormwater Masterplan and New Construction and Upgrading Renewal Corridors of Freedom Intervention ORANGE GROVE E Regional	28 658 973	14 250 000	14 408 973	28 658 973	14 250 000	14 408 973	15 000 000	191,06
Diepsloot Development Renewal Precinct Redevelopment DIEPSLOOT WES A Regional	2 134 683	5 700 000	(3 565 317)	2 134 683	5 700 000	(3 565 317)	6 000 000	35,58
Watt Street Precinct, Wynberg	1 542 868	2 850 000	(1 307 132)	1 542 868	2 850 000	(1 307 132)	3 000 000	51,43
Orange Farm Turnkey Project	135 835 716	80 940 950	54 894 766	135 835 716	80 940 950	54 894 766	85 201 000	159,43
Kliptown Urban Renewal Programme	0	513 000	(513 000)	0	513 000	(513 000)	540 000	0,00
23775_Ivory Park Urban Renewal Programme	13 710 113	4 750 000	8 960 113	13 710 113	4 750 000	8 960 113	5 000 000	274,20
Operational Capex New Operational Capex NEWTOWN F City Wide	0	662 150	(662 150)	0	662 150	(662 150)	697 000	0,00
Community Based Projects	971 445	950 000	21 445	971 445	950 000	21 445	1 000 000	97,14
Bram Fischerville Ext. 12 & 13: Roads and Stormwater Management Systems, including a Pedestrian Bridge New Bulk Infrastructure BRAM FISCHERVILLE EXT. 13 C Ward	3 866 577	5 700 000	(1 833 423)	3 866 577	5 700 000	(1 833 423)	6 000 000	64,44
Klipfontein Wellness Centre	33 539 767	34 205 700	(665 933)	33 539 767	34 205 700	(665 933)	36 006 000	93,15

CAPITAL EXPENDITURE AS AT 31 MAY 2024	CAPEX FOR QUARTER			CAPEX FOR THE YEAR				ANNUAL		BUDGET
	ACTUAL (R)	BUDGET (R)	VARIANCE (R)	ACTUAL (R)	BUDGET (R)	VARIANCE (R)	VARIANCE (%)	BUDGET (R)	USED (%)	BUDGET
Rodepoort CBD regeneration Renewal Precinct Redevelopment REGION C	0	34 200	(34 200)	0	34 200	(34 200)	(100,00)	36 000	0,00	
SUB-TOTAL	268 664 213	187 830 200	80 834 013	268 664 213	187 830 200	80 834 013	43,04	197 716 000	135,88	
COMMUNITY DEVELOPMENT (Comm Dev)										
Johannesburg Library F	5 245 858	2 850 000	2 395 858	5 245 858	2 850 000	2 395 858	84,07	3 000 000	174,86	
Kaalfontein MPC New Construction	10 518 225	10 165 000	353 225	10 518 225	10 165 000	353 225	3,47	10 700 000	98,30	
MPC Matholesville	27 130 017	14 440 000	12 690 017	27 130 017	14 440 000	12 690 017	87,88	15 2000 000	178,49	
Repairs to Comm Dev Facilities	14 037 308	15 200 000	(1 162 692)	14 037 308	15 200 000	(1 162 692)	(7,65)	16 000 000	87,73	
Lehae MPC	2 737 568	380 000	2 357 568	2 737 568	380 000	2 357 568	620,41	400 000	684,39	
Drieziek MPC	398 695	114 000	284 695	398 695	114 000	284 695	249,73	120 000	332,25	
Public Art Fountains	395 051	4 097 464	(3 702 413)	395 051	4 097 464	(3 702 413)	(90,36)	120 000	9,16	
SUB-TOTAL	60 462 722	47 246 464	13 216 258	60 462 722	47 246 464	13 216 258	27,97	49 733 120	121,57	
DEVELOPMENT PLANNING										
Jabulani TOD: Phase 6a - Safe Hub	3 039 440	7 600 000	(4 560 560)	3 039 440	7 600 000	(4 560 560)	(60,01)	8 000 000	37,99	
Soweto Strategic Area Framework	119 699	760 000	(640 301)	119 699	760 000	(640 301)	(84,25)	800 000	14,96	
Inner-City Core	13 301 602	11 400 000	1 901 602	13 301 602	11 400 000	1 901 602	16,68	12 000 000	110,85	
Brixton Social Cluster: Work Package 1 New Multipurpose Sports and Recreation Centre	9 594 599	9 500 000	94 599	9 594 599	9 500 000	94 599	1,00	10 000 000	95,95	
New Turffontein Clinic and Multipurpose Centre	6 813 737	5 700 000	1 113 737	6 813 737	5 700 000	1 113 737	19,54	6 000 000	113,56	
Inner-City Partnership Fund - Round 1: Yeoville	5 046 801	4 750 000	296 801	5 046 801	4 750 000	296 801	6,25	5 000 000	100,94	
Integrated Spatial Data Portal	0	13 300 000	(13 300 000)	0	13 300 000	(13 300 000)	(100,00)	14 000 000	0,00	
GEFGlobal Environmental Facility Marketing	0	3 304 348	(3 304 348)	0	3 304 348	(3 304 348)	(100,00)	3 478 261	0,00	

CAPITAL EXPENDITURE AS AT 31 MAY 2024	CAPEX FOR QUARTER				CAPEX FOR THE YEAR				ANNUAL	BUDGET
	ACTUAL (R)	BUDGET (R)	VARIANCE (R)	ACTUAL (R)	BUDGET (R)	VARIANCE (R)	VARIANCE (%)	BUDGET (R)		
GEFGlobal Environmental Facility GIS SPATIAL	1 946 592	10 607 188	(8 660 596)	1 946 592	10 607 188	(8 660 596)	(81,65)	11 165 461		17,43
Mayfair PEU	0	855 000	(855 000)	0	855 000	(855 000)	(100,00)	900 000		0,00
Kliptown Multipurpose Centre	0	902 500	(902 500)	0	902 500	(902 500)	(100,00)	902 500		0,00
SUB-TOTAL	39 862 470	68 679 036	(28 816 566)	39 862 470	68 679 036	(28 816 566)	(41,96)	72 293 722		55,14
EMERGENCY MANAGEMENT SERVICES (EMS)										
Alexandra Fire Station	358 320	617 500	(259 180)	358 320	617 500	(259 180)	(41,97)	650 000		55,13
Central Fire Station	11 158 978	14 250 000	(3 091 022)	11 158 978	14 250 000	(3 091 022)	0,00	15 000 000		74,39
SUB-TOTAL	11 517 298	14 867 500	(3 350 202)	11 517 298	14 867 500	(3 350 202)	(22,53)	15 650 000		73,59
HEALTH DEPARTMENT										
Elias Motsoaledi Clinic	109 037	950 000	(840 963)	109 037	950 000	(840 963)	(88,52)	1 000 000		10,90
South Hills Clinic	2 742 167	2 850 000	(107 833)	2 742 167	2 850 000	(107 833)	(3,78)	3 000 000		91,41
Naledi Clinic	38 027 325	42 501 100	(4 473 775)	38 027 325	42 501 100	(4 473 775)	(10,53)	44 738 000		85,00
Rabie Ridge Clinic	641 745	1 425 000	(783 255)	641 745	1 425 000	(783 255)	(54,97)	1 500 000		42,78
Hikhsensile Clinic	9 491 845	9 500 000	(8 155)	9 491 845	9 500 000	(8 155)	(0,09)	10 000 000		94,92
Protea South Clinic	2 726 711	2 280 000	446 711	2 726 711	2 280 000	446 711	19,59	2 400 000		113,61
Freedom Park Clinic	557 832	171 000	386 832	557 832	171 000	386 832	226,22	180 000		309,91
SUB-TOTAL	54 296 662	59 677 100	(5 380 438)	54 296 662	59 677 100	(5 380 438)	(9,02)	62 818 000		86,43
HUMAN SETTLEMENTS										
Masingita Development Bulk Services	756 824	2 470 000	(1 713 176)	756 824	2 470 000	(1 713 176)	(69,36)	2 600 000		29,11
Finetown Proper Gravel Roads Upgrade	2 502 950	4 275 000	(1 772 050)	2 502 950	4 275 000	(1 772 050)	(41,45)	4 500 000		55,62
Lakeside Ext. 5 Gravel Roads Upgrade	5 815 847	5 700 000	115 847	5 815 847	5 700 000	115 847	0,00	6 000 000		96,93
Drieziek Ext. 3, 4 and 5 Upgrade Gravel Road	87 911 286	11 983 300	75 927 986	87 911 286	11 983 300	75 927 986	633,61	12 614 000		696,93

CAPITAL EXPENDITURE AS AT 31 MAY 2024	CAPEX FOR QUARTER			CAPEX FOR THE YEAR			ANNUAL	BUDGET
	ACTUAL (R)	BUDGET (R)	VARIANCE (R)	ACTUAL (R)	BUDGET (R)	VARIANCE (R)		
Kanana Park Ext	4 736 629	8 021 800	(3 285 171)	4 736 629	8 021 800	(3 285 171)		USED (%)
Formulation of Zandspruit Urban Development Framework	198 500	380 000	(181 500)	198 500	380 000	(181 500)	8 444 000	56,09
Elias Motsoaledi Ext. 1 Township Development (Region D – Ward 24)	13 893 627	12 350 000	1 543 627	13 893 627	12 350 000	1 543 627	400 000	49,63
Pimville Zone 9	2 266 347	42 750 000	(40 483 653)	2 266 347	42 750 000	40 483 653	13 000 000	106,87
Drieziek Ext. 5	1 848 855	13 366 500	(11 517 645)	1 848 855	13 366 500	(11 517 645)	45 000 000	5,04
Ennerdale South	34 951 289	14 181 600	20 769 689	34 951 289	14 181 600	20 769 689	14 070 000	13,14
Drieziek Ext. 4	0	18 050 000	(18 050 000)	0	18 050 000	(18 050 000)	14 928 000	234,13
Technical Support Erven 918, 19, 30 & 31	1 051 843	2 850 000	(1 798 157)	1 051 843	2 850 000	(1 798 157)	19 000 000	0,00
Marily House ERF 80	0	3 800 000	(3 800 000)	0	3 800 000	(3 800 000)	3 000 000	35,06
Rodepoort Feasibility and Development Framework	487 727	2 850 000	(2 362 273)	487 727	2 850 000	(2 362 273)	4 000 000	0,00
Jeppestown 3866 Technical Support ERF	0	2 850 000	(2 850 000)	0	2 850 000	(2 850 000)	3 000 000	0,00
Bramley View and Lombardy West	337 435	2 850 000	(2 512 565)	337 435	2 850 000	(2 512 565)	3 000 000	11,25
Johannesburg Market Upgrade	0	2 850 000	(2 850 000)	0	2 850 000	(2 850 000)	3 000 000	0,00
Inner-City Walkable Network	3 256 648	2 850 000	406 648	3 256 648	2 850 000	406 648	3 000 000	108,55
Highcourt Revitalisation	883 384	2 565 000	(1 681 616)	883 384	2 565 000	(1 681 616)	2 700 000	32,72
Hillbrow Health Precinct Upgrade	401 984	1 900 000	(1 498 016)	401 984	1 900 000	(1 498 016)	2 000 000	20,10
CBD Rejuvenation	0	2 850 000	(2 850 000)	0	2 850 000	(2 850 000)	3 000 000	0,00
Upgrading of Mechanical & Electrical Equip	0	1 900 000	(1 900 000)	0	1 900 000	(1 900 000)	2 000 000	0,00
Inner-City Walkable Stage 4	0	2 090 000	(2 090 000)	0	2 090 000	(2 090 000)	2 200 000	0,00
CBD Rejuvenation 2	0	5 700 000	(5 700 000)	0	5 700 000	(5 700 000)	6 000 000	0,00
SUB-TOTAL	161 301 175	171 433 200	(10 132 025)	161 301 175	171 433 200	(10 132 025)	180 456 000	89,39
TRANSPORTATION PUBLIC TRANSPORT INFRASTRUCTURE								
URE AND SYSTEMS (PTIS) FUNDING								

CAPITAL EXPENDITURE AS AT 31 MAY 2024	CAPEX FOR QUARTER			CAPEX FOR THE YEAR				ANNUAL	BUDGET
	ACTUAL (R)	BUDGET (R)	VARIANCE (R)	ACTUAL (R)	BUDGET (R)	VARIANCE (R)	VARIANCE (%)	BUDGET (R)	USED (%)
Phase 1C Stations	83 799 272	89 449 150	(5 649 878)	83 799 272	89 449 150	(5 649 878)	(6,32)	94 157 000	89,00
Section 15K (Watt Interchange Station Road Works and Bridges)	195 626	27 550 000	(27 354 374)	195 626	27 550 000	(27 354 374)	(99,29)	29 000 000	0,67
Alexandra Depot	4 138 426	1 900 000	2 238 426	4 138 426	1 900 000	2 238 426	117,81	2 000 000	206,92
OTHER: Land	11 904 177	7 600 000	4 304 177	11 904 177	7 600 000	4 304 177	56,63	8 000 000	148,80
Selby Depot 2C	44 107 331	69 350 000	(25 242 669)	44 107 331	69 350 000	(25 242 669)	(36,40)	73 000 000	60,42
OTHER: Passenger Information Signage (Finger boards - on Street)	6 245 629	19 950 000	(13 704 371)	6 245 629	19 950 000	(13 704 371)	(68,69)	21 000 000	29,74
SUB-TOTAL	150 390 461	215 799 150	(65 408 689)	150 390 461	215 799 150	(65 408 689)	(30,31)	227 157 000	66,21
DEPARTMENT OF SOCIAL DEVELOPMENT (SoC DEV)									
Shelter for Displaced People Region F	20 493 022	14 463 750	6 029 272	20 493 022	14 463 750	6 029 272	41,69	15 225 000	134,60
Bertrams Multipurpose Centre	52 752 034	42 736 700	10 015 334	52 752 034	42 736 700	10 015 334	23,43	44 986 000	117,2
Yetta Nathan Social development Centre	4 062 117	34 912 500	(30 850 383)	4 062 117	34 912 500	(30 850 383)	(88,36)	36 750 000	11,05
Louis Botha – Co-Production Zone for Social Interventions, Renewal Corridors of Freedom Intervention ORANGE GROVE E Regional	1 673 442	1 543 750	129 692	1 673 442	1 543 750	129 692	8,40	1 625 000	102,98
Minor Upgrades of all Social Development Facilities in all the Regions	0	950 000	(950 000)	0	950 000	(950 000)	(100,00)	1 000 000	0,00
SUB-TOTAL	78 980 615	94 606 700	(15 626 085)	78 980 615	94 606 700	(15 626 085)	(16,52)	99 586 000	79,31
TRANSPORTATION COJ FUNDING									
Complete Streets (KfW German Development Bank): Orlando East to UJ Soweto Route	94 331	475 000	(380 669)	94 331	475 000	(380 669)	(80,14)	500 000	18,87
Complete Streets: NMT Facilities Linking Railway stations New Dube CHIAWELO D City Wide	15 827 731	19 000 000	(3 172 269)	15 827 731	19 000 000	(3 172 269)	(16,70)	20 000 000	79,14

CAPITAL EXPENDITURE AS AT 31 MAY 2024	CAPEX FOR QUARTER				CAPEX FOR THE YEAR				ANNUAL	
	ACTUAL (R)	BUDGET (R)	VARIANCE (R)	ACTUAL (R)	BUDGET (R)	VARIANCE (R)	VARIANCE (%)	BUDGET (R)	USED (%)	
PTF: Small Public Transport Facility Design Kya Sand New Nodal Transport Facilities KYA SAND	0	95 000	(95 000)	0	95 000	95 000	(100,00)	100 000	0,00	
Carr Street Public Transport Facility	496 912	475 000	21 912	496 912	475 000	21 912	4,61	500 000	99,38	
Jack Mincer Public Transport Facility	3 102 295	1 140 000	1 962 295	3 102 295	1 140 000	1 962 295	172,13	1 200 000	258,52	
Fleet Africa Public Transport Facility	2 221 239	1 710 000	511 239	2 221 239	1 710 000	511 239	29,90	1 800 000	123,40	
PTF: Small Public Transport Facilities: Orange Farm Ext. 7 (Region G)	14 096 622	9 010 750	5 085 872	14 096 622	9 010 750	5 085 872	56,44	9 485 000	148,62	
Small: Public Transport Facility in Zakari- ya Park Region G	2 371 982	3 325 000	(953 018)	2 371 982	3 325 000	(953 018)	(28,66)	3 500 000	67,77	
Complete Streets: NMT Linking Tshepisoong	2 162 687	1 710 000	452 687	2 162 687	1 710 000	452 687	26,47	1 800 000	120,15	
Complete Streets Deep South	3 521 830	1 235 000	2 286 830	3 521 830	1 235 000	2 286 830	185,17	1 300 000	270,91	
PTF Rosebank	2 287 976	2 850 000	(562 024)	2 287 976	2 850 000	(562 024)	(19,72)	3 000 000	76,27	
Complete Streets Turffontein	2 354 185	1 330 000	1 024 185	2 354 185	1 330 000	1 024 185	77,01	1 400 000	168,16	
Public Transport Stops : Cosmo City	1 711 739	1 425 000	286 739	1 711 739	1 425 000	286 739	20,12	1 500 000	114,12	
Complete Streets: NMT Linking Phefeni Station	47 347	1 425 000	(1 377 653)	47 347	1 425 000	(1 377 653)	(96,68)	1 500 000	3,16	
Integrated Corridor Management (ICM)	541 253	263 983	277 270	541 253	263 983	277 270	105,03	277 877	194,78	
PTF Sunninghill	14 400	285 000	(270 600)	14 400	285 000	(270 600)	(94,95)	300 000	4,80	
Public Transport Data	233 517	578 550	(345 033)	233 517	578 550	(345 033)	(59,64)	609 000	38,34	
Travel Demand	2 667 876	2 297 100	370 776	2 667 876	2 297 100	370 776	16,14	2 418 000	110,33	
Parking Management Policy	556 420	2 890 850	(2 334 430)	556 420	2 890 850	(2 334 430)	(80,75)	3 043 000	18,29	
Complete Streets: NMT Linking Orange Farm	866 758	950 000	(83 242)	866 758	950 000	(83 242)	(8,76)	1 000 000	86,68	
Sandton Transport Master Plan	0	82 609	(82 609)	0	82 609	(82 609)	(100,00)	86 957	0,00	

CAPITAL EXPENDITURE AS AT 31 MAY 2024	CAPEX FOR QUARTER			CAPEX FOR THE YEAR				ANNUAL	
	ACTUAL (R)	BUDGET (R)	VARIANCE (R)	ACTUAL (R)	BUDGET (R)	VARIANCE (R)	VARIANCE (%)	BUDGET (R)	USED (%)
Southern Area Transport Master Plan	0	2 065 217	(2 065 217)	0	2 065 217	(2 065 217)	(100,00)	2 173 913	0,00
Alexandra Transport Master Plan	0	413 044	(413 044)	0	413 044	(413 044)	(100,00)	434 783	0,00
Universal Access Plan	0	2 065 217	(2 065 217)	0	2 065 217	(2 065 217)	(100,00)	2 173 913	0,00
Helen Joseph Public Transport New	0	1 900 000	(1 900 000)	0	1 900 000	(1 900 000)	(100,00)	2 000 000	0,00
Upgrading of JITI Control Room New	0	1 900 000	(1 900 000)	0	1 900 000	(1 900 000)	(100,00)	2 000 000	0,00
PTF Small Public Transport Facility De- sign and Construction of Zola Public	0	142 500	(142 500)	0	142 500	(142 500)	(100,00)	150 000	0,00
SUB-TOTAL	55 177 100	62 691 994	(7 514 894)	55 177 100	62 691 994	(7 514 894)	(11,99)	65 991 573	83,61
OTHER									
Karsene	14 808	0	14 808	14 808	0	14 808	0,00	0	0,00
Frank Brown Housing	495 790	1 900 000	(1 404 210)	495 790	1 900 000	(1 404 210)	(73,91)	2 000 000	24,79
Review Kliptown	1 466 077	0	1 466 077	1 466 077	0	1 466 077	0,00	0	0,00
Alexandra Auto Hub Security	2 379 762	2 376 690	3 072	2 379 762	2 376 690	3 072	0,13	2 501 779	95,12
UN Habitat	91 424	565 944	(474 520)	91 424	565 944	(474 520)	(83,85)	595 731	15,35
SUB-TOTAL	4 447 861	4 842 635	(394 774)	4 447 861	4 842 635	(394 774)	(8,15)	5 097 510	87,26
TOTAL	885 100 577	927 673 979	(42 573 402)	885 100 577	927 673 979	(42 573 402)	(4,59)	976 498 925	91

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

TABLE 39: RATIO ANALYSIS FOR THE PERIOD ENDED 30 JUNE 2024

Key Performance Area	Target	Actual 30 June 2023	Actual 30 June 2024
Current ratio	Above 1,5:1	0,98:1,5	0,93:1,5
Solvency ratio	Above 2:1	1:2	0,96:2
Salaries to expenditure ratio (%)	Below 60	52	41%
Revenue	R132,2 million	R119,7 million	R144 million
Expenditure	R132,2 million	R167 million	R215 million
Surplus / (Deficit)	R nil	(R34 million)	(R51 million)
Total net assets	R15,4 million	R1,2 million	(R50 million)
Capital expenditure (%)	95	75	91

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

The JDA's supply chain management (SCM) 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, one for capital expenditure and the other for operating expenditure:

- The Capital Expenditure Bid Adjudication Committee members include the CFO (chairperson), two senior development managers (whose bid is not being adjudicated on), the risk and compliance manager, the executive manager: project implementation, the company secretary or legal manager and the supply chain manager.
- The Operating Expenditure Bid Adjudication Committee includes the CFO (chairperson), the supply chain manager and other senior managers. Neither committee is authorised to make procurement decisions that involve amounts of

above R10 million.

6.1 Black Economic Empowerment

The analysis of B-BBEE and SMME results for the period 1 July 2023 to 30 June 2024 and the percentage of expenditure paid to companies with B-BBEE credentials out of total expenditure for the period under review are presented below.

1 July 2023 to 30 June 2024

The JDA's target in respect of B-BBEE spending as a percentage of total expenditure is 100%. For the period 1 July 2023 to 30 June 2024, the JDA achieved 101% B-BBEE Opex and Capex procurement.

The total B-BBEE expenditure commitment in terms of active contracts was R777 222 587,54 for the period 1 July 2023 to 30 June 2024, and the B-BBEE share of expenditure achieved within the period was R788 679 546,20.

TABLE 40: THE B-BBEE EXPENDITURE FROM 1 JULY 2023 TO 30 JUNE 2024

Description	1 July 2023 to 30 June 2024		
	Total Expenditure (R)	B-BBEE Claimed (R)	B-BBEE (%)
Capex	726 809 743,60	742 985 509,40	102
Opex	50 412 843,94	45 694 036,76	91
Consolidated Opex and Capex	777 222 587,54	788 679 546,20	101

The JDA claims a 135% for service providers with B-BBEE level 1; 125% for level 2; 110% for level 3; 100% for level 4; 80% for level 5; 60% for level 6; 50% for level 7; and 10% for level 8. This accounts for the overall 107% B-BBEE claimed (see Chapter 3, Table 19 and Section 5.1).

The expenditure paid to SMME companies as a percentage of total expenditure (Opex and Capex) for the period under review is presented below.

1 July 2023 to 30 June 2024

The annual target for SMME spending as a percentage of total expenditure (excluding employee costs, depreciation and amortisation) is 30%. In the period 1 July 2023 to 30 June 2024, the SMME share of the JDA's total expenditure was R284 680 744,70. This constitutes an achievement of 37%.

TABLE 41: SMME EXPENDITURE FROM 1 JULY 2023 TO 30 JUNE 2024

Description	1 July 2023 to 30 June 2024		
	Total Expenditure (R)	SMME Claimed (R)	B-BBEE (%)
Capex	726 809 743,60	265 536 053,80	37
Opex	50 412 843,94	19 144 690,93	38
Consolidated Opex and Capex	777 222 587,54	284 680 744,70	37

6.2 Deviations and Ratifications

Regulation 36(1)(a) of the Municipal Supply Chain Management Regulations provides that the Accounting Officer may dispense with the normal procurement processes and procure the required goods or services through any convenient process, which may include direct negotiations, but only:

- In an emergency;
- If goods or services are available from a single supplier;
- In respect of acquisition of special works of art;
- In respect of acquisitions of animals for zoos;
- In any other exceptional case where it is impossible or impractical to follow official procurement processes.

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, which are of a purely technical nature.

6.2.1 The deviation from obtaining at least a minimum of three written quotations in terms of Regulations

16, 17 and 18 of the MFMA Act No. 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 a quotation process where less than the minimum three quotations were received.

It should be noted that from 1 July 2023 to 30 June 2024, eight service providers were appointed for employee training and development, where less than three quotations were obtained, with a combined value of **R898 594,26**.

6.2.2 In terms of Regulation 36(1a)(v), an accounting officer is allowed to deviate from procurement processes in any other exceptional case where it is impractical or impossible to follow the official procurement processes. In this instance, it was impractical and impossible to follow the procurement processes.

It should be noted that the accounting officer approved several deviations, with direct negotiations entered into with several service providers where it was impractical to follow official procurement processes, to a value of **R11 217 746,93**.

6.3 Payment within 30 Days

The MFMA requires that MOEs pay suppliers within a 30-day period. In the year to June 2024, a significant number of suppliers were not paid within the prescribed period as a result of cash-flow challenges that the City as a whole experienced. A total of 83% of invoices were paid within the prescribed period of 30 days.

6.4 Report on Irregular, Fruitless and Wasteful Expenditure and Due Process

No irregular, fruitless and wasteful expenditure was reported during the 2023/24 FY.



SECTION 7: PENDING LITIGATIONS AND POSSIBLE LIABILITIES

TABLE 42: PENDING LITIGATIONS

CASE / MATTER	DATE INSTITUTED	TYPE / DESCRIPTION	EXPECTED COMPLETION DATE	VALUE OF EXPECTED ASSET OR LIABILITY AS A RESULT (R)
Rembu (Arbitration)	2018	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. The claimant alleges that the JDA was in material breach of the contract when it terminated the contract. The JDA disputes this assertion in that the payment was effected on time for the outstanding invoice prior to termination of the 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.	August 2023	Claimant (21 000 000) Respondent (12 145 055)
ROHRMAR	October 2022	The matter relates to a claim by a subcontractor in the Karzene project for amounts owed to it by the Main contractor.	Not yet known	0
Maitazwifoma	October 2023	The matter relates to claims by SMMEs in the Karzene project for amounts owed to them by the Main contractor.	Not yet known	0
Bus Rapid Transit (BRT) - Sandton Station	2022	The matter relates to a possible interdict against the City and JDA by Liberty for the construction of the Sandton BRT station.	Not yet known	2 000 000

CASE / MATTER	DATE INSTITUTED	DISCRIPTION	ANTICIPATED COMPLETION DATE	VALUE OF EXPECTED ASSET OR LIABILITY AS A RESULT (R)
Mayibuye i-Afrika JV	October 2022	The matter relates to an ongoing claim by Mayibuye i-Afrika. After its contract was terminated for poor performance, it submitted a dispute in which it is claiming compensation.	The dispute process is still ongoing, and the completion date has not been determined.	6 400 000
JDA // HL Matlala t/a Gorogang Plant Hire		Jabulani Phase 5 A letter of demand is in place dated 29 January 2024. The Contractor claims that he is due a Certificate of Completion in terms of the applicable contract. However, this cannot be the case as he has not completed the works as per the conditions of Practical Completion given and accepted by him. At this point, there is only a letter of demand with no court application.	N/A	N/A
Inkululeko Yethu Cleaning	6 June 2024	The matter relates to monies owed to the claimant by the contractor that was appointed by the JDA.	The matter is relatively new, so the completion date is unknown.	Approximately 2,7 million
Phakamani Properties	6 June 2024	The matter relates to monies owed to the claimant by the contractor that was appointed by the JDA.	The matter is relatively new, so the completion date is unknown.	Approximately 4,4 million
Mayibuye i-Afrika JV	June 2024	The JDA has appointed a legal firm to assist it in recovering cost damages from the contractor after he failed to complete the project.	The matter is relatively new, so the completion date is unknown.	Approximately 6,4 million
Thamandla Consulting	June 2024	The JDA has appointed a legal firm to assist in recovering cost damages from the contractor after he failed to complete the project.	The matter is relatively new, so the completion date is unknown.	Approximately 1,5 million

SECTION 8: INSURANCE CLAIMS AGAINST/TO THE MOE

The JDA is covered by the city-wide insurance entered into by the City of Johannesburg on behalf of all its entities. The insurance cover is reviewed on an annual basis. There were no new claims in the year under review; all claims emanate from previous years, as outlined in Table 43 below.

TABLE 43: INSURANCE CLAIMS

#	Insured Year	Claim Number	Date of Loss	Date Notified	Risk Description	Value of the Claim (R)	Risk Category	Claim's Status
1	2017/18	ADRS00008440	01/11/2017	03/04/2019	JDA-appointed contractor damaged third party's property.	103 035,17	Third Party Liability	This claim was settled, and the file is closed.
2	2017/18	ADRS00008441	01/11/2017	03/04/2019	JDA-appointed contractor damaged third party's property.	12 500,00	Third Party Liability	The insurance has attempted to get hold of the claimant with no success. Therefore, the insurance is waiting for a third party / claimant approach.
3	2017/18	ADRS00008435	01/11/2017	03/04/2019	JDA-appointed contractor damaged third party's wall.	85 000,00	Contractors all risks	The insurance has attempted to get hold of the claimant with no success. Therefore, it is waiting for a third party / claimant approach.
4	2021/22	ADRS00008010	02/10/21	04/10/21	Damage to property caused by hailstorm.	1 782 370,67	Contractor's all risk	The claim was settled, and the file is closed.
5	2010/11	ADRS00011575	20/01/2011	01/10/2020	Damages to third party property.	23 558 889,34	Third Party (TP) Liability	The insurer is handling the TP claim. The matter is currently in court.
6	2014/15	ADRS00011226	03/03/2015	06/01/2023	Third party fell into an uncovered water main access panel.	2 430 000,00	Third Party Liability.	The insurer is handling the TP claim. The matter is currently in court.
7	2015/16	ADRS00001394	14/10/2015	01/10/2020	A bridge collapsed and resulted in the death of two people and 19 others injured.	38 000,00	Third Party Injury.	The insurer is handling the TP claim. The matter is currently in court.
8	2018/19	ADRS000006188	04/10//2018	18/04/2021	Electric pole fell on third party.	300 000,00	Third Party Liability	The insurer is handling the TP claim. The matter is in court.

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

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

TABLE 44: AMOUNTS OWED BY GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES

DETAILS	CUSTOMER BALANCE AS AT 30 JUNE 2024 (R)	COMMENTS
City Manager	84 095 128,70	Related Party Confirmation received
Transport Department	256 653 889,72	Related Party Confirmation received
DED	24 006 236,26	Related Party Confirmation received
Planning Department	39 249 086,83	Related Party Confirmation received
EMS	46 319 020,67	Related Party Confirmation received
Core Accounting	182 493 469,79	Core Accounting should accrue final invoices
Housing Department	147 729 143,35	Related Party Confirmation received
Community Development	60 241 954,97	Related Party Confirmation received
Health Department	65 371 185,09	Related Party Confirmation received
City – GSPCR	3 850 363,47	In dispute – OLD Debt
Social Department	27 810 380,57	Yetta Nathan and Repairs and Maintenance in dispute
JRA	-	
JOSHCO	583 418,00	Confirmation received
TOTAL	938 403 277,42	

CHAPTER 6

AUDITOR-GENERAL AND INTERNAL AUDIT FINDINGS

Strategic Objective 4	
Impacted Capitals	Financial, Intellectual and Human Capital

Stakeholders Interested:



SECTION 1: PROGRESS ON INTERNAL AUDIT PLAN

The Internal Audit function provides independent assurance that the entity's risk-management, governance and internal-control processes are operating effectively. This function is governed through section 165 of the MFMA together with its charter. According to section 165 of the MFMA, the Internal Audit prepares a risk- based audit plan and an internal audit programme for each financial year. The Audit and Risk Committee (ARC) approves the internal audit plan and also considers progress made on its implementation on a quarterly basis. Figure 8 below presents an overview of the audit conclusion reached regarding the control environment, based on the audits undertaken by the Internal Audit in the 2023/24 FY. The audit plan for the financial year was approved, with 35 audits to be conducted throughout the financial year. Of the 35 planned audits, 26 were completed and nine were still in progress by the end of the financial year, with preliminary ratings provided. The entity has progressed when compared to the overall conclusion of the audit with the previous financial year. Only three out of the 35 audit conclusions were satisfactory in terms of effectiveness and adequacy of control as compared to the one audit that was rated satisfactory by the end of the 2022/23 FY. The Internal Audit further conducted and completed six probity audits of contracts that were above R5 million.

Overall Conclusion of the 2023/24 Internal Audits

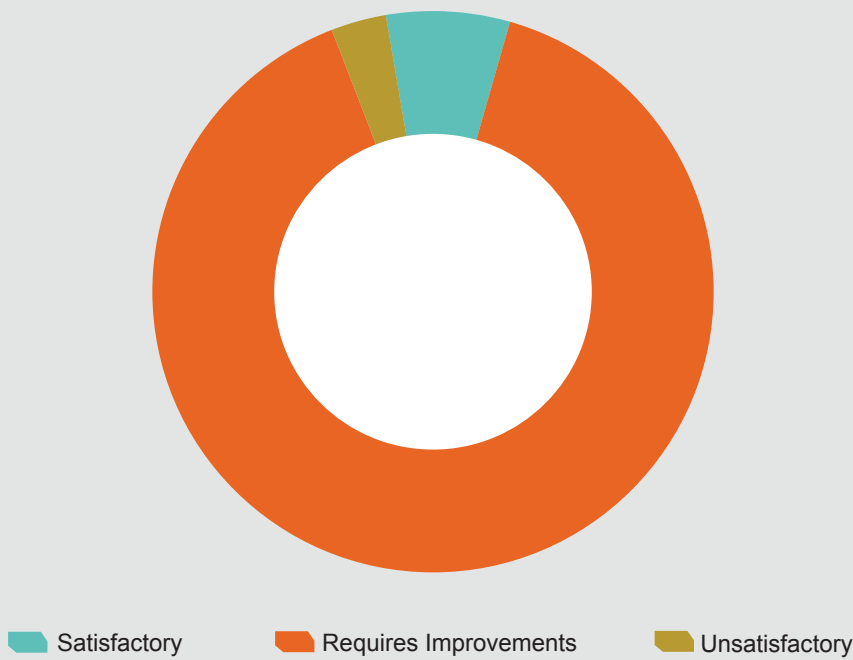


FIGURE 8: OVERALL CONCLUSION OF THE 2023/24 AUDITS

TABLE 45: CONTROL ENVIRONMENT CONCLUSION EXPLANATION

Control	Definition	Indicator
Unsatisfactory	Audit results indicate that insufficient reliance can be placed on the design and operational effectiveness of internal controls to mitigate the risks to which the activity under review is exposed.	- A breakdown in the overall management of a part of the business or the process being reviewed. - Primarily “Catastrophic” risk findings. - Actions are likely to bring the JDA’s brand and reputation into disrepute. - A breakdown in accounting, reporting and other key financial and operating controls. - Non-existent financial and operating controls. - Non-compliance with laws and regulations.
Requires improvement	Audit results indicate that limited reliance can be placed on the design and operation of internal controls to mitigate the risks to which the activity under review is exposed.	- Primarily “Major or moderate” risk findings. - Inadequate compensating controls. - Overall control environment of the audited process/focus area is of a vulnerable standard. - Overall control environment for the audited process/focus area is of an adequate standard.
Satisfactory	Audit results indicate that sufficient reliance can be placed on the design and operation of internal controls to mitigate the risks to which the activity under review is exposed.	- Primarily “Minor or insignificant” risk findings. - Overall control environment for the audited process/focus area is of the required standard - Adequate compensating controls are in place.

TABLE 46: PROGRESS MADE AGAINST THE 2023/24 AUDIT PLAN

No.	Audit Description	Planned Quarter	Status	Overall Conclusion
1	1st report Follow-up on internal and external audit findings	Q1	Completed	Requires improvements
2	Review of the draft AFS and Commitment scheduled	Q1	Completed	Requires improvements
3	Review of the annual report – performance information review for completeness and reliability	Q1	Completed	Requires improvements
4	2022/23 4th quarter Quarterly Audit of performance information (Audit of the Pre-Determined Objectives)	Q1	Completed	Requires improvements
5	1st report Physical verification of the progress of the project against the expenditure incurred	Q1	Completed	Requires improvements
6	Audit of the facilities’ maintenance plans, expense authorisations and payments	Q1	Completed	Requires improvements
7	2nd report Follow-up on internal and external audit findings	Q2	Completed	Requires improvements
8	Enterprise-Wide Risk Management	Q2	Completed	Requires improvements
9	Compliance and Ethics Management Review	Q2	Completed	Requires improvements
10	Audit of the Budget and Expenditure Management utilising data analytics	Q2	Completed	Requires improvements

No.	Audit Description	Planned Quarter	Status	Overall Conclusion
11	2023/24 1st quarter Quarterly Audit of performance information (Audit of the Pre-Determined Objectives)	Q2	Completed	Satisfactory
12	2nd report Physical verification of the progress of the project against the expenditure incurred	Q2	Completed	Satisfactory
13	Review of HR Management Processes: Recruitment and Terminations Non-implementation of Training Plans. Review of training and development	Q2	Completed	Requires improvements
14	Payroll and Leave Management	Q2	Completed	Requires improvements
15	3rd report Follow-up on internal and external audit findings	Q3	Completed	Requires improvements
16	Audit of the SCM Processes – Performance Audit of the SCM processes (3Es) – Contract Management Review and Variation Orders	Q3	Completed	Requires improvements
17	2023/24 2nd quarter Quarterly Audit of performance information (Audit of the Pre-Determined Objectives)	Q3	Completed	Requires improvements
18	SMME Development Process Review	Q3	Completed	Requires improvements
19	Stakeholder Management Review – Project Stakeholders	Q3	Completed	Requires improvements
20	JDA internal project due diligence/feasibility assessment	Q3	Completed	Requires improvements
21	Performance Bonus Review	Q3	Completed	Requires improvements
22	4th report Follow-up on internal and external audit findings	Q4	Completed	Requires improvements
23	Business Continuity Management Framework and Programme Implementation	Q2	In progress	Requires improvements
24	Financial Discipline Review (Finance Processes)	Q4	In progress	Requires improvements
25	2023/24 3rd quarter Quarterly Audit of performance information (Audit of the Pre-Determined Objectives)	Q4	In progress	Requires improvements
26	Audit of the capital project-management processes; Value for Money audit on completed projects	Q4	In progress	Requires improvements
27	Audit of Bill of Quantity and Capex expenditure	Q4	In progress	Satisfactory
28	3rd report Physical verification of the progress of the project against the expenditure incurred	Q3	In progress	Requires improvements
29	4th report Physical verification of the progress of the project against the expenditure incurred	Q4	In progress	Requires improvements
30	Audit of performance-management processes. Monitoring of operational business plans	Q3	In progress	Requires improvements
31	Cybersecurity audit – Information Security Review	Q4	Completed	Requires improvements
32	IT governance, general and application controls	Q4	Completed	Requires improvements
33	Application Controls Review and Data Migration SAP Finance Systems	Q3	In progress	Unsatisfactory
34	Marketing Strategy-Implementation Review Review of Project Communication Strategies	Q4	Completed	Requires improvements
35	Review of CSR Activities Review of Media Management Systems and Processes	Q4	Completed	Requires improvements

SECTION 2: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS

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

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

As at 30 June 2024, the Internal Audit verified that 97% of Internal Audit findings had been resolved as compared to the 92% reported in the previous financial year.

Table 47 below provides a summary of the progress made on the Internal Audit findings raised from the 2021/22 to 2023/24 financial period.

TABLE 47: INTERNAL AUDIT FINDINGS

Financial Period	Total Unresolved Findings	Total Resolved Findings	Total Findings
2021/22	1	53	54
2022/23	2	41	43
Total number as of 30 June 2024	3	94	97
%	3	97	100

SECTION 3: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS

On a quarterly basis, management reports to the ARC on the progress made towards resolving the audit findings raised by the Internal Audit and the AG. The Internal Audit also provides independent assurance to the ARC on the progress made by management in resolving audit findings.

The ARC 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.

Table 48 below provides a summary of the AG findings raised from the 2021/22 to 2022/23 financial period. Management has managed to close 98% of the findings raised, with all findings raised in the 2022/23 audit addressed. The one finding that remains comes from the 2021/22 audit.

TABLE 48: AUDITOR GENERAL FINDINGS

Financial Period	Total Unresolved Findings	Total Resolved Findings	Total Findings
2021/22	1	34	35
2022/23	0	24	24
Total number of findings as of 29 February 2024	1	58	59
%	2	98	100

SECTION 4: OVERALL STATE OF INTERNAL CONTROLS

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

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

The JDA has a system of internal control to provide cost-effective assurance that the entity's goals will be economically, effectively and efficiently achieved. Following 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, the Internal Audit provides the ARC and management with quarterly internal audit reports in terms of its approved annual Internal Audit Plan.

The Overall Control Environment for the 2023/24 FY



For the 2023/24 FY, the control environment at the JDA has shown the need for significant improvements in internal controls and accounting procedures, and the improvement of corporate governance and oversight mechanisms. While the JDA has established a system of internal controls aligned with the MFMA, the International Standards for the Professional Practice of Internal Auditing and the King Code, gaps remain in the entity's effectiveness. Overall, the control environment is adequate and partially effective. Strengthening these controls and governance practices is essential to ensuring that the entity achieves its objectives, manages risks effectively, and maintains compliance with applicable regulations. Regular audits and timely implementation of corrective actions are critical to addressing the areas for improvement and enhancing the overall control environment.

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

The AG has been appointed to be an external auditor for the JDA since its inception through annual AGM resolutions. Section 188(1)(b) of the Constitution provides that the functions of the AG include the auditing of and reporting on the accounts, financial statements and financial management of all municipalities. Section 45 of the MSA states that the results of performance measurement must be audited annually by the AG. Table 49 below reflects the AG audit outcomes for the past five years and the current financial year.

TABLE 49: AUDIT OPINIONS

Audit Opinion	2017/18	2018/19	2019/20	2020/21	2021/22	2023/24
	Clean	Clean	Unqualified	Unqualified	Unqualified	Unqualified

SECTION 6: HISTORICAL AUDIT FINDINGS AND REMEDIAL ACTION

In 2022/23, the JDA received an unqualified audit opinion. The AG also identified areas of improvement for management. Recommendations included improved non-financial performance information controls and reporting. Remedial action has since been taken. This action includes holding monthly OPCA meetings where progress on the resolution of audit findings is reported.

In the 2022/23 audit, the AGSA raised 59 findings against the JDA that required a management action plan. Of the 59 findings raised, management has resolved 58 findings to date. This represents 98% of actions implemented and this achievement is attributed to management's commitment to putting recommended controls in place. Table 50 below reflects the remaining audit finding that was not closed by the end of the financial year.

TABLE 50: EXTERNAL AUDIT FINDING ACTION PLAN

No.	Report Name	Year of Reporting	Audit Finding	Initial Management Action Plan	Management Implementation Progress (Assurance by Management) as at 30 June 2024	Internal Audit's Follow-up Comment (Assurance by Internal Audit) as at 30 June 2024	Revised Management Action Plan, Responsible Person, and Implementation Date
	AGSA Management Report	2022/23	<u>Expenditure – Payments not made within 30 days</u> During the audit of trade payables from exchange transactions and general expenditure, it was noted that in some instances suppliers were not paid within 30 days as per the MFMA requirement, resulting in non-compliance with section 99(2)(b) of the MFMA.	Management will ensure that controls are in place to monitor payments so that suppliers are paid within 30 days of receipt of the invoice and to avoid unnecessary interest being charged on these late payments. <u>Initial Implementation Date</u> Ongoing	Progress not provided.	On the basis of the result of the 2023/24 financial discipline review, a similar finding was noted.	Action Plan Responsible Person Chief Financial Officer. Implementation Date

APPENDICES

APPENDIX A: BOARD OF DIRECTORS, COMMITTEE ALLOCATION AND ATTENDANCE

The Board composition as at end of the 2023/24 FY

- (i) Ms Daliwe Oliphant (Chairperson)
- (ii) Ms Mally Mokoena
- (iii) Mr Mongezi Ntanga
- (iv) Ms Morwesi Ramonyai
- (v) Ms Nandipha Zonela
- (vi) Mr Bruce Sarela
- (vii) Ms Pinkie Numa
- (viii) Mr Vukile Hlongwa
- (ix) Mr Makoko Makgonye
- (x) Mr Siyabonga Masiza
- (xi) Mr Tshepo Nawane
- (xii) Themba Mathibe (CEO and Executive Director)
- (xiii) Sinovuyo Mpakama (CFO and Executive Director)

The Independent Audit and Risk Committee members are as follows:

- (i) Mr Sivuyile Mndawe
- (ii) Mr Patric Lebopa

COMMITTEE ALLOCATIONS

Audit and Risk Committee

- Bruce Sarela (Chairperson)
- Siyabonga Masiza
- Vukile Hlongwa
- Patrick Lebopa (Independent Audit Committee Member)
- Sivuyile Mndawe (Independent Audit Committee Member)

Social and Ethics / Human Resources and Remuneration Committee

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

Development and Investment Committee

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

BOARD AND BOARD COMMITTEE MEETINGS AND ATTENDANCE (1 JULY 2023 TO 30 JUNE 2024)

Name	Board Meetings = Total of 8 Meetings				Audit & Risk Committee= Total of 8 Meetings				Social & Ethics / HR & Remuneration Committee = Total of 5				Development Committee = Total of 5			
	No. of Meetings	Attendance	Apology	Absent	No. of Meetings	Attendance	Apology	Absent	No. of Meetings	Attendance	Apology	Absent	No. of Meetings	Attendance	Apology	Absent
Daliwe Oliphant (Chairperson)	9	9	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5	5	0	0
Bruce Sarela	9	8	1	0	8	8	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Makoko Makgonye	9	9	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5	5	0	0
Mongezi Ntanga	9	8	1	0	N/A	N/A	N/A	N/A	5	5	0	0	N/A	N/A	N/A	N/A
Pinkie Numa Ceased to be a member of S, E, HR & REMCO from November 2023	9	9	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5	5	0	0
Morwesi Ramonyai	9	9	0	0	N/A	N/A	N/A	N/A	5	5	0	0	5	5	0	0
Siyabonga Masiza	9	8	1	0	8	8	0	0	5	5	0	0	N/A	N/A	N/A	N/A
Vukile Hlongwa	9	9	0	0	8	8	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nandipha Zonela	9	9	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5	5	0	0
Mally Mokoena	9	9	0	0	N/A	N/A	N/A	N/A	5	5	0	0	N/A	N/A	N/A	N/A
Sivuyile Mndawe (IAC)	N/A	N/A	N/A	N/A	8	8	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tshepo Nawane (IAC) Rotated from IAC to NED in November 2023	6	6	N/A	0	4	4	0	0	2	2	0	0	N/A	N/A	N/A	N/A
Patrick Lebopa (IAC)	N/A	N/A	N/A	N/A	8	8	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

1. No fee is payable as the member is in the employ of the state.

APPENDIX B: BOARD AND COMMITTEE PURPOSE

Board Purpose and Duties

Duties of the Board

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

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

Board Charter

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

Board Committee Mandates

Mandate of the Audit & Risk Committee (ARC)

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

- Reviewing the JDA's internal controls, publishing financial reports for statutory compliance and against standards of best practice, and recommending appropriate disclosures to the Board;
- Reviewing reports from management, and internal and external auditors, to provide reasonable assurance that control procedures are in place and are being followed;
- Reviewing the half-yearly and annual financial statements before submission to the Board, focusing particularly on any changes in accounting policies and practices; and
- Monitoring management's responsiveness to the findings and recommendations of the Internal Audit function.

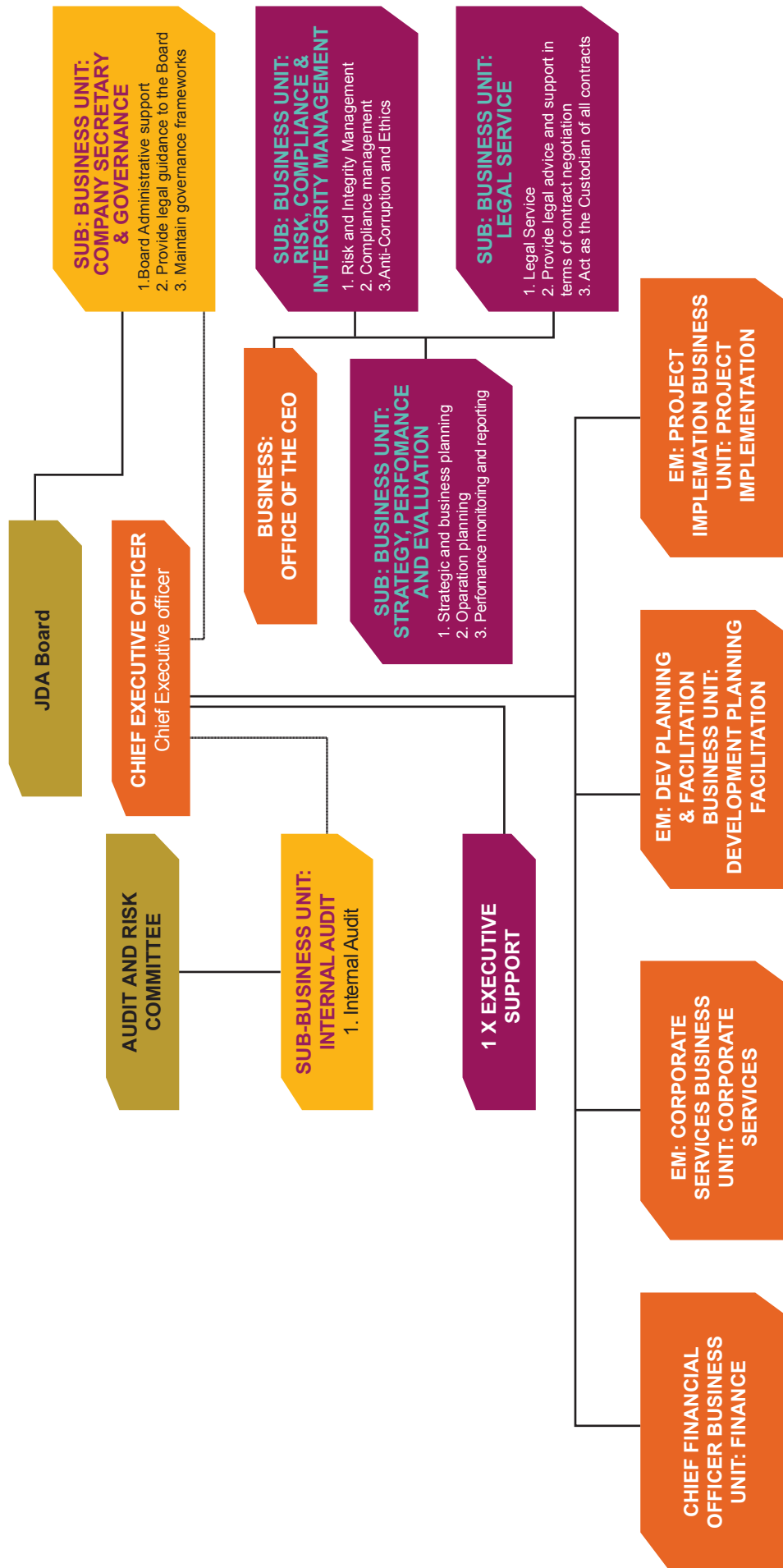
Mandate of the Social and Ethics / Human Resources and Remuneration Committee (S, E, HR & REMCO)

The Committee meets less than four times a year. The executive directors are excluded from the Committee when matters related to their remuneration are discussed. The Committee ensures that the remuneration of the CEO and senior management personnel is within the upper limits as determined by the City of Johannesburg following the provisions of section 89(a) of the MFMA.

The remuneration of the chairperson, the non-executive directors and IAC members is determined by the City of Johannesburg.

Mandate of the Development and Investment (D&I) Committee

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



APPENDIX D: FUNCTIONS OF ENTITY

The JDA has a service delivery agreement with the City of Johannesburg Metropolitan Municipality, which defines the function/services applicable to the JDA.



APPENDIX E: RECOMMENDATIONS OF THE AUDIT AND RISK COMMITTEE

AUDIT AND RISK COMMITTEE RECOMMENDATIONS FOR THE 2023/24 FINANCIAL YEAR

Date of Meeting	Subject or Item	Resolution	Status (If Recommendations Adopted, enter Yes. If not Adopted, provide an explanation)
13 July 2023	Audit and Risk Committee Charter	Recommendation to Board for approval	Yes
	Q4 Performance Report	Recommendation to Board for approval	Yes
	OPCA Progress Report	Noting	The Committee noted the report.
	Supply Chain Management Policy	Recommendation to Board for approval	Yes
	Unauthorised, Irregular, Fruitless and Wasteful (UIFW) Expenditure Management indicated that it was still in the process of reconciling the 2022/23 FY UIFW expenditure to be disclosed in the Annual Financial Statements (AFS). Management would like to table the updated report containing the UIFW expenditure when it presents the annual financial statements at the next special Committee meeting.	Noting	The Committee noted the report.
	Reviewed Performance Information Management Policy	Recommendation to Board for approval	Yes
	Internal Audit Progress Report	Noting	The Committee noted the report.
	Internal Audit Reports: - Internal Audit Plan - Internal Audit Charter - Internal Audit Manual	Approval by the Committee	The Committee approved the: - Internal Audit Plan - Internal Audit Charter - Internal Audit Manual
	Q4 Risk and Compliance Report	Noting	The Committee noted the report.
28 August 2023	Auditor General's Engagement Letter	Recommendation to Board for approval	Yes
	Auditor General's Audit Strategy for 2022/23 FY	Approved by the Committee	Noted by the Board.
	Internal Audit Report Reviewed AFS	Noting	Deferred to Committee meeting of 30 August 2023.
	Internal Audit Report Reviewed Integrated Annual Report	Noting	The Committee noted the report.
	2022/23 Annual Financial Statements	Noting	Deferred to Committee meeting of 30 August 2023.
	2022/23 Integrated Annual Report	Noting	Deferred to Committee meeting of 30 August 2023.

Date of Meeting	Subject or Item	Resolution	Status (If Recommendations Adopted, enter Yes. If not Adopted, provide an explanation)
30 August 2023	Internal Audit Report Reviewed AFS	Noting	The Committee noted the report.
	2022/23 Annual Financial Statements	Recommendation to Board for the AFS to be submitted to the AGSA for audit	Yes
	2022/23 Annual Integrated Report	Recommendation to Board for the AFS to be submitted to the AGSA for audit	Yes
12 October 2023	Operation Clean Audit (OPCA) Progress Report	Noting	The Committee noted the report.
	First Quarter Performance Report	Recommendation to Board approval	Yes
	Risk and Compliance Q1 Report	Approval by the Committee	The Committee approved the report.
	Internal Audit External Quality Assurance Report	Noting	The Committee noted the report.
	Internal Audit Progress Report and Consolidated Report regarding completed audits (4) Supplementary Reports	Noting	The Committee noted the report.
	ICT Governance Progress Report	Noting	The Committee noted the report.
	ESG Progress Report	Noting	The Committee noted the report.
27 November 2023	2022/23 AGSA Draft Management Report	Recommendation to Board for noting	Yes
	2022/23 AGSA Draft Audit Report	Recommendation to Board for noting	Yes
	Section 116(3) MFMA Contracts Variations & Extensions	Recommendation to Board for approval	Yes
18 January 2024	Q2 SCM Deviation Report for noting	Recommendation to Board for approval	Yes
	2023/2024 Mid-Term Performance Report	Recommendation to Board for approval	Yes
	Q2 Risk and Compliance Report	Noting	The committee noted the report.
	Q2 Risk and Compliance Report	Noting	The committee endorsed the combined Assurance Plan.
	Combined Assurance Plan	Approval	The committee noted the report.
	Implementation Plan for JDA's Strategic Objectives	Noting	The committee noted the report.
	Operation Clean Audit (OPCA) Progress Report	Noting	The committee noted the report.
22 April 2024	Reviewed SCM Policy	Recommendation to Board for approval	The SCM Policy was referred to the Policy Workshop of 15 May 2024.
	OPCA Progress Report	Noting	The Committee noted the report.

Date of Meeting	Subject or Item	Resolution	Status (If Recommendations Adopted, enter Yes. If not Adopted, provide an explanation)
	MFMA Regulation 36 Deviation Report	Recommendation to Board for approval	Regulations on deviations report deferred for consideration at the Policy Workshop of 15 May 2024.
	MFMA Section 116 Contract Extension Report	Recommendation to Board for approval	Section 116 of the MFMA should be referred to the Policy Workshop. An expert on the field should be brought into the workshop to clarify the regulations in this regard.
	Q3 Performance Report	Recommendation to Board for approval	Yes
	Q3 Risk and Compliance	Noting	The Committee noted the report.
	2024/25 Risk and Compliance Implementation Plan	Noting	The Committee noted the report.
	Q3 Litigations Progress Report	Noting	The Committee noted the report.
	Internal Audit Plan Progress Report	Noting	The Committee noted the report.
	Strategic Objectives – Progress on Implementation Plan	Noting	The Committee noted the report.
	2024/25 JDA Business Plan (including the Strategic Risk Register)	Recommendation to Board for approval	Yes
01 May 2024	Special ARC Meeting with the CAE. 1. IA and IAC Independence The Internal Audit function was discussed in relation to its independence and the appropriate seniority level placement of the CAE within the organisation.		Noting
	2. Probity Audit The three options to conduct a probity audit were: a) The use of other MOEs from the City's panel of auditors b) The JDA to appoint its own panel of auditors c) The JDA to engage Group Legal to facilitate the probity audit process The Committee requested that the CAE provide a proposal with a recommendation on the above three options.	Noting	The Committee requested that the CAE provide a proposal with a recommendation on the above three options.
	3. Deferral of Marketing and Communication and CSI Audits The Committee noted the proposed deferment of the Corporate Social Investment (CSI) and Marketing and Communication as substantiated. A formal request with a recommendation should be submitted to the Committee for its consideration and resolution.	Noting	A formal request with a recommendation should be submitted to the Committee for its consideration and resolution.

Long-Term Contracts for 2023/24

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 (R)
DKPB	Alexandra BRT Depot Access Road	09 Sept. 2022	Until Completion	Portfolio C	18 965 001,72
Dwellers Trading	Inner City Core Goud Street	22 Oct. 2022	Until Completion	Portfolio A	41 925 194,80
Zookie Construction	Pennyville Environmental Upgrade	05 Oct. 2022	Until Completion	Portfolio A	21 226 603,45
NAP Holdings	Eastern Gateway Murray Park Library	24 Oct. 2022	Until Completion	Portfolio A	23 778 793,63
Nsovo Construction	Randburg Public Environment Upgrade	29 Oct. 2022	Until Completion	Portfolio A	30 869 587,37
Molatebo Construction	Chris Hani Sports Centre	09 Dec. 2022	Until Completion	Portfolio B	49 184 322,87
GVK Siyazama	Shelter for Displaced People	10 Jan. 2023	Until Completion	Portfolio B	50 000 000,00
Mshandukani Holdings	Drieziek Ext. 4A	15 Mar. 2023	Until Completion	Portfolio C	28 484 632,03
Temi Construction	Selby Depot	24 Mar. 2023	Until Completion	Portfolio C	35 434 362,46
Shonisani Rambau Construction	Drieziek Ext. 5A	30 Mar. 2023	Until Completion	Portfolio C	30 179 388,34
Nsovo Construction	Drieziek Ext. 3A	06 Apr. 2023	Until Completion	Portfolio C	31 748 484,08
Glad Africa	Design and implementation of Kanana Park K158	08 May 2023	08 May 2026	Portfolio C	9 082 262,93
KPA Civils	Bulk Stormwater Upgrade in Orange Farm Ward 3 Phase 2 (STREET 2)	27 Nov. 2023	Until Completion	Portfolio B	34 919 886,43
Zidlaphi Kgomo	Construction of Turffontein Clinic	28 Nov. 2023	Until Completion	Portfolio B	54 125 779,11
African Moon	Construction and Upgrading of Kopanong Sports Ground in Ivory Park Riverside	13 Dec. 2023	Until Completion	Portfolio B	47 055 161,16
Gochi Trading	Public Environmental Upgrade of 16 & Moyane Street in Orange Farm	08 Jan. 2024	Until Completion	Portfolio B	34 918 210,54
Big O Engineering	Construction of Hikhensile Clinic Phase 1	08 Jan. 2024	Until Completion	Portfolio B	34 918 210,54
DKPB Construction	Elias Motsoaledi Roads and Stormwater	16 Jan. 2024	Until Completion	Portfolio C	24 938 735,52

Long-Term Contracts for 2023/24					
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 (R)
Dingatana Supplies and Services	Construction of roads and stormwater in Pimville Zone 9	07 Mar. 2024	Until Completion	Portfolio C	26 523 44,75
Lethukuthula Development Projects	Drieziek Recreational Park	22 Mar. 2024	Until Completion	Portfolio B	46 719 610,00
Little Rocky Development Projects	Cosmo City Super Stops and NMT Infrastructure	12 Apr. 2024	Until Completion	Portfolio C	21 723 447,00
Izicwe Consulting Consulting Services	Tshepisoong NMT	12 Apr. 2024	Until Completion	Portfolio C	17 291 490,00
Makhado Project Management	Yetta Nathan Community Centre	26 Mar. 2022	Until Completion	Portfolio B	68 810 801,73
Viem Pty Ltd	Our City Our Block	01 Nov. 2023	Until Completion	Portfolio A	11 327 977,60
Nsovo Construction	Naledi Clinic	16 Apr. 2024	Until Completion	Portfolio B	25 519 596,45
Buzaphi Construction	Rehabilitation of Cavell Street	28 Jun. 2024	Until Completion Until Completion	Portfolio C	56 252 259,54
PK Financial Consultants JV	Rehabilitation of Katherine Street	28 Jun. 2024	Until Completion	Portfolio C	82 764 126,18

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

APPENDIX G: MUNICIPAL ENTITY PERFORMANCE SCHEDULE

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

JDA'S ALIGNMENT WITH CITY'S LONG-TERM PLANS

GDS Outcomes	GDS Output	Strategic Priorities	JDA Objectives	JDA Programme	Outcome
1. Improved quality of life and development-driven resilience for all	1. Reduced poverty and increased productivity 2. Food security that is both improved and safeguarded 3. Access to knowledge and lifelong learning 4. A society characterised by healthy living for all 5. A safe and secure city 6. A city characterised by social inclusivity and enhanced social cohesion	Safer City Sustainable Economic Growth	1. To support the growth and development of strategic nodes into high-quality, investor-friendly and sustainable urban environments	1. Strategic Economic Node Delivery Programme 2. Economic Empowerment Programme	The growth and development of strategic economic nodes into high-quality, investor-friendly and sustainable urban environments Efficient delivery infrastructure that produces a socio-economic return
2. Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy	1. Sustainable and integrated delivery of water 2. Sustainable and integrated delivery of sanitation 3. Sustainable and integrated delivery of energy 4. Sustainable and integrated delivery of waste 5. Improved eco-mobility Sustainable human settlements 6. Climate change resilience and environmental protection	Sustainable service delivery Energy mix Infrastructure development and refurbishment	2. To efficiently, effectively and economically deliver sustainable social and economic infrastructure projects	1. Accelerated Infrastructure Delivery Programme	Efficient delivery infrastructure that produces a socio-economic return

GDS Outcomes	GDS Output	Strategic Priorities	JDA Objectives	JDA Programme	Outcome
3. An inclusive, jobintensive, resilient, competitive and smart economy that harnesses the potential of citizens	1. Job-intensive economic growth 2. Promotion of and support to informal and micro businesses 3. Increased competitiveness of the economy 4. A 'Smart' City of Johannesburg, which is able to deliver quality services to citizens in an efficient and reliable manner (cross-cutting output)	Sustainable economic growth Job opportunity and creation Green economy Smart City	3. To promote economic empowerment and transformation through the structuring and procurement of the JDA developments	1. Economic Empowerment Programme 2. Good Governance, Management and Administration Programme	The growth and development of strategic economic nodes into high-quality, investor-friendly and sustainable urban environments
4. A high-performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region	1. Partnerships, intergovernmental and international relations 2. A responsive, accountable, efficient and productive metropolitan government 3. Financially sustainable and resilient city 4. Meaningful citizen participation and empowerment 5. Guaranteed customer and citizen care and service	Active and engaged citizenry Good governance Financial sustainability	4. To strengthen and improve the JDA's corporate governance and operations to ensure that it remains an effective, efficient, selfsustained and wellgoverned organisation	1. Good Governance, Management and Administration Programme	A financially viable, effective and well governed development agency

APPENDIX H: DISCLOSURE OF FINANCIAL INTEREST

Name	Position	Description of Interest Declared
Themba Mathibe	Chief Executive Officer	Shares and Security: Phuthuma Nathi Directorship: Yethu Holdings
Oupa Nkoane	Executive Manager: Development Planning and Facilitation	Directorship: MASDON PROPERTIES
Tshepo Maota	Chief Audit Executive	Hares and securities: 200 public shares in Welkom Yezani Directorship: Cogitina – dormant company True Wisdom – dormant company Good Morning Foundation – dormant company Montserre Foundation – dormant company Lehurutshe Community Organisation – Fundraising initiative for non-profit organisations (NPOs) Employment outside JDA: Independent contractor at IIE Varsity College – Research Associate (publication of articles and guiding students on research where necessary – project based)
Thembeka Msane	Company Secretary	Directorship: Gwala Dlamini Msane Inc Kalanga Business Consulting
Siyabonga Genu	Executive Manager: Development Implementation	No disclosure received
Margarete Mazibuko	Executive Manager: Corporate Services	Shares and securities: MTN

VOLUME 2

ANNUAL FINANCIAL STATEMENTS AND AUDITOR GENERAL REPORT



Johannesburg Development Agency (SOC) Ltd

(Registration number 2001/005101/07)

Trading as Johannesburg Development Agency

Annual Financial Statements for the year ended 30 June 2024

General Information

COUNTRY OF INCORPORATION AND DOMICILE:	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES:	Regenerating the City of Johannesburg through facilitating and/or investing in development projects.
CHIEF EXECUTIVE OFFICER (CEO):	T MATHIBE
DIRECTORS:	S MPAKAMA
	J Maputla (Board Chairperson)
	M Mongane (Former CEO)
	D Oliphant
	S Masiza
	K Marawu
	N Ntanga
	M Ramonyai
	N Zonela
	B Sarela
	P Numa
	V Hlongwa
	M Makgonye
	N E Veyi
	B Molelekeng
	T Sibeko
CONTROLLING ENTITY:	The City of Johannesburg Metropolitan Municipality incorporated in South Africa.
SECRETARY:	T Msane

DIRECTOR'S RESPONSIBILITY AND APPROVAL

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

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

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

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

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable

assurance that the financial records may be relied on for the preparation of the 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 2025 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the entity for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the entity 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 external auditors.

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 5.

The annual financial statements set out on pages 6 to 62, which have been prepared on the going concern basis, were approved by the directors on 31 August 2024 and were signed on its behalf by:



J Maputla (Board Chair)



T Mathibe (Chief Executive Officer)

**Newtown, Johannesburg
Saturday, 30 November 2024**

AUDIT AND RISK COMMITTEE REPORT

We are pleased to present the Audit and Risk Committee Report of the JDA for the financial year ended 30 June 2024; which is in compliance with the Companies Act and the requirements of the MFMA.

The Committee has been appointed and has adopted terms of reference that comply with the Companies Act, King Code IV 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.

Name of Member	Status
BRUCE SARELA (Chairperson)	8
VUKILE HLONGWA	8
SIYABONGA MASIZA	8
SIVUYILE MNDWAVE	7
PATRICK LEBOPA	8
TSHEPO NAWANE	4

Audit and Risk Committee Responsibility

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

Evaluation of the Annual Financial Statements

- The Audit and Risk committee has:
 - Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the directors;
 - Reviewed the Auditor-General of South Africa's management report and management's response from the prior year thereto;
 - Reviewed changes in accounting policies and practices;



Daliwe Oliphant

Chairperson of the Audit and Risk Committee

Date: 30 November 2024

Audit and Risk Committee Members and Attendance

The Audit and Risk Committee consists of the members listed here under and should meet not less than 4 times per annum as per its approved terms of reference. During the current year eight meetings were held.

- Reviewed the entities compliance with legal and regulatory provisions;

Internal Audit

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

Risk Management and Compliance

This Audit and Risk Committee report, compiled after the conclusion of the external audit, presents our view on the entire combined assurance.

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE AND THE COUNCIL OF THE 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 122 to 189, which comprise the statement of financial position as at 30 June 2024, 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 2024 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 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 responsibilities of the auditor-general 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 Litigations

8. With reference to note 32 to the financial statements, the municipal entity is the defendant in claims from various parties. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements.

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE AND THE COUNCIL OF THE JOHANNESBURG METROPOLITAN MUNICIPALITY ON THE JOHANNESBURG DEVELOPMENT AGENCY (SOC) LTD

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 particulars of non-compliance with the MFMA should be disclosed 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 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.

Responsibilities of the Auditor-General 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. This description, which is located at page xx, forms part of our auditor's report.
15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
16. I selected the following material performance indicators related to Accelerated Public Infrastructure Delivery/ Strategic Economic Node Delivery Programme presented in the annual performance report for the year ended 30 June 2024. I selected those indicators that measure the municipal entity's performance on its primary mandated functions and that are of significant national, community or public interest.

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE AND THE COUNCIL OF THE JOHANNESBURG METROPOLITAN MUNICIPALITY ON THE JOHANNESBURG DEVELOPMENT AGENCY (SOC) LTD

- Number of pre-feasibility studies conducted
 - Number of feasibility studies conducted
 - Number of urban development frameworks completed
 - Number of projects at the concept design phase
 - Number of projects in detailed design phase
 - Number of projects reaching contract award stage
 - Number of projects reaching practical completion stage
 - Number of precinct management implementation plans
17. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipal entity's planning and delivery on its mandate and objectives.
18. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the municipal entity's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the municipal entity's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
 - the reported performance information presented in the annual performance report in the prescribed manner
 - there is adequate supporting evidence for the achievements reported.
19. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.
20. I did not identify any material findings on the reported performance information for the selected indicators.

Report on Compliance with Legislation

21. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipal entity's compliance with legislation.
22. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE AND THE COUNCIL OF THE JOHANNESBURG METROPOLITAN MUNICIPALITY ON THE JOHANNESBURG DEVELOPMENT AGENCY (SOC) LTD

23. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipal entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
24. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual Financial Statements

25. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of current liabilities, expenditure, disclosure items, net cash flows from operating activities and net cashflows from financing activities identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure Management

26. Money owed by the municipal entity was not always paid within 30 days, as required by section 99(2)(b) of the MFMA.
27. Expenditure was incurred in excess of the approved budget, in contravention of section 87(8) of the MFMA.
28. Reasonable steps were not taken to prevent irregular expenditure amounting to R 117 305 241 as disclosed in note 38 to the annual financial statements, as required by section 95(d) of the MFMA. The majority of the irregular expenditure was caused by the contravention of section 87(8) of the MFMA.
29. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R204 788, as disclosed in note 37 -to the annual financial statements, in contravention of section 95(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by the contravention of section 99(2)(b) of the MFMA.

Other Information in the Annual Report

30. The accounting officer is responsible for the other 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 of South Africa. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.
31. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE AND THE COUNCIL OF THE JOHANNESBURG METROPOLITAN MUNICIPALITY ON THE JOHANNESBURG DEVELOPMENT AGENCY (SOC) LTD

32. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme 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 Dficiencies

34. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
35. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the material findings on compliance with legislation included in this report.
36. The accounting officer did not exercise adequate oversight responsibility over the internal controls relating to compliance with applicable laws and regulations. This resulted in material non-compliance with laws and regulations.
37. Senior management did not ensure adequate monitoring of controls to prevent non-compliance with laws and regulations.
38. Senior management did not implement sufficient controls over the preparation and review of annual financial statements to ensure that the information reported is supported by accurate and reliable information. This resulted in material misstatements on the annual financial statements.

Material Irregularities

39. In accordance with the PM and the Material Irregularity Regulations, I have a responsibility to report on material irregularities (Mis) identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

Status of Previously Reported Material Irregularities

Payments Made for Work not Done on the Rea-Vaya Bus Rapid Transit Selby Phase 2c Project

40. Payments were made to a contractor between June 2019 and September 2021 for work not done at Selby phase 2c project as effective system of expenditure control, including procedures for the approval of funds were not in place, as required by section 99(2)(a) of the MFMA.

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE AND THE COUNCIL OF THE JOHANNESBURG METROPOLITAN MUNICIPALITY ON THE JOHANNESBURG DEVELOPMENT AGENCY (SOC) LTD

41. The ineffective internal controls resulted in payments made for work not done, which, if not recovered, is likely to result in a material financial loss.
42. The accounting officer (AO) was notified of the material irregularity on 24 July 2023.
43. The actions taken by the AO to resolve the material irregularity were as follows:
- Assessed the payments supporting documents and identified that three officials are responsible for payments made for work not done. Two senior management officials resigned in the 2021-22 financial year and the third official was placed on suspension in August 2023, while the disciplinary process is ongoing.
 - Instituted legal proceedings to recover the payments made to the contractor for work not done in October 2023. The legal proceedings process is still ongoing.
 - AO Finalised a preliminary investigation report in November 2023.
 - Appointed a legal firm in February 2024 to finalise the investigation and the investigation was finalised in April 2024. The investigation report concluded that disciplinary action should be taken against the employee who was placed on suspension in August 2023.
 - Based on the outcome of the investigation, the implicated employee pleaded guilty in June 2024 and was given a final written warning that will remain valid for a period of 12 months from July 2024. In addition, the employee was suspended for ten working days without pay.
44. To prevent a re-occurrence, the AO has taken the following action:
- Implemented the project manual from August 2023 with the project implementation team every month during project performance meetings to enable project managers to report on progress made on projects allocated to them.
45. The material irregularity is resolved.

Other Reports

46. I draw attention to the following engagements conducted by various parties. 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.
47. The Group Forensic and Investigation Services (GFIS) was investigating allegations of possible fraud, procurement irregularities and financial misconduct at the municipal entity, covering various financial years and including the current financial year. The outcome of these investigations is expected after 30 June 2024.

Auditor-General

Johannesburg
30 November 2024

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- The auditor-general's responsibility for the audit.
- The selected legislative requirements for compliance testing.

Auditor-General's Responsibility for the Audit

Professional Judgement and Professional Scepticism

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 material performance indicators and on the municipal entity's compliance with selected requirements in key legislation.

Financial Statements

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;
- conclude on the appropriateness of the 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 municipal entity [and its subsidiaries] 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; and
- 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

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.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them 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.

Compliance with Legislation - Selected Legislative Requirements

The selected legislative requirements are as follows:

Legislation	Sections or Regulations
Municipal Finance Management Act 56 of 2003	Sections: 1, 62(1)(f)(i), 62(1)(f)(ii), 62(1)(f)(iii), 87(5)(b), 87(5)(d), 87(5)(d)(i), 87(5)(d)(iii), 87(6)(c), 87(8), 88(1)(a), 90(1), 90(2)(a); Sections: 90(2)(b), 95(d), 96(2)(a), 96(2)(b), 97(e), 97(f), 97(h), 97(i), 99(2)(a), 99(2)(b), 99(2)(c), 99(2)(g), 102(1), 102(2)(a); Sections: 112(1)U, 116(2)(b), 116(2)(c)(ii), 122(1), 126(2)(b), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, 172(3)(a), 172(3)(b).
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations: 73(1)(a), 73(1)(b), 73(2)(b), 73(2)(d), 75(1), 75(2).
MFMA: Municipal Investment Regulations, 2005	Regulations: 3(2), 3(3), 6, 7, 12(2), 12(3).
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(b), 10(1).
MFMA: Municipal Supply Chain Management Regulations, 2005	Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e); Regulations: 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e); Regulations: 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f).
Companies Act 71 of 2008	Sections: 45(2), 45(3)(a)(ii), 45(3)(b)(i), 45(3)(b)(ii), 45(4), 46(1)(a), 46(1)(b), 46(1)(c), 112(2)(a).
Construction Industry Development Board Act 38 of 2000	Section: 18(1).
Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A).
Municipal Systems Act 32 of 2000	Sections: 93B(a), 93C(a)(iv), 93J(1).
Preferential Procurement Policy Framework Act 5 of 2000	Sections: 2(1)(a), 2(1)(f).
Preferential Procurement Regulations, 2017	Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2); Regulations: 11(1), 11(2).
Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4).
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(1).

DIRECTOR'S REPORT

The directors submit their report for the year ended 30 June 2024.

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, multifaceted 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 51,411,936 (2023: deficit 33,760,266).

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:

2024

There were four cases received in which allegations were made regarding fraud, corruption or maladministration. All matters were referred to Group Forensics and Investigation. Of the four cases, two cases are closed and two in progress. Group Forensics and Investigation. Of the four cases, two cases are closed and two in progress.

2023

There were no cases that was reported in that financial year.

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 2024, the entity had an accumulated deficits of (59,553,410) and that the entity's total assets exceed its liabilities by (50,124,430).

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

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

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 32.

6. FRUITLESS AND WASTEFUL EXPENDITURE

JDA had incurred fruitless and wasteful expenditure in the current year to the value of R 1 202 319. Details of the fruitless and wasteful expenditure incurred is disclosed in Note 37.

7. IRREGULAR EXPENDITURE

JDA had incurred irregular expenditure in the current year to the value of R 307 256 396 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
J Maputla (Board Chairperson)	South African	Appointed Wednesday, 31 July 2024
D Oliphant	South African	
M Mokoena	South African	
M Ramanyai	South African	
N Zonela	South African	Retired Wednesday, 31 July 2024
B Sarela	South African	Retired Wednesday, 31 July 2024
T Mathibe (Chief Executive Officer)	South African	Appointed Saturday, 01 June 2024
P Numa	South African	Retired Wednesday, 31 July 2024
V Hlongwa	South African	
M Mongane (Chief Executive Officer)	South African	Resigned Thursday, 29 February 2024
M Makgonye	South African	Retired Wednesday, 31 July 2024
M Ntanga	South African	
S Mpakama (Chief Financial Officer)	South African	Appointed Monday, 01 January 2024
N E Veyi	South African	Appointed Wednesday, 31 July 2024
B Molelekeng	South African	Appointed Wednesday, 31 July 2024
T Sibeko	South African	Appointed Wednesday, 31 July 2024
S Masiza	South African	Appointed Wednesday, 31 July 2024

12. SECRETARY

The company secretary of the entity is T Msane 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 riskmanagement and performance measurement, transparency and effective communication both internally and externally by the entity;

- is of a unitary structure comprising:
- eleven non-executive directors (2024: eleven 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 (2024: two executive directors), the Chief Executive Officer and the Chief Financial Officer.

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.

13. CORPORATE GOVERNANCE (continued)

HR and Remuneration/Social and Ethics Committee

The HR and Remuneration/Social and Ethics Committee has met on five occasions. The members of the committee from 01 March 2023 until 31 July 2024 are the names of members.

- Ms Mally Mokoena (Chairperson of S, E, HR & REMCO)
- Mr Mongezi Ntanga
- Ms Morwesi Ramonyai
- Mr Siyabonga Masiza
- Ms Pinkie Numa (ceased to be a member of S, E, HR & REMCO effective 20 November 2023)
- Mr Tshepo Nawane Mr Nawane was rotated from IAC to NED effective 20 November 2023. Became a member of the S, E, HR & REMCO effective 20 November 2023.

During the year before annual financial statement were published there were changes made to the committee included the retirements of Ms P Numa as an NED. The new HR and Remuneration/Social Committee appointed by the shareholder /Board is Ms M Ramonyai, Ms M Mokoena, Mr M Ntanga, Ms NE Veyi and Mr S Masiza. The Chairperson of the HR and Remuneration/Social and Ethics Committee is Ms M Mokoena who is a non-executive director. The executive directors of the company the CEO and CFO are standing invitees of the meeting.

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 Development and Investment Committee met on five occasions. The members of the committee from:

01 March 2023 until 31 July 2024 the name of members

- Ms Nandipha Zonela (Chairperson of D&I Committee)
- Ms Daliwe Oliphant
- Mr Makoko Makgonye

- Ms Morwesi Ramonayi
- Ms Pinkie Numa

During the year before annual financial statement were published there were changes in the committee included the retirements of Ms N Zonela, Ms P Numa, Mr M Makgonye. The new committee members of the Development and Investment Committee are Mr T Nawane, Mr J Maputla, Ms M Ramonyai, and Ms B Molellekeng. The Chairperson of the Development and Investment Committee is Mr T Nawane, who is a non-executive director.

Audit and Risk Committee

The Audit Committee has met on eight 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 members of the committee from 01 March 2023 until 31 July 2024 the names of members.

- Mr Bruce Sarela (Chairperson of ARC)
- Mr Vukile Hlongwa (NED)
- Mr Siyabonga Masiza (NED)
- Mr Sivuyile Mndawe (IAC)
- Mr Patrick Lebopa (IAC)
- Mr Tshepo Nawane (ARC member 01 March 2023 until 20 November 2024 ARC) Rotated from IAC to NED from 20 November 2023. Became a member of S, E, HR & REMCO from 20 November 2023 until 31 July 2024.

During the year Mr T Nawane was rotated from being Independent member and got appointed as a non-executive director becoming a full member of the board; which result in changes on the independent members from three to two members.

During the year before annual financial statement were published there were changes to the committee included the retirements of Mr B Serela and Independent committee members who are Mr S Mndawe and Mr P Lebopa.

The new members of the Audit and Risk Committee are Ms D Oliphant, Mr V Hlongwa, Mr T Sibeko, Mr T Nawane and Ms M Ramonyai. The Chairperson of the Audit and Risk committee is Ms D Oliphant, who is a non-executive director. The new committee has four independent members i.e., Ms WN Yawa, Ms E Rakodi, Mr DR Ramaoma and Mr OM Galane. 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.

14. CONTROLLING ENTITY

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

15. SPECIAL RESOLUTIONS

None.

16. BANKERS

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

17. AUDITORS

Auditor-General of South Africa, Gauteng office 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.

18. INTERNAL AUDIT

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

COMPANY SECRETARY'S CERTIFICATION

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

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



T Msane
Company Secretary

Newtown, Johannesburg

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Note(s)	2024 (R)	2023 (R)
ASSETS			
Current Assets			
VAT receivable	4	286,955,584	283,795,437
Receivables from exchange transactions	3	937,147,094	667,786,557
Cash and cash equivalents	5	10,000	9,534
		1 224 112 678	951,591,528
Non-Current Assets			
Property, plant and equipment	6	5,146,887	5,392,031
Intangible assets	7	15,770,433	17,623,234
Deferred tax	8	21,176,772	3,952,675
		42,094,092	26,967,940
Total Assets		1,266,206,770	978,559,468
LIABILITIES			
Current Liabilities			
Loans from shareholders	9	958,808,619	670,612,072
Finance lease obligation	10	592,998	-
Payables from exchange transactions	11	343,074,972	288,342,214
Provisions	12	7,583,011	7,283,005
Project Fund Payable	13	3,429,772	6,586,347
		1,313,489,372	972,823,638
Non-Current Liabilities			
Finance lease obligation	10	341,331	-
Deferred tax	8	2,500,497	4,448,321
		2,841,828	4,448,321
Total Liabilities		1,316,331,200	977,271,959
Net Assets		(50,124,430)	1,287,509
Share capital / contributed capital	14	16,277,624	16,277,624
Accumulated surplus		(66,402,054)	(14,990,115)
Total Net Assets		(50,124,430)	1,287,509

STATEMENT OF FINANCIAL PERFORMANCE

	Note(s)	2024 (R)	2023 (R)
REVENUE			
Revenue from Exchange Transactions			
Rendering of services	15	72,184,061	59,249,714
Rental income	16	470,078	289,888
Other income	17	55,788	19,903,202
Total Revenue from Exchange Transactions		72,709,927	79,442,804
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
Transfer Revenue			
Government grants & subsidies	18	71,574,000	40,286,000
Total Revenue	15	144,283,927	119,728,804
EXPENDITURE			
Employee related costs	19	(88,632,827)	(86,800,951)
Administration	20	(65,958)	(159,044)
Depreciation and amortisation	21	(2,724,087)	(1,707,983)
Finance costs	22	(73,253,273)	(45,610,566)
Debt Impairment	24	(1,290,875)	(4,220)
Loss on disposal of assets and liabilities	23	(507,987)	(1,023,965)
General Expenses	26	(48,392,778)	(32,166,242)
Total Expenditure		(214,867,785)	(167,472,971)
Deficit Before Taxation		(70,583,858)	(47,744,167)
Taxation	27	19,171,922	13,983,901
Deficit for the Year		(51,411,936)	(33,760,266)

STATEMENT OF CHANGES IN NET ASSETS

	Share Capital / Contributed Capital	Share Premium (R)	Total Share Capital (R)	Accumulated Surplus / Deficit (R)	Total Net Assets (R)
Balance at 01 July 2022	60	16,277,564	16,277,624	18,770,151	35,047,775
Changes in net assets					
Surplus for the year	-	-	-	(33,760,266)	(33,760,266)
Total changes	-	-	-	(33,760,266)	(33,760,266)
Balance at 01 July 2023	60	16,277,564	16,277,624	(14,990,118)	1,287,506
Changes in net assets					
Surplus for the year	-	-	-	(51,411,936)	(51,411,936)
Total changes	-	-	-	(51,411,936)	(51,411,936)
Balance at 30 June 2024	60	16,277,564	16,277,624	(66,402,054)	(50,124,430)
Note(s)	14	14	14		

CASH FLOW STATEMENT

	Note(s)	2024 (R)	2023 (R)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Grants		71,574,000	40,286,000
Other receipts incl: rental income and sundry income		1,747,599	21,075,184
Cash receipts from CAPEX funding		668,094,092	1,030,775,332
		741,415,691	1,092,136,516
Payments			
Employee costs		(89,876,039)	(84,317,906)
Suppliers		(885,556,310)	(1,025,346,248)
		(975,432,349)	(1,109,664,154)
Net Cash Flows from Operating Activities	29	(243 193 619)	(17,527,638)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(176,495)	
Movement in project funds payable		(3,156,575)	(3,156,575)
Proceed of shareholders loan		215,230,357	45,550,416
Finance lease payments		(127,042)	(42,182)
Net Cash Flows from Financing Activities		243,193,619	17,536,797
Net Increase/(Decrease) in Cash and Cash Equivalents		466	9,159
Cash and cash equivalents at the beginning of the year		9,534	375
Cash and Cash Equivalents at the End of the Year	5	10,000	9,534

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis

	Approved Budget (R)	Adjustments (R)	Final Budget (R)	Actual Amounts on Comparable Basis (R)	Difference Between Final Budget and Actual (R)	Reference
Statement of Financial Performance						
REVENUE						
REVENUE FROM EXCHANGE TRANSACTIONS						
Rendering of services	75,926,000	(15,136,000)	60,790,000	72,184,061	11,394,061	43
Rental income	-	-	-	470,078	470,078	
Other income -	-	-	-	55,788	55,788	
Total Revenue from Exchange Transactions	75,926,000	(15,136,000)	60,790,000	72,709,927	11,919,927	
REVENUE FROM NON EXCHANGE TRANSACTIONS						
TRANSFER REVENUE						
Government grants and subsidies	43,041,000	28,533,000	71,574,000	71,574,000		
Total Revenue	118,967,000	13,397,000	132,364,000	144,283,928	11,919,927	
EXPENDITURE						
Employee cost	(87,034,000)	(6,034,000)	(93,068,000)	(88,632,827)	4,435,173	
Administration	-	-	-	(65,958)	(65,958)	
Depreciation and amortisation	(3,478,000)	-	(3,478,000)	(2,724,087)	753,913	
Finance costs	(7,531,000)	-	(7,531,000)	(73,253,273)	(65,722,273)	
Debt impairment	-	-	-	(1,290,875)	(1,290,875)	
General expenses	(20,924,000)	(7,363,000)	(28,287,000)	(48,392,778)	(20,105,778)	
Total Expenditure	(118,967,000)	(13,397,000)	(132,364,000)	(214,502,204)	(82,138,204)	
	-	-	-	-	-	
Loss on disposal of assets and liabilities	-	-	-	(507,987)	(507,987)	
Deficit Before Taxation	-	-	-	(70,583,857)	(82,503,785)	
Taxation	-	-	-	19,171,922	19,171,922	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	(51,411,936)	(63,331,864)	
RECONCILIATION						
Capex Budget						
CAPEX						
EXPENDITURE						
JDA Budget	(374,506,000)	176,791,000	(197,715,000)	(207,485,000)	(9,770,000)	43

SIGNIFICANT ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of Preparation

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.

1.2 Going Concern Assumption

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

1.3 Significant Judgements and Sources of Estimation Uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures.

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

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

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 cashflows 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.

SIGNIFICANT ACCOUNTING POLICIES

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 12 - 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.

i. Deviations and Rectifications

Regulation 36(1)(a) of the Municipal Supply Chain Management Regulations the regulation provides that the Accounting Officer may dispense with the normal procurement processes and procure the required goods or services through any convenient process, which may include direct negotiations, but only;

- In an emergency;
- If goods or services are available from a single supplier;
- In respect of acquisition of special works of art;
- In respect of acquisitions of animals for Zoo's;
- In any other exceptional case where it is impossible or impractical to follow official procurement processes.

In terms of Regulation 36(1)(b), the Accounting Officer may ratify minor breaches of procurement processes by an official or committee acting under delegated powers, provided they are of a purely technical nature. The Accounting Officer must record the reasons for any deviations in accordance with subregulation 1(a). Refer to note 40 for details, which are also covered in the SCM policy.

SIGNIFICANT ACCOUNTING POLICIES

1.4 Property, Plant and Equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

Item	Depreciation Method	Estimated Useful Life
Furniture and fixtures	Straight line	15-20
Motor vehicles	Straight line	8
Office equipment	Straight line	15
Computer equipment	Straight line	15
Leasehold improvements	Straight line	20
Computer equipment - servers	Straight line	15
Leased assets - printers	Straight line	3

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

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

SIGNIFICANT ACCOUNTING POLICIES

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

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

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset. Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

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.

1.5 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.

SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Intangible assets still in work-in-progress represents intangible assets that are still in development and are not yet ready for use.

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

Item	Useful Life (Year/s)
Licenses and franchises	1
Computer software, internally generated	15
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.

1.6 Financial Instruments

Classification

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

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

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

Class	Category
Loan from shareholder	Financial asset measured at amortised cost
Other financial liabilities	Financial asset measured at amortised cost
Payables from exchange transaction	Financial asset measured at amortised cost
Financial lease liabilities	Financial asset measured at amortised cost

SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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.

SIGNIFICANT ACCOUNTING POLICIES

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.

1.7 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.

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.

SIGNIFICANT ACCOUNTING POLICIES

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.

1.8 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.

1.9 Impairment of Cash-Generating Assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cashflows 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).

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.

SIGNIFICANT ACCOUNTING POLICIES

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.

1.10 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.

1.11 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.

SIGNIFICANT ACCOUNTING POLICIES

1.12 Provisions and Contingencies

A provision is a liability uncertain timing or amount. Provisions are recognised:

- 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.

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

Provisions are not recognised for future operating deficits.

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

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;

- the location, function, and approximate number of employees who will be compensated for services being terminated;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 32.

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

1.13 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 31.

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.

1.14 Revenue from Exchange Transactions

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

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

SIGNIFICANT ACCOUNTING POLICIES

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.

1.15 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.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

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

SIGNIFICANT ACCOUNTING POLICIES

1.15 Revenue from Non-Exchange (Continued)

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 as the increase in net assets recognised by the entity.

When an asset is recognised from a non-exchange transaction, revenue is also recognised, equal to the asset's fair value 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.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the

subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Government Grant

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.

SIGNIFICANT ACCOUNTING POLICIES

1.15 Revenue from Non-Exchange (Continued)

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.

1.16 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.

1.17 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.

1.18 Comparative Figures

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

1.19 Fruitless and Wasteful Expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.20 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 is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

SIGNIFICANT ACCOUNTING POLICIES

1.20 Irregular Expenditure (Continued)

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.21 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.

1.22 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.

1.23 Budget Information

The approved budget is prepared on a accrual basis

and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2023/07/01 to 2024/06/30.

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.

1.24 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.

1.25 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.

1.26 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.

SIGNIFICANT ACCOUNTING POLICIES

1.26 VAT Receivable/(Payable) (Continued)

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.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and Interpretations Effective and Adopted in the Current Year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations: All Applicable Accounting Standard that are relevant to JDA and the Accounting Standard are explained in the Accounting Policy.

Standard/ Interpretation:	Effective date: Years Beginning On or After	Expected Impact:
GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	01 April 2023	The impact is not material.
GRAP 104 (as revised): Financial Instruments	01 July 2023	The impact is not material.
GRAP 1 (amended): Presentation of Financial Statements (Materiality)	01 April 2023	The impact is not material.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2024 (R)	2023 (R)
Deposits	55,000	55,000
Rental debtors	18,164	1,259,679
Related party debtors	937,073,930	666,471,878
Total	937,147,094	667,786,557

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

Trade and Other Receivables Past Due but not Impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2024, - (2023: -) were past due but not impaired.

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

	2024 (R)	2023 (R)
1 month past due	46,407,194	52,541,269
2 months past due	98,389,028	26,551,937
3 months past due	463,064,044	294,766,380

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

4. VAT RECEIVABLE

	2024 (R)	2023 (R)
VAT	286,955,584	283,795,44

During the year there were VAT returns that were submitted to SARS which resulted in the movement of two million three hundred thousand rands which is made up of the VAT payable and receivable.

5. CASH AND CASH EQUIVALENTS

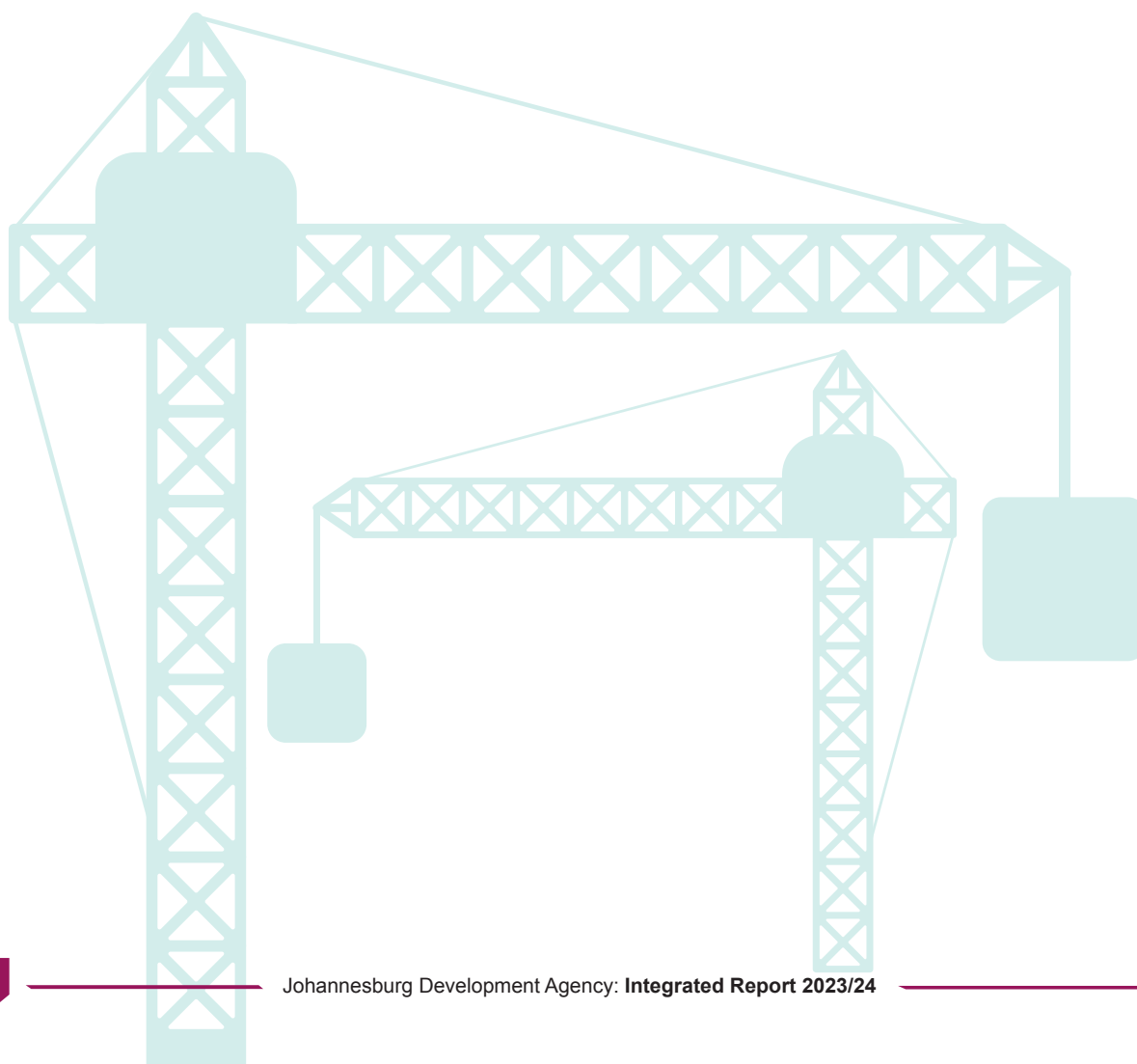
Cash and cash equivalents consist of petty cash:

	2024 (R)	2023 (R)
Cash on hand	10,000	9,534

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The entity had the following bank accounts:

Account Number / Description	Bank Statement Balances			Cash Book Balances		
	30 June 2024 (R)	30 June 2023 (R)	30 June 2022 (R)	30 June 2024 (R)	30 June 2023 (R)	30 June 2022 (R)
Standard Bank Account type - Current account Account number - 198366	-	-	-	-	-	-



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

6. PROPERTY, PLANT AND EQUIPMENT

	2024			2023		
	Cost / Valuation (R)	Accumulated Depreciation and Accumulated Impairment (R)	Carrying Value (R)	Cost / Valuation (R)	Accumulated Depreciation and Accumulated Impairment (R)	Carrying Value (R)
Plant and machinery	389,335	(62,204)	327,131	389,194	(42,601)	346,593
Furniture and fixtures	2,580,148	(2,201,466)	378,682	2,346,156	(1,861,021)	485,135
Motor vehicles	136,013	(136,013)	-	136,013	(136,013)	-
Office equipment	2,457,908	(1,364,117)	1,093,791	1,214,671	(1,040,922)	173,749
IT equipment	3,817,666	(2,240,349)	1,577,317	4,541,993	(2,362,594)	2,179,399
Leasehold improvements	5,723,305	(4,186,577)	1,536,728	5,723,305	(3,900,412)	1,822,893
Computer equipment-servers	628,391	(395,153)	233,238	774,320	(390,058)	384,262
Total	15,732,766	(10,585 879)	5 146 887	15,125,652	(10 585 879)	5 146 887

Reconciliation of Property, Plant and Equipment - 2024

	Opening Balance (R)	Additions (R)	Disposals (R)	Depreciation (R)	Total (R)
Plant and machinery	346,593	-	-	(19,460)	327,131
Furniture and fixtures	485,135	11,500	(11,734)	(106,219)	378,628
Office equipment	173,749	1,122,629	(1,531)	(201,056)	1,093,791
IT equipment	2,179,399	-	(82,844)	(519,238)	1,577,317
Leasehold improvements	1,822,893	-	-	(286,165)	1,536,728
Computer equipment-servers	384,262	-	(99,403)	(51,620)	233,239
Total	5,392,031	1,134,129	(195,512)	(1,205,324)	5,392,031

Reconciliation of Property, Plant and Equipment - 2023

	Opening Balance (R)	Disposals (R)	Depreciation (R)	Total (R)
Plant and machinery	366,056	-	(19,463)	346,593
Furniture and fixtures	537,208	-	(52,073)	485,135
Office equipment	252,122	-	(78,373)	173,749
IT equipment	3,161,347	(500,873)	(481,075)	2,179,399
Leasehold improvements	2,107,615	-	(284,722)	1,822,893
Computer equipment-servers	675,481	(218,476)	(72,743)	384,262
Total	7,099,829	(719,349)	(988,449)	5,392,031

2024 Pledged as Security

Carrying value of assets pledged as security:

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Assets Subject to Finance Lease (Net Carrying Amount)

	2024 (R)	2023 (R)
Office equipment	798,915	-
Leasehold improvements	1,536,728	1,822,893
Total	2,335,643	1,822,893

Expenditure Incurred to Repair and Maintain Property, Plant and Equipment Included in Statement of Financial Performance

	2024 (R)	2023 (R)
General expenses	1,024,758	769,018

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.

7. INTANGIBLE ASSETS

	2024			2023		
	Cost / Valuation (R)	Accumulated Depreciation and Accumulated Impairment (R)	Carrying Value (R)	Cost / Valuation (R)	Accumulated Depreciation and Accumulated Impairment (R)	Carrying Value (R)
Licenses and franchises	762,334	(723,741)	38,593	530,781	(530,781)	-
Computer software, internally generated	1,078,404	(1,078,404)	-	1,078,405	(1,078,406)	-
Computer software, other	21,037,823	(5,305,983)	15,731,840	11,818,811	(5,171,329)	6,647,482
Intangible assets under development	-	-	-	10,975,752	-	10,975,752
Total	22,757,719	(7,108,128)	15,649,591	24,403,749	(6,780,516)	17,623,234

Reconciliation of Intangible Assets - 2024

	Opening Balance (R)	Disposals (R)	Transfers Received (R)	Transfers (R)	Amortisation (R)	Total (R)
Licenses and franchises	-	-	231,553	-	(192,960)	38,593
Computer software, other	6,647,482	(312,475)	10,744,199	-	(1,347,366)	15,731,840
Intangible assets under development	10,975,752	-	-	(10,975,752)	-	-
Total	17,623,234	(312,475)	10,975,752	(10,975,752)	(1 540 326)	15,770,433

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Reconciliation of Intangible Assets - 2023

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

Other Information

The JDA has fully implemented all the SAP phases in the current year under review.

8. DEFERRED TAX

Deferred Tax Liability

	2024 (R)	2023 (R)
Property, plant and equipment	(2,500,497)	(2,061,895)
Temporary difference - S24C allowance	-	(2,386,426)
Total Deferred Tax Liability	(2,500,497)	(4,448,321)

Deferred Tax Asset

Temporary difference - S24C allowance	17,345,642	-
Provisions and leave accrual	3,617,007	3,952,675
Leases	214,123	-
Tax losses available for set off against future taxable income	-	-
Total Deferred Tax Asset	21,176,772	3,952,675

Deferred tax liability	(2,500,497)	(4,448,321)
Deferred tax asset	21,176,772	3,952,675
Total Net Deferred Tax Asset (Liability)	18,676,275	(495,646)

Reconciliation of Deferred Tax Asset \ (Liability)

At beginning of year	(495,646)	(495,646)
Originating differences on tangible fixed assets	(438,602)	(108,358)
Originating differences on the S24C allowance		(601,564)
Originating differences arising from leases	214,123	-
Originating differences arising from provisions	(335,667)	343,520
Change in tax rate	-	366,402
Originating differences on the S24C allowance	19,732,067	-
	18,676,275	(495,646)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

9. LOANS TO (FROM) SHAREHOLDERS

	2024 (R)	2023 (R)
Sweeping account	(958,808,619)	(670,612,072)

Terms and conditions

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.

10. FINANCE LEASE OBLIGATION

	2024 (R)	2023 (R)
Minimum Lease Payments Due		
- within one year	433,259	-
- in second to fifth year inclusive	649,889	-
	1,083,148	-
Less: future finance charges	(148,818)	-
Present Value of Minimum Lease Payments	934,330	-
Present Value of Minimum Lease Payments Due		
- within one year	592,998	-
- in second to fifth year inclusive	341,332	-
	934,330	-

11. PAYABLES FROM EXCHANGE TRANSACTIONS

	2024 (R)	2023 (R)
Trade payables	191,178,870	154,399,278
Payments received in advanced - tenants deposits	77,435	77,435
Leave accrual	5,813,312	7,356,530
Accrued expense	9,856,862	4,994,778
Retentions	126,886,780	115,220,546
Related party payables	9,261,713	6,293,647
Total	343,074,972	288,342,214

- 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

11. PAYABLES FROM EXCHANGE TRANSACTIONS (Continued)

- 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 contracts.

12. PROVISIONS

	Opening Balance (R)	Additions (R)	Utilised During the year (R)	Total (R)
Reconciliation of Provisions - 2024				
Provision - performance bonus	7,283,005	6,441,976	(6,141,970)	7,583,011
Reconciliation of Provisions - 2023				
Provision - performance bonus	5,904,226	7,633,261	(6,254,482)	7,283,005

The performance management system is designed to ensure that the JDAs business strategy is translated into measurable key performance areas and indicators for employees. At the beginning of each financial year each employee concludes a performance management contract with a scorecard. Although the performance review in respect of the 2022/23 financial year will be completed during August/September 2024, bonus payments to qualifying employees will only be made after the finalisation of the 2023/24 audit and upon receipt of a unqualified audit report from the Auditor General. In December 2023, a bonus payment was made in relation to the 2022/23 year for all qualifying employees including some Executive and Senior Managers.

13. PROJECT FUND PAYABLE

	2024 (R)	2023 (R)
Sundry Creditors - project funds	194,625	194,625
Loan - Newtown	3,235,147	6,391,722
Total	3,429,772	6,586,347

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.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

14. SHARE CAPITAL / CONTRIBUTED CAPITAL

	2024 (R)	2023 (R)
Authorised		
1000 Ordinary shares of R1 each and 60 issued	60	60
Issued		
1000 Ordinary Shares of R1 and 60 issued	60	60
Share premium	16,277,564	16,277,564
	16,277,624	16,277,624

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

15. REVENUE

	2024 (R)	2023 (R)
Rendering of services	72,184,062	59,249,714
Rental income	470,078	289,888
Other income	55,788	19,903,202
Government grants and subsidies	71,574,000	40,286,000
	144,283,928	119,728,804
The Amount Included in Revenue Arising from Exchanges of Goods or Services are as Follows:		
Rendering of services	72,184,062	59,249,714
Rental income	470,078	289,888
Other income	55,788	19,903,202
	72,709,928	79,442,804
The Amount Included in Revenue Arising from Non-Exchange of Goods or Services are as Follows:		
Taxation revenue		
Transfer revenue		
Government grants and subsidies	71,574,000	40,286,000

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

16. OTHER REVENUE

Rental income	470,078	289,888
Sundry income	55,788	19,903,202
Total	525,866	20,193,090

Current year sundry income relates to LG SETA refunds that were received in current year.

17. SUNDRY INCOME

	2024 (R)	2023 (R)
Sundry income	55,788	19,903,202

18. GOVERNMENT GRANTS AND SUBSIDIES

	2024 (R)	2023 (R)
Operating Grants		
Government grant (operating) 17	71,574,000	40,286,000

19. EMPLOYEE RELATED COSTS

	2024 (R)	2023 (R)
Basic	71,712,470	74,817,028
Bonus	7,583,011	7,633,251
UIF	364,006	368,039
COID	660,353	712,209
SDL	683,114	705,929
Other payroll levies	1,816,560	1,372,051
Leave pay provision charge	5,813,313	1,192,444
Total	88,632,827	86,800,951

19. EMPLOYEE RELATED COSTS (Continued)

Remuneration for Executive Managers (2024)

M Mongane
S Moonsamy (Chief Financial Officer resigned 11 November 2022)
O Nkoane (EM: Development Planning and Facilitation)
S Genu (EM: Development Implementation)
R Shirinda (Company Secretary & Legal Advisor)
B Seopela (EM: Corporate Services)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

19. EMPLOYEE RELATED COSTS (Continued)

Remuneration for Executive Managers (2024) (Continued)

Z Tshabalala (Chief Audit Executive resigned 31 March 2023)

S Mkhize (Acting CFO from 14 November 2022)

M Sibiya (Acting Chief Audit Executive from 04 April 2023)

Earnings (R)	Pension (R)	Acting Allowance (R)	Bonus Payment (R)	Travel Allowance (R)	Total (R)
959,283	49,412	-	-	-	1,008,695
-	-	151,518	-	-	151,518
		46,029			46,029
11,047,698	558,512	228,825	578,370	521,084	12,934,489

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

20. ADMINISTRATIVE EXPENDITURE

Administration and management fees

Administrative expenditure includes archiving costs for the current year.

2024 (R)	2023 (R)
65,958	159,044

21. DEPRECIATION AND AMORTISATION

Property, plant and equipment

Intangible assets

Total

2024 (R)	2023 (R)
1,183,761	986,826
1,540,326	721,157
2,724,087	1,707,983

22. FINANCE COSTS

Interest

Sweeping

Interest on finance lease

Total

2024 (R)	2023 (R)
237,471	8,849
72,966,190	45,601,717
49,612	-
73,253,273	45,610,566

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

There was a disposal in current year which was due to assets that were not in good condition.

2024 (R)	2023 (R)
507,987	1,023,965

24. DEBT IMPAIRMENT

Debt impairment

There was impairment of tenant debtors for balances that were long overdue.

2024 (R)	2023 (R)
1,290,875	4,220

25. ADDITIONAL NOTE REPAIRS AND MAINTANANCE

Repairs and maintenance - Bus Factory

Repairs and maintenance office equipment - IT

Total

2024 (R)	2023 (R)
1,785,832	445,727
184,584	323,291
1,970,416	769,018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

26. GENERAL EXPENSES

	2024 (R)	2023 (R)
Advertising	548,330	533,965
Auditors remuneration	2,931,031	2,363,056
Bank charges	21,396	34,169
Computer expenses	5,797,939	6,056,401
Consulting and professional fees	29,589,660	13,062,528
Insurance	345,971	1,196,882
Marketing	859,624	755,075
Motor vehicle expenses	-	595
Recruitment costs	506,661	561,613
Printing and stationery	223,186	803,014
Security (guarding of municipal property)	3,463,424	3,677,556
Staff welfare	3,732	21,076
Telephone and fax	49,759	100,549
Training	365,038	197,795
Utilities	972,720	719,236
Internal audit fees (outsources services)	-	200,550
Cellphones expenses	321,490	724,123
Meetings and entertainment	134,538	309,956
Hygiene and other services	2,160,015	772,122
Development facilitation fees	98,264	75,981
Total	48,392,77	32,166,242

General expenses comprises consulting fees which were the fees that were paid to legal services.

27. TAXATION

Major Components of the Tax Income

	2024 (R)	2023 (R)
Deferred		
Originating and reversing temporary differences	(19,171,922)	(13,983,901)

Reconciliation of the Tax Expense

Reconciliation between applicable tax rate and average effective tax rate:

	2024 (%)	2023 (%)
Applicable tax rate	27.00	27.00
Exempt income	-	(0.03)
Add back: tax effect of timing difference	0.43	-
Less: tax effect of non-deductible expenses	(0.19)	-
Total	27.24	26.97

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

28. AUDITORS' REMUNERATION

	2024 (R)	2023 (R)
Fees	2,931,031	2,363,056

29. CASH USED IN OPERATIONS

	2024 (R)	2023 (R)
Deficit	(51,411,936)	(33,760,266)
Adjustments for:		
Depreciation and amortisation	2,724,087	1,707,983
Loss on disposal	507,987	1,023,965
Finance costs - finance leases	49,612	-
Debt impairment	1,290,875	4,220
Movements in provisions	(300,006)	4,525,447
Movement in VAT	(3,160,147)	91,640,968
Movement non-cash item - deferred tax	19,071,524	13,983,901
Current tax paid	-	(17,673,368)
Changes in Working Capital:		
Receivables from exchange transactions	(269,360,537)	19,745,900
Consumer debtors	(1,290,875)	(284,787)
Prepayments	-	25,736,786
Payables from exchange transactions	54,621,304	(240,844,575)
Project fund	12,641,442	125,717,082
Total	(234,016,658)	(17,527,638)

Describe the lessee's significant leasing arrangements which include:

- basis on which contingent rent payable is determined;
- the existence and terms of renewal or purchases options and escalation clauses; and
- restrictions imposed by lease arrangements, such as those concerning return of net surplus, return of capital contributions, dividends or similar distributions, additional debt and further leasing.

30. DIRECTORS' EMOLMENTS

Executive

2024

	Emolu- ments (R)	Acting Allowance (R)	Pension Paid or Receivable (R)	Travel Allowance (R)	Total (R)
T Mathibe (Chief Executive Officer) Appointed on 01 June 2024 and (Acting CEO from 12 February 2024 until 31 May 2024)	220,708	96,800	24,074	-	341,582
M Mongane (Chief Executive Officer) (Resigned 29 February 2024)	2,609,465	-	83,972	385,648	3,079,085
S Mpakama (Chief Financial Officer) Appointed on 01 January 2024	937,209		102,173	-	1,039,382
S Mkhize (Acting Chief Financial Officer) (14 November 2022 to 31 December 2023)	-	120,147	-	-	120,147

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

30. DIRECTORS' EMOLUMENTS (Continued)

2024 (Continued)

	Emoluments (R)	Acting Allowance (R)	Pension Paid or Receivable (R)	Travel Allowance (R)	Total (R)
S Genu (Acting CEO from 30 June 2023 until 09 February 2024)	-	194,546	-	-	194,546
Total	3,767,382	411,493	210,219	385,648	4,774,742

2023

	Emoluments (R)	Other Benefits* (R)	Pension Paid or Receivable (R)	Total (R)
M Mongena (Chief Executive Officer)	2,266,065	-	116,722	2,382,787
S Mkhize (Acting Chief Financial Officer 14 November 2022)	-	151,878	-	151,878
S Moonsamy (Chief Financial Officer) (Resigned 11 November 2022)	690,305	-	51,534	741,839
S Genu (Acting CEO June 2023)	-	75,514	-	75,514
Total	2,956,370	227,392	168,256	3,352,018

*

Non-Executive

2024

	Directors' Fees (R)	Total (R)
D Oliphant (Chairperson)	250,000	250,000
M Mokoena	260,000	260,000
M Ntanga	136,000	136,000
M Ramanyai	212,000	212,000
N Zonela	158,000	158,000
V Hlongwa	184,000	184,000
M Makgonye	172,000	172,000
T Nawane	120,000	120,000
S Mndawe (Independent Audit and Risk Committee Member)	56,000	56,000
P Lebopa (Independent Audit and Risk Committee Member)	64,000	64,000
Total	1,612,000	1,612,000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

30. DIRECTORS' EMOLUMENTS (Continued)

2023

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31. COMMITMENTS

Authorised Capital Expenditure

	2024 (R)	2023 (R)
Total Capital Commitments	1,470,926,040	1,623,136,630

This committed expenditure relates to the award of various operating contracts. Included in capital commitment expenditure is COJ related capital commitments to construct infrastructure that will be recognised in the AFS of COJ and not JDA (Commitments that related to COJ (Portfolio A,B,C and Development Facilitation)).

The approved and contracted for commitments consist of the following:

	2024 (R)	2023 (R)
Portfolio A:	126,305,468	263,548,828
Portfolio B:	808,701,279	771,454,919
Portfolio C:		
Stations BRT	68,992,590	103,601,868
Other Projects	424,386,230	409,191,521
	493,378,820	512,793,389
Operational Contracts and Development and Facilitation	42,470,473	75,339,494
Total Commitments		
Authorised capital expenditure	1,470,856,040	1,623,136,630

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

32. CONTINGENCIES

Keendom Druza Joint Venture

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

32. CONTINGENCIES (Continued)

REMBU Arbitration

Potential liability through the arbitration regarding the allegedly unlawful termination of the JBCC agreement by JDA as consequence of Rembu's failure to progress the works with due diligence and expedition. Currently, the parties have agreed that the question of whether the agreement ought to be rectified be dealt with separately and before the remainder of the issues. The parties are engaging regarding a date for the hearing of the separated issue. As matters stand, it seems that the matter will be heard in January 2023. In addition to this, the JDA has lodged a counter claim as disclosed in contingent assets. Estimated liability: R22,328,284.77.

BRT- Sandton Station

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

Selby 2C

The JDA has appointed a law firm to assist in recovering cost damages from the contractor after they failed to complete the project. There is a possibility of payment of R6.4 million.

Karzen Project

JDA has received litigation from the lawyers MBA and Cliff Dekker where six subcontractors want to sue

JDA with the estimated amount of R1 123 575 and the subcontractors are Inkululeko Yethu Cleaning (Pty) LTD, Phakamani Properties (Pty) LTD, Maitazwifoma Consulting Cc, Enza Construction and Rohrr Mark . The matter is currently in the pleading stage.

Contingent Assets

WATT STREET

JDA has instructed its attorneys to recover the cost due to poor work performance by the contractor (Thaamandla Cosntruction and Maintanance (Pty) Ltd) at Watt street the recovery will be through the guarantee. The guarantors are Madima (Pty) Ltd with an estimated amount of R 2.4 million.

SELBY 2C DEPORT

JDA has appointed a law firm to assist in recovering cost damages from the contractor (Mayibuye iAfrika) after they failed to complete the project and the estimated recovery cost amounts to R8 million.

Braamfishier

JDA lodger the legal disputes against Kingsway civils where the contract was terminated due to poor performance. JDA intends to recover the cost from the guarantor Lambrard Insurance with the estimated cost of R 8 944 302 with interest of 10.25% per annum which is claculated from date of demand to when the payment is made in full.

33. RELATED PARTIES

Relationships	
Directors	Refer to Directors' report note 33
Controlling entity	The City of Johannesburg Metropolitan Municipality
Controlled entities	Refer to note
	Johannesburg Social Housing Company (SOC) Ltd
	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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Related Party Balances

	2024 (R)	2023 (R)
Loan accounts - Owing (to) by Related Parties		
CJMM	(958,808,619)	(670,612,072)
Amounts Included in Trade Receivable (Trade Payable) Regarding Related Parties		
CJMM	936,490,512	665,552,724
Johannesburg Roads Agency (SOC) Ltd	-	919,154
Johannesburg Social Housing Company (SOC) Ltd	583,418	-
Commitments with Related Parties		
CJMM-Revenue	451,822	87,664
CJMM-GCSS	4,919,303	3,237,209
Johannesburg Property Company (SOC) Ltd	3,000,000	3,000,000
Metropolitan Trading Company (SOC) Ltd	-	345,000
Johannesburg City Theatre (SOC) Ltd	34,382	-
Johannesburg Social Housing Company (SOC) Ltd	96,800	-
COJ Group Assurance and Risk Services	759,405	-
Related Party Transactions		
Revenue Received from Related Parties		
CJMM-Development Management Fees	72,137,941	58,936,845
CJMM-Grant	71,574,000	40,286,000
Johannesburg Social Housing Company (SOC) Ltd	46,120	-
Johannesburg Roads Agency (SOC) Ltd	-	312,868
Purchases from (Sales to) Related Parties		
CJMM-Interest	72,966,190	45,601,717
City Power (SOC) Ltd	963,799	778,678
Metro Bus (SOC) Ltd	-	6,460
Metropolitan Trading Company (SOC) Ltd	300,000	1,800,000
Johannesburg City Theatre (SOC) Ltd	29,897	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS AND 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.

Financial 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 2024	Less than 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 years
Trade and other payables (R)	210,297,445	-	-	-
At 30 June 2023	Less than 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 years
Trade and other payables (R)	165,687,703	-	-	-

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:

JDA has two categories of the financial instruments which are financial assets and financial liabilities.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

	At Amortised Cost (R)	Total (R)
Financial Assets		
2024		
Trade and other receivables from exchange	937,147,094	937,147,104
Financial Liabilities		
2024		
Loans from shareholders	958,808,619	958,808,629
Trade and other payable from exchange transactions	210,297,445	210,297,445
	1,169,106,064	1,169,106,074
	At Amortised Cost (R)	Total (R)
Financial Assets		
2023		
Trade and other receivables from exchange	667,786,557	667,786,567
Financial Liabilities		
2023		
Loans from shareholders	670,612,072	670,612,082
Trade and other payable from exchange transactions	165,687,703	165,687,703
	836,299,775	836,299,785

35. GOING CONCERN

We draw attention to the fact that at 30 June 2024, the entity had an accumulated deficits of (R66,644,857) and that the entity's total assets exceed its liabilities by (R50,367,233).

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 the grant that currently is received for operational purposes.

36. EVENTS AFTER THE REPORTING DATE

There was changes of the Board members before Annual Financial Statements were Published there was AGM which was held on 31 July 2024 where four Board members retired and four new Board members were appointed.

37. FRUITLESS AND WASTEFUL EXPENDITURE

	2024 (R)	2023 (R)
Opening balance as previously reported	752,703	1,031,417
Add: Fruitless and wasteful expenditure identified - current	1,074,353	127,966
Add: Fruitless and wasteful expenditure identified - prior period	-	584,737
Less: Amount recovered - current	-	(1,031,417)
Less: Amount recovered - prior period	(40,000)	-
Less: Amount written off - prior period	(584,737)	-
Payment made to Non-Executive who is in service of state	-	40,000
Closing Balance	1,202,319	752,703

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

37. FRUITLESS AND WASTEFUL EXPENDITURE (Continued)

During the 2023/24FY JDA Board approved the certification of the written of the Fruitless and Wasteful Expenditure that was incurred in the prevouse financial years which amounts to R584 737. During the year payment of R40 000 that was paid to Board member iwho is in service of state in 2022/23 FY was recovered in the current year.

Details of Fruitless and Wasteful Expenditure

	2024 (R)	2023 (R)
Disciplinary Steps Taken/Criminal Proceedings		
Payment made to Board member who is service of state	-	40,000
Expenditure incurred for interest and penalties	204,788	127,966
Expenditure incurred over mobile devices	-	584,737
Expenditure incurred for legal fees	869,565	-
Total	1,074,353	752,703

38. IRREGULAR EXPENDITURE

	2024 (R)	2023 (R)
Opening balance as previously reported	310,342,721	202,051,654
Add: Irregular expenditure - (non-compliance with laws and regulations) - current	25,031,456	49,448,982
Add: Irregular expenditure - (non-compliance with laws and regulations) - prior period	-	3,682,115
Add: Irregular expenditure - (overspending of approved budget) - current	92,273,785	55,159,970
Less: amount written off - prior period	(120,391,566)	-
Closing Balance	307,256,396	310,342,721
Incidents/Cases Identified/Reported in the Current Year Include those Listed Below: Disciplinary steps taken/criminal proceedings		
Total expenditure incurred above approved budget	92,273,785	55,159,970
Contractual advance payments entered into without following due processes in prior year identified in the current year	-	3,682,115
Expenditure incurred after contract expired	6,674,888	27,849,052
Expenditure incurred without following SCM process	-	4,358,102
Payments made wich exceed contractual amount still under investigation	12,673,392	17,022,747
Non-compliance with PPR	-	219,081
Termination made without following JBCC which result in loss of profit from contractor	4,436,142	-
Payment made where there was no budget allocated to the projects	5,683,174	-
	117,305,239	108,291,067

Irregular Expenditure Written Off

The Board resolved to approve the for write-off in relation to the following Amounts:

(1) R11 545 665,96 which resulted in an irregular expenditure be certified as irrecoverable and recommended for write-off.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

38. IRREGULAR EXPENDITURE (Continued)

Irregular Expenditure Written Off (Continued)

(2) The amount of R219 081.05 which resulted in an irregular expenditure be certified as irrecoverable and recommended for write-off.

(3) The amount of R54 136 005.00 which resulted in an irregular expenditure be certified as irrecoverable and recommended for write-off.

(4) The amount of R4 358 102.32 which resulted in an irregular expenditure be certified as irrecoverable and recommended for write-off.

(5) The amount of R27 141 857.66 which resulted in an irregular expenditure be certified as irrecoverable and recommended for write-off.

(6) The amount of R20 783 481.60 which resulted in an irregular expenditure be certified as irrecoverable and recommended for write-off.

(7) The amount of R2 207 372.67 which resulted in an irregular expenditure be certified as irrecoverable and recommended for write-off.

The Following Irregular Expenditure Were Reported as Follows

There was expenditure that exceeded budget in the current year which amounts to R92.5 million. The matter was subject to investigation.

There were advance payments in the prior years due to non compliance of the CIBD requirements, the matter is still under investigation.

There was cession agreement that was entered in the prior year which was not in compliance with regulations and the expenditure was reported in the prior year

which amounts to R61.7 million this item is still under investigation.

There was a payment made after the contract had expired which resulted in the irregular expenditure since section 116 was not followed and the matter is still under investigation.

In the prior year, the expenditure reported was R41 million.

During the year there was irregular expenditure that was incurred in the current period which amounts to R29.1 million it arises through payment exceed contract value and payment made where the contract expired.

Overspending of Approved Budget: Non-Cash Items Include the Following:

	2024 (R)	2023 (R)
Impairment of assets and receivables	(1,798,862)	(1,028,185)

During the year there were assets that were impaired which amounts to R1.7 million. These were R1.2 million from tenants and R507 000 from property plant equipment. Last year the impairment was R1 million.

39. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

	2024 (R)	2023 (R)
Skills Development Levy		
Current year subscription / fee	705,929	569,465
Amount paid - current year	(705,929)	(569,465)
	-	-
Audit Fees		
Current year subscription / fee	2,931,031	2,363,056
Amount paid - current year	(2,931,031)	(2,363,056)
	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

39. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continued)

	2024 (R)	2023 (R)
PAYE and UIF		
Current year subscription / fee	19,867,013	18,126,477
Amount paid - current year	(19,867,013)	(18,126,477)
	-	-
Pension and Medical Aid Deductions		
Current year subscription / fee	7,512,238	7,318,391
Amount paid - current year	(7,512,238)	(7,318,391)
	-	-
VAT		
VAT receivable	286,145,130	283,795,437

All VAT returns have been 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.

	2024 (R)	2023 (R)
Less than three quotes regu 6,17 and 19	627,071	528,346
Impracticability-reg(1)(a)(v)	11,489,300	-
	12,116,371	528,346
Categories of Deviation as Per Regulation 36 of the MFMA		
Expectational case it was impractical or impossible to follow normal SCM processes because the contractors were on site and losing their services of the professional team would compromise the unique design work of the professional team and completion of the project in terms of final sign off and professional liability. Therefore, entering into negotiations with them on ECSA guided rates was the best solution.	10,246,425	-
The main contractors for the said projects were terminated due to poor performance, upon the termination of the Contract, the Contractor has to deestablished site and also remove their security company from. Between the termination period and replacing the contractor there will be no security to guard the site. Noting the timing of the imminent termination and replacement by another contractor, for the provision of security a direct negotiation was entered into with the security company that was appointed by the contract as a sub-contractor to safeguard the premises. The appointment of the security ensures that the site is secured immediately to avoid vandalism and theft to the property. Should the site be left vacant without security, the JDA may have to redo the work that was paid for previously and this may result in fruitless and wasteful expenditure.	971,352	-

40. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (Continued)

Categories of deviation as per Regulation 36 of the MFMA (Continued)

	2024 (R)	2023 (R)
Only quote was received for staff training and development at various institutions .	271,524	-
Less than three (3) quotations received from RFQ's advertised on the website for seven (7) days. On closing of the RFQ the submission is evaluated and if compliant and meet all the requirements an appointment is finalised	627,071	528,346
Total	12,116,372	528,346

Deviations - 2024

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.

It should be noted that from 1 July 2023 to 30 June 2024 there were (8) service providers appointed for employee training and development where less than three quotations were obtained with a combined value.

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 R9.5 million these also includes the request for quotations form the approved panel service providers.

Deviations - 2023

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

41. SEGMENT INFORMATION

General Information

Identification of Segments

The entity is organised and reports to management on the basis of one major functional building, which is Bus factory located at 3 Helen Joseph Street. All functions or all services are operated under one building which is Bus factory. The entity under the Municipal Information reported about these segments used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The geographical area in which the entity operates is seen as a single geographical area for decision purposes.

Conclusion: no segment reporting is required and there has been no analysis on whether segment reporting is applicable for JDA to all entities on the accrual basis of accounting. The standard applies to separate (or individual) financial statements of an entity, as well as to consolidate financial statements of an economic entity.

Definition and Identification

- An activity of an entity
- That generates economic benefits or service potential - Not separable
- Whose results are regularly reviewed by management - Yes
- For making decisions about the future allocation of resources - Yes
- And in assessing its performance - Department Performance
- For which separate financial information is available - Is not separable
- Revenue, expenditure and balance sheet - Are not separable
- Does JDA have segments? - No
- Are these segments and why? - No
- Reportable segments
- Reportable segments - segments identified per definition, or aggregation of two or more segments, which are reported in the segment report
- Aggregate if similar economic characteristics and most of the following are met
- Share nature of goods or services delivered
- Share types or class of customer or consumer
- Share methods used to distribute the goods or provide the services
- Share nature of regulatory environment
- Reportable segments
- Reportable segments - segments identified per definition, or aggregation of two or more segments, which are reported in the segment report
- Aggregate if similar economic characteristics and most of the following are met
- Share nature of goods or services delivered
- Share types or class of customer or consumer
- Share methods used to distribute the goods or provide the services
- Share nature of regulatory environment

Disclosures

- General information
- Total carrying amount of segment assets - Cannot be identified separately.
- Total carrying amount of segment liabilities - Cannot be identified separately.
- Surplus or deficit, e.g., revenue - Basing on estimates
- Depreciation, interest, material items of revenue and expenses - Cannot be identified separately.

41. SEGMENT INFORMATION (Continued)

Disclosures - Explanation of Measures

- Basis of accounting for transactions between segments
- Nature of difference between segment and entity for - No difference
- Surplus or deficit - No difference
- Assets - No difference
- Liabilities - No difference
- Changes from prior periods in measurement methods - No difference
- Nature and effect of asymmetrical allocations to reportable segments - No difference

Disclosures – Reconciliations

- Reconciliations of total reportable segments to entity:
- Revenues - Based on estimates
- Surplus/deficit - Based on estimates
- Assets - Based on estimates
- Liabilities - Not determinable
- Every other material item - Not determinable

Disclosures – Geographical Segments

- Geographical areas of operation - Not applicable
- External revenues from non-exchange transactions - Not applicable
- External revenues from exchange transactions - Not applicable
- Total expenditure - Not applicable
- Total expenditure - Not applicable
- Non-current assets - Not applicable

Conclusion: Based on the information above, no segment reporting is required. The geographical area in which the entity operates is seen a single geographical area for decision purposes. Operates are irrelevant for decision making purposes. Based on the information above, management reached a conclusion that since the whole organisation operates as one, using the same accounting systems and there is no separation of revenues, costs and the statement of financial position no segment reporting was applicable. Reporting the whole organization as a segment will not add anything to faithful and fair presentation of the AFS as this will not add any value to the users of the financial statement.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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 Person	Amount (R)	Total (R)
Inner City Ranks Project Manager	GIBB (Pty) Ltd	Daughter employed by Health Infrastructure PWGWC as a State Accountant and another	September, Clive	656,263	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	Pillay, Darren	1	1
		Spouse works for the City of Cape Town as Head: Business Continuity	Moon, Jenny	1	1
		Spouse works for the City of Cape Town as Principle Professional officer	Stolworthy, Jo-Anne	1	1
		Spouse works for Eskom as Chief Engineer	Beer, Lize De	1	1
		Spouse works for the National Department of water Affairs and Forestry as an Accounting Clerk	Mkhize, Selby	1	1
		Department of Education as a Senior Educator	Randall, Neville	1	1
		Spouse works for the Dept of Correctional Services as Correctional Officer	Nzayiya, Nomasithini	1	1
		Partner works for the Department of transport and Public Works as DDG	Smith, Penny	1	1
		Spouse work for Department of National Treasury as Deputy Director	Lekonyana, Rorisang	1	1
		Parent works for Department of Water Affairs and Forestry	Kiewiet, Douglas	1	1
		Spouse works for the Gauteng Dept of Education as an HOD for Math's	Naidoo, Vinnie	1	1
		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	Pillay, Pravanya	1	1
		Brother works for City Engineers as Architect/town Planner	Haq, Zafar	1	1

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

Name of Project	Company Name	Capacity in Which the Close Family Member is in Service of the State	Name of Person	Amount (R)	Total (R)
Brixton Social Cluster and Lehae Training Academy & Fire Station	Threshold Project Manager	Wife is employed by DBSA and sister employed by SAA	Sedumedi, Nokuthula	3,043,740	3,043,740
Brixton Social Cluste	CSM Consulting Services	Son is employed by Western Cape Provincial Government Department of Environmental Affairs and Development Planning		1	1
Alexandra Hospice Centre	Lukhozi Consulting Engineer	Wife employed by Office of the Premier	Mhlauli, Lumko Sidwell	1,738,231	1,738,231
Emdeni Public Transport Facility	CSM Consulting	Son, Andre van Collie, is employed by Western Cape Provincial Government Department of Environmental Affairs and Development Planning	Van Collie, CAJ	2,885,000	2,885,000
Rodepoort Public Transport Facility	CSM Consulting	Son, Andre van Collie, is employed by Western Cape Provincial Government Department of Environmental Affairs and Development Planning	Van Collie, CAJ	2,860,000	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 consultants	Ikemeleng Architects Bowmans	Spouse employed at Gauteng Provincial Infrastructure Development Father, Jan van den Heuvel employed by Department of Justice	Bhan, Ridwaan	1,017,172	1,017,172

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

Name of Project	Company Name	Capacity in Which the Close Family Member is in Service of the State	Name of Person	Amount (R)	Total (R)
Deep South Ikemeleng Architects Spouse-employed at Gauteng Provincial Infrastructure Development Ridwaan Bhana 1,017,172 Contract Management system and dispute resolution mechanism consultants	Ikemeleng South Architects Bowmans	Spouse employed at Gauteng Provincial Infrastructure Development Father, Jan van den Heuvel employed by Department of Justice	Lizelle Blignaut	1,280,000	1,280,000
		Brother, Jacob Christoffel Cronje employed by SAND	Franklyn, Claire	1	1
		Sister-in-law, Tanje Cronje employed by the Department of Education: Gauteng	Graham, Ashleigh	1	1
		Elizabeth Arumugam, employed by the Department of Education: Kwa-Zulu Nata	Green, Chris	1	1
		Roshal Rye Ramdennee - Husband Principle Investments	Kaapu, Jerry	1	1
		Johan Conradie - Brother in law Auditor-General South Africa	De Villiers, David	1	1
		Marlize de Villiers - Wife The Council for Scientific and Industrial Research (CSIR)	David	1	1
		Mr Deokiram - Father Johannesburg Roads Agency	Kaapu, Jerry	1	1
		Claire Dyer - Mother National Department of Education	Kaapu, Jerry	1	1
		Christopher Barry Franklin Father NECSA (South African Nuclear Energy Corporation)	Franklyn, Claire	1	1
		Michael van Aardt - Husband Department of Health: Gauteng	Graham, Ashleigh	1	1

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

Name of Project	Company Name	Capacity in Which the Close Family Member is in Service of the State	Name of Person	Amount (R)	Total (R)
		Quentin Green - Father Johannesburg City Power	Green, Chris	1	1
		Ditodi Norman Kaapu - Brother South African Police Service: Silverton	Kaapu, Jerry	1	1
		South African Police Service: Silverton	Mkiva, Clement	1	1
		Road Traffic Management Corporation Western Cape Education Department	Mellem, Roxan	1	1
		South African Airways Voyager - Commercial/Voyager Department Nichols, Trudie Philistine Tolamo - Aunt	Nichols, Trudie	1	1
		Philistine Tolamo - Aunt Gauteng Department of Education Nonkululeko Zondo	Zondo, Nonkululeko	1	1
		Sibongile Zondo - Mother City of Johannesburg - Operations Manager-1997-2004; 2006-Present Nonkululeko Zondo			
		Tamsanqa Mtshali - Father			
		KZN Department of Education Nonkululeko Zondo	Nyali, Xolan	1	1
		Masango Nyai - Father Department of Education: Eastern Cape			
		Sooriakumari Pillay - Mother KwaZulu Natal Department of Education	Pillay, Keshni	1	1
		Air Traffic Navigation Services (ATNS) Pillay, Keshni	Sarjoo, Anshini	1	1
		Arvin Sarjoo - Tshwane Municipality			
		Tamryn Sass (nee Harris) - Spouse City of Cape Town Sass	Sass, Mendel	1	1
		Spouse City of Cape Town	Sepuba, Comfort	1	1

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

Name of Project	Company Name	Capacity in Which the Close Family Member is in Service of the State	Name of Person	Amount (R)	Total (R)
		Bertha Sepuba – Mother Gauteng Department of Finance Sepuba, Comfort, Sibusiso Sepuba - Brother	Sepuba, Comfort	1	1
		Sibusiso Sepuba - Brother Gauteng Department of Finance	Sicam, Yonela	1	1
		Elizabeth Steyn- Mother Western Cape High Court Bonnie Steyn Ms Suliman, Sister eThekweni Municipality	Bonnie Steyn	1	1
		Ms Suliman, Sister eThekweni Municipality Suliman, Yasmeen Emanuel Tipru - Husband	Suliman, Yasmeen	1	1
		Emanuel Tipru - Husband SAP Engineering Services (City Power)	Tipru, Thevi	1	1
		Karen Kets - Sister-in law Eskom SOC Limited	van Eysen, Yolande	1	1
		Andre Visser - Husband City of Cape Town Local Municipality	Visser, Heidi	1	1
	Rosebank PTF	Spouse works for the Department of Social Service	Beukes, Cobin	1,013,000	1,013,000
	Orange Farm Turnkey Implementation	Spouse works for the Department of Transport	Bester, Elsie	338463	338463
	SELBY Depot	Spouse of Director (Nomasonto Ethel) works for Department of Health as a professional nurse		4,659,525	4,659,525
BRT Land Acquisition	Modis-Res Property Valuer	Spouse of the director is employed by the department of health		1,759,220	1,759,220
City Suburban Project	Oarona Investment	Spouse of the director is working for the Reserve Bank		193100	193,100
Supply and Delivery of Smart Board	Mathede (PTY) Ltd	Spouse of the director is working for IDC		60800	60,800
	0	0	0	2,150,4557	21,504,557

43. BUDGET DIFFERENCES

Material Differences Between Budget and Actual Amounts

The variance on revenue is due to increases in operational grant by R28.5 million after mid term budget adjustment and revenue from management fees which increases due to increase in Capital expenditure. The expenditure exceeded budget is due to interest sweeping which was over by R66 million. This is due to increases on the finance cost from R46 million in prior year to R73 million in the current year. There was an under spending on the employee cost by R4.6 million it is due to vacancy positions. There was movement of deferred taxation by R17 million which mainly due to changes on the temporary differences.





COMPANY INFORMATION:

Registration number:	2001/005101/07
Registered Address:	3 Helen Joseph Street, Newtown, Johannesburg
Postal Address:	PO Box 61877, Marshalltown, 2017
Telephone number:	+27 (0) 11 688 7800
Fax number:	+27 (0) 11 688 7851
Website:	www.jda.org.za
Bankers:	Standard Bank of SA Limited
Auditors:	Auditor-General